March 31, 2025

# DECLARATION OF AUTHENTICITY

Securities and Exchange Commission
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

I, **FRANCISCO M. DEL MUNDO**, designated as Chief Finance and Strategy Officer of **Universal Robina Corporation and Subsidiaries**, with contact number (02) 8516-9888 and office address at 7th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Metro Manila, do hereby certify the authenticity of the attached SEC 17-A Annual Report with attached audited consolidated financial statements for the years ended December 31, 2024, 2023 and 2022.

**FRANCISCO M. DEL MUNDO**
Chief Finance and Strategy Officer

# COVER SHEET
for
## AUDITED FINANCIAL STATEMENTS

SEC Registration Number

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 9 | 1 | 7 | 0 | | | | | | | |

**COMPANY NAME**

UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES

**PRINCIPAL OFFICE** *( No. / Street / Barangay / City / Town / Province )*

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

| Form Type | Department requiring the report | Secondary License Type, If Applicable |
|---|---|---|
| 17-A | CRMD | |

**COMPANY INFORMATION**

| Company's Email Address | Company's Telephone Number | Mobile Number |
|---|---|---|
| N/A | (02) 8516-9888 | N/A |

| No. of Stockholders | Annual Meeting (Month / Day) | Fiscal Year (Month / Day) |
|---|---|---|
| 986 | Last Wednesday of May | 12/31 |

**CONTACT PERSON INFORMATION**

The designated contact person ***MUST*** be an Officer of the Corporation

| Name of Contact Person | Email Address | Telephone Number/s | Mobile Number |
|---|---|---|---|
| Francisco M. Del Mundo | pancho.delmundo@urc.net.ph | (02) 8516-9888 | +63 998 840 0429 |

**CONTACT PERSON's ADDRESS**

7th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Metro Manila

***NOTE 1 :*** *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

***2 :*** *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

## TABLE OF CONTENTS

# PART I – BUSINESS AND GENERAL INFORMATION

## Item 1. Business

Universal Robina Corporation (URC or the Company) is one of the largest branded food and beverage companies in the Philippines and has established a strong presence in the ASEAN region. The Company was founded in 1954 when Mr. John Gokongwei, Jr. established Universal Corn Products, Inc., a cornstarch manufacturing plant in Pasig. Today, URC is involved in a wide range of food-related businesses, including the manufacture and distribution of branded consumer foods, manufacture of animal feeds and veterinary products, production of hogs and poultry, flour milling, sugar milling and refining, and has ventured into the renewables business through its Distillery and Cogeneration divisions.

No material reclassifications, merger, consolidation, or purchase or sale of significant amount of assets (not ordinary) were made in the past three years (2022-2024) except those mentioned in the succeeding paragraphs. The Company's financial condition has remained solid in the said period.

URC manages its food business through operating divisions and wholly-owned or majority-owned subsidiaries that are organized into its business segments: Branded Consumer Foods (BCF), and the Agro-Industrial and Commodity (AIC) foods group.

The BCF group, including the packaging division, is the Company's largest segment which contributed about 68.3% of revenues for the year ended December 31, 2024. Established in the 1960s, the Company's BCF segment manufactures, distributes, sells and markets a diverse mix of food and beverage products. In the Philippines, URC is a dominant player with leading market shares in Snacks, Candies and Chocolates, and is a significant player in the Biscuits and Noodles categories. Beyond Snackfoods, the Company is also present in the Beverage space. URC is a competitive player in the Coffee category, is the largest player in the Ready-to-Drink (RTD) Tea market and is further expanding into other RTD beverage segments. The Company also conducts some of its branded consumer foods operations through its majority-owned subsidiaries and joint venture companies. The Company operates its URC Flexible Packaging division to produce flexible packaging materials for its various branded products.

Majority of URC's consumer foods business are conducted in the Philippines but the Company has expanded more aggressively into other ASEAN markets, primarily through its wholly-owned subsidiary, URC International. In 2021, URC acquired Munchy's, one of the leading players in the Biscuits category in Malaysia, which provides a wide variety of offerings across all key biscuit segments with well-loved brands including Munchy's Crackers, Lexus Cream Sandwich, Oat Krunch and Muzic Wafer. The international operations contributed about 21.5% of the Company's sale of goods and services for the year ended December 31, 2024.

The Company's AIC group is composed of three business segments: (1) Agro-Industrial Group (AIG), which operates three divisions – a) Animal Nutrition and Health, b) Food, Drugs and Disinfectants and c) Farms, (2) Flour Division, and (3) Sugar and Renewables Division (SURE) which operates the a) Sugar, b) Distillery, and c) Cogeneration divisions. Total AIC contributed about 31.7% of revenues for the year ended December 31, 2024.

With several mills operating across the Philippines, URC SURE remains to be the largest producer in the country based on capacity, aided by the purchase of Roxas Holdings, Inc's sugar mill, ethanol plant and other investment properties in La Carlota City, Negros Occidental in 2020, and idle sugar milling machinery and equipment in Central Azucarera Don Pedro Inc. in Balayan, Batangas in 2023. The acquisition allows for operational synergies, increase in capacity and efficiency of URC's existing operations and continue in the efforts to support the development of the sugar industry in the Philippines. The Company's financial condition remained solid in the said period despite the acquisition.

The Company is a core subsidiary of JG Summit Holdings, Inc. (JGSHI), one of the largest and most diversified conglomerates in the Philippines. JGSHI has substantial business interests in air transportation, property development and hotel management, banking and financial services, and petrochemicals (JG Summit owns the only naphtha cracker complex in the country). It also has non-controlling minority stakes in the country's leading telecommunications, power generation and electricity distribution companies, as well as in a leading Singapore property company.

The percentage contribution to the Company's sale of goods and services from continuing operations for each of the three years ended December 31, 2022, 2023 and 2024, by each of the Company's principal business segments is as follows:

| | For the Years Ended December 31 | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| Branded Consumer Foods Group | 71.7% | 69.1% | 68.3% |
| Agro-Industrial and Commodity Foods Group | 28.3% | 30.9% | 31.7% |
| | 100.0% | 100.0% | 100.0% |

The geographic percentage distribution of the Company's sale of goods and services from continuing operations for each of the three years ended December 31, 2022, 2023 and 2024 is as follows:

| | For the Years Ended December 31 | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| Philippines | 78.9% | 79.6% | 78.5% |
| International | 21.1% | 20.4% | 21.5% |
| | 100.0% | 100.0% | 100.0% |

*Customers*

None of the Company's businesses is dependent upon a single customer or a few customers that a loss of anyone of them would have a material adverse effect on the Company. The Company has no single customer that, based upon existing orders, will account for 20.0% or more of the Company's total sale of goods and services.

*Distribution, Sales and Marketing*

The Company has developed an effective nationwide distribution chain and sales network that it believes provide its competitive advantage. The Company sells its branded food products primarily to supermarkets, as well as directly to top wholesalers, large convenience stores, large scale trading companies and regional distributors, which in turn sell its products to other small retailers. The Company's branded consumer food products are distributed directly to over 300,000 outlets in the Philippines and sold through various retailers and regional distributors. URC intends to expand its distribution network coverage in the Philippines by not only increasing the number of retail outlets that its sales force and distributors directly service but also the number of products sold per store. The branded consumer food products are generally sold by the Company from salesmen to wholesalers or supermarkets, and regional distributors to small retail outlets. 15 to 30-day credit terms are extended to wholesalers, supermarkets and regional distributors.

Through various institutional accounts, traders, dealers and resellers, the Company is able to distribute its AIC products, making it available to consumers nationwide. In particular, AIG's Animal Nutrition business has increased its distribution network. It has expanded to various supermarkets and convenience stores, making its pet products more accessible to owners.

The Company believes that its emphasis on marketing, product innovation and quality, and strong brand equity has played a key role in its success in achieving leading market shares in the different categories where it competes. In particular, URC launched "Jack 'n Jill" as a master umbrella brand for all its snack food products in order to enhance customer recognition. URC devotes significant expenditures to support advertising and branding to differentiate its products and further expand market share both in the Philippines and in its overseas markets. This includes advertising campaigns such as television and radio commercials, print and digital advertisements, as well as trade and consumer promotions.

*Competition*

The BCF business is highly competitive and competition varies by country and product category. The Company believes that the principal competitive factors include price, taste, quality, convenience, brand recognition and awareness, advertising and marketing, availability of products and ability to get its product widely distributed. Generally, the Company faces competition from both local and multinational companies in all of its markets. In the Philippines, major competitors in the market segments in which it competes include Liwayway Marketing Corporation, Perfetti Van Melle Group, Mondelez Philippines Inc., Republic Biscuit Corporation, Suncrest Foods Inc., Monde Nissin Corporation and Nestle Philippines, Inc. Internationally, major competitors include Tan Hiep Phat Beverage Group, Mondelez International, Inc., PT Mayora Indah Tbk, Glico, Mamee-Double Decker Sdn Bhd and PepsiCo, Inc.

Outside of the BCF business, URC is also a significant player in the agricultural sector as one of the leading flour and sugar millers in the country. In these industries, it is important for the Company to implement various initiatives ensuring its relevance to its partners and consumers, setting it apart from competition. SURE's *Project Salig* offers farming assistance to support planters, which includes conducting seminars on good farming practices and providing farm equipment needs. *Flourish Pilipinas*, an initiative started by the Flour division, organizes workshops and trainings in bread and pastry production to support the country's baking industry. Similarly, AIG's *Kabalikat Program* is also about sharing best farming operations and practices. These programs, among others, gives the Company an advantage against its key competitors such as San Miguel Corporation, Victorias Milling Company, Pilmico, UNAHCO (Unilab Group), and Bounty Farms.

*Enhancement and Development of New Products*

The Company intends to continuously introduce innovative new products, product variants and line extensions in the food and beverage space. This year, new products contribute about 7% of the Company's BCF business sales. New products are defined as being launched any time in the prior 3 calendar years, including the current year.

The Company supports the rapid growth of the business through line expansion, construction and acquisition of plants.

*Raw Materials*

A wide variety of raw materials are required in the manufacture of the Company's food products, including corn, wheat, flour, sugar, robusta coffee beans, palm oil and cocoa powder. Some of these are purchased domestically and some are imported. The Company also obtains a major portion of its raw materials from its commodity food products segments, such as flour and sugar, and flexible packaging materials from its packaging segment.

For its Animal Nutrition and Health segment, the Company requires a variety of raw materials, including corn grains, soya beans and meals, feed-wheat grains, wheat bran, wheat pollard, soya seeds, rice bran, copra meal and fish meal. The Company purchases corn locally from corn traders and imports feed wheat from suppliers in North America, Australia, Europe and China. Likewise, soya seeds are imported by the Company from the USA.

For its Drugs and Disinfectants segment, the Company sources its major raw materials locally. The key ingredient in alcohol is rectified spirit, which is sourced internally from its distillery plants across the country. For its animal health products, the Company requires a variety of antibiotics and vitamins, which it acquires from suppliers in Europe and Asia.

For its Farms segment, the Company requires a variety of raw materials, primarily close-herd breeding stocks. For its poultry business, the Company purchases the parent stock for its layer chicks from Dekalb from Europe and Hy-line from the USA. Robina Farms obtains all of the feeds it requires from its Animal Nutrition and Health segment and substantially all of the minerals and antibiotics from its Drugs and Disinfectants segment as part of its vertical integration. The Company purchases vaccines, medications and nutritional products from a variety of suppliers based on the values of their products.

The Company obtains sugar cane from local farmers. Competition for sugar cane supply is very intense and is a critical success factor for its sugar business. Additional material requirements for the sugar cane milling process are either purchased locally or imported.

The Company purchases wheat, the principal raw material for its flour milling and pasta business, from suppliers in the United States, Canada and Australia.

The Company's policy is to maintain a number of suppliers for its raw and packaging materials to ensure a steady supply of quality materials at competitive prices. However, the prices paid for raw materials generally reflect external factors such as weather conditions, commodity market fluctuations, currency fluctuations and the effects of government agricultural programs. The Company believes that alternative sources of supply of the raw materials that it uses are readily available. The Company's policy is to maintain approximately 30 to 90 days of inventory.

*Patents, Trademarks, Licenses, Franchises, Concessions or Labor Contract*

The Company owns a substantial number of trademarks registered with the Bureau of Trademarks subject to the provisions of Republic Act (RA) 8293 also known as the Intellectual Property Code of the Philippines (IP Code) and recorded with the Intellectual Property Office of the Philippines (IPPHL). In addition, certain trademarks have been strategically registered in other countries in which it operates. These trademarks are important in the aggregate because brand name recognition is a key factor in the success of many of the Company's product lines. Trademark registration is a means to protect these brand names from counterfeiting and infringement.

Trademarks registered under RA 166, also known as the Trademark Law, are registered for twenty years. Upon renewal, these trademarks become subject to the IP Code having a registration period of ten years and renewable thereafter. In general, trademarks in other countries have a ten-year registration which are renewable as well, allowing relatively a lifetime of territorial and limited trademark registration.

The Company also uses brand names under licenses from third parties. These licensing arrangements are generally renewable based on mutual agreement. The Company's licensed brands include Nissin Cup Noodles, Nissin Yakisoba Instant Noodles and Nissin Pasta Express, Vitasoy, Calbee and B'lue, among others.

Licensing agreements are voluntarily registered with the Documentation, Information and Technology Transfer Bureau of the IPPHL.

*Regulatory Overview*

As manufacturer of consumer food and commodity food products, the Company is required to guarantee that the products are pure and safe for human consumption, and that the Company conforms to standards and quality measures prescribed by the Bureau of Food and Drugs (BFAD).

The Company's sugar mills are licensed to operate by the Sugar Regulatory Administration (SRA) and URC renews its sugar milling licenses at the start of every crop year. The Company is also registered with the Department of Energy as a manufacturer of bio-ethanol and as a renewable energy developer.

All of the Company's livestock and feed products have been registered with and approved by the Bureau of Animal Industry (BAI), an agency of the Department of Agriculture (DA) which prescribes standards, conducts quality control test of feed samples, and provides technical assistance to farmers and feed millers.

Some of the Company's projects, such as the sugar mill and refinery, bioethanol production, biomass power cogeneration and hog and poultry farm operations, are registered with the Board of Investments (BOI) which allows the Company certain fiscal and non-fiscal incentives.

*Effects of Existing or Probable Governmental Regulations on the Business*

The Company operates its businesses in a highly regulated environment. These businesses depend upon licenses issued by government authorities or agencies for their operations. The suspension or revocation of such licenses could materially and adversely affect the operation of these businesses.

*Research and Development*

The Company develops new products and variants of existing product lines, researches new processes, and tests new equipment on a regular basis in order to maintain and improve the quality of the Company's food products. For total BCF operations, about ₱332 million was spent for research and development activities in 2024 and approximately ₱251 million and ₱218 million in 2023 and 2022, respectively.

The Company has research and development staff for its branded consumer foods and packaging divisions located in its research and development facility in Metro Manila and in each of its manufacturing facilities. In addition, the Company hires experts from all over the world to assist its research and development staff. The Company conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging as well as customizing products to meet the local needs and tastes in the international markets. The Company's commodity foods segment also utilizes this research and development facility to improve their production and quality control. The Company also strives to capitalize on its existing joint ventures to effect technology transfers.

The Company has a dedicated research and development team for its agro-industrial business that continually explores advancements in feeds, breeding and farming technology. The Company regularly conducts market research and farm-test for all of its products. As a policy, no commercial product is released if it was not tested and used in Robina Farms.

*Transactions with Related Parties*

The largest shareholder, JGSHI, is one of the largest and most diversified conglomerates listed on the Philippine Stock Exchange. JGSHI provides the Company with certain corporate center services including finance, strategy and development, government affairs, governance and management systems, internal audit, procurement, human resources, general counsel, information technology, and digital transformation office. JGSHI also provides the Company with valuable market expertise in the Philippines as well as intra-group synergies. See Note 32 to Consolidated Financial Statements for Related Party Transactions.

*Costs and Effects of Compliance with Environmental Laws*

The operations of the Company are subject to various laws and regulations enacted for the protection of the environment, including Extended Producer Responsibility Act (R.A. No. 11898), Philippine Clean Water Act (R.A. No. 9275), Clean Air Act (R.A. No. 8749), Ecological Solid Waste Management Act (R.A. No. 9003), Toxic Substances and Hazardous and Nuclear Wastes Control Act (R.A. No. 6969), Pollution Control Law (R.A. No. 3931, as amended by P.D. 984), the Environmental Impact Statement System (P.D. 1586), Laguna Lake Development Authority (LLDA) Act of 1966 (R.A. No. 4850), Renewable Energy Act (R.A. No. 9513), Electric Power Industry Reform Act (R.A. No. 9136) and Environmental Compliance Certificates (ECCs) requirements of P.D. No. 1586, in accordance with DENR Administrative Order No. 2003-30. The Company believes that it has complied with all applicable environmental laws and regulations, an example of which is the installation of wastewater treatment systems in its various facilities. Compliance with such laws does not have, and, in the Company's opinion, is not expected to have, a material effect upon the Company's capital expenditures, earnings or competitive position. The Group regularly incurs costs related to compliance with environmental laws.

*Employees and Labor*

As of December 31, 2024, the number of permanent full-time employees engaged in the Company's respective businesses is 13,825 and are deployed as follows:

| Business | Company or Division | Number |
|---|---|---|
| Branded consumer foods | BCF, Packaging Division, URCI, NURC | 10,059 |
| Agro-industrial and commodity foods | Farms, Animal Nutrition and Health, and Food, Drugs and Disinfectants | 669 |
| | Sugar | 1,185 |
| | Flour | 455 |
| | Distillery and Cogeneration | 662 |
| Corporate | | 795 |
| | | 13,825 |

For most of the companies and operating divisions, collective bargaining agreements between the relevant representatives of the employees' union and the subsidiary or divisions are in effect. The collective bargaining agreements generally cover a five-year term with a right to renegotiate the economic provisions of the agreement after three years, and contain provisions for annual salary increases, health and insurance benefits, and closed-shop arrangements. The collective bargaining agreements are with 30 different unions. For the year 2024, there are thirteen (13) collective bargaining agreements entered into and concluded with the labor unions. The Company believes that good labor relations generally exist throughout the Company's subsidiaries and operating divisions.

The Company has a funded, noncontributory defined benefit retirement plan covering all of the regular employees of URC. The plan provides retirement, separation, disability, and death benefits to its members. The Company, however, reserves the right to change the rate and amounts of its contribution at any time on account of business necessity or adverse economic conditions. The funds of the plan are administered and managed by the trustees. Retirement cost charged to operations, including net interest cost, amounted to ₱389 million, ₱273 million, and ₱267 million in 2024, 2023, and 2022, respectively.

*Risks*

The major business risks facing the Company and its subsidiaries are as follows:

*1) Competition*

The Company and its subsidiaries face competition in all segments of its businesses both in the Philippine market and in international markets where it operates. The Philippine food industry in general is highly competitive. Although the degree of competition and principal competitive factors vary among the different food industry segments in which the Company participates, the Company believes that the principal competitive factors include price, product quality, brand awareness and loyalty, distribution network, proximity of distribution outlets to customers, product variations, and new product introductions. (See page 3, *Competition*, for more details)

The Company's ability to compete effectively is due to continuous efforts in sales and marketing of its existing products, development of new products and cost rationalization.

*2) Financial Market*

The Company has foreign exchange exposure primarily associated with fluctuations in the value of the Philippine Peso against the US dollar and other foreign currencies. Majority of the Company's revenues are denominated in Pesos, while certain of its expenses, including debt services and raw material costs, are denominated in US dollars or based on prices determined in US dollars. In addition, portion of the Company's debt is denominated in foreign currencies. Prudent fund management is employed to minimize effects of fluctuations in interest and currency rates.

*3) Raw Materials*

The Company's production operations depend upon obtaining adequate supplies of raw materials on a timely basis. In addition, its profitability depends in part on the prices of raw materials since a portion of the Company's raw material requirements is imported, including packaging materials. To mitigate these risks, alternative sources of raw materials are used in the Company's operations and pricing initiative are taken. (See page 3, *Raw Materials*, for more details)

*4) Food Safety Concerns*

The Company's business could be adversely affected by the actual or alleged contamination or deterioration of certain of its flagship products, or of similar products produced by third parties. The risk of contamination or deterioration of its food products exists at each stage of the production cycle, including the purchase and delivery of food raw materials, the processing and packaging of food products, the stocking and delivery of the finished products to its customers, and the storage and display of finished products at the points of final sale. The Company conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging as well as customizing products to meet the local needs and tastes in the international markets for its food business. For its agro-industrial business, its researchers are continually exploring advancements in breeding and farming technology. The Company regularly conducts market research and farm-test for all of its products. Moreover, the Company ensures that the products are safe for human consumption and that the Company conforms to standards and quality measures prescribed by regulatory bodies such as BFAD, SRA, BAI, and DA.

*5) Mortalities*

The Company's agro-industrial business is subject to risks of outbreaks of various diseases. The Company faces the risk of outbreaks of foot and mouth disease and African Swine Fever (ASF), which is highly contagious and destructive to susceptible livestock such as hogs, and Avian Influenza (AI) or bird flu for its chicken farming business. These diseases and many other types could result in mortality losses. Disease control measures are adopted by the Company to minimize and manage this risk.

*6) Intellectual Property Rights*

Approximately 68.3% of the Company's sale of goods and services in 2024 were from its BCF segment. The Company has put considerable efforts to protect the portfolio of intellectual property rights, including trademark registrations. Security measures are continuously taken to protect its patents, licenses and proprietary formulae against infringement and misappropriation.

*7) Weather and Catastrophe*

Severe weather conditions may have an impact on some aspects of the Company's business, such as its sugar cane milling operations due to reduced availability of sugar cane. Weather conditions may also affect the Company's ability to obtain raw materials and the cost of those raw materials. Moreover, the Philippines has experienced a number of major natural catastrophes over the years including typhoons, droughts, volcanic eruptions, and earthquakes. The Company and its subsidiaries continually maintain sufficient inventory level to neutralize any shortfall of raw materials from major suppliers whether local or imported.

*8) Environmental Laws and Other Regulations*

The Company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety, among others. The nature of the Company's operations will continue to subject it to increasingly stringent environmental laws and regulations that may increase the costs of operating its facilities above currently projected levels and may require future capital expenditures. The Company is continually complying with environmental laws and regulations, such as the wastewater treatment plants as required by the Department of Environment and Natural Resources, to lessen the effect of these risks.

The Company shall continue to adopt what it considers conservative financial and operational policies and controls to manage the various business risks it faces.

*9) Cybersecurity Risks*

As cybersecurity threats continue to evolve, the Company faces potential threats that could impact data security, system availability and business operations. Evolving threats such as malware, ransomware, Artificial Intelligence-enhanced malicious codes and phishing, combined with regulatory demands like the Data Privacy Act, necessitate a robust cybersecurity strategy, effective incident response and business continuity plans. The Company is investing in advanced cybersecurity measures, cloud security, software security and vulnerability management, threat intelligence and regulatory compliance, including initiatives enhancing risk awareness culture through employee training and regular risk assessments to build resilience against these challenges.

## Item 2. Properties

The Company operates the manufacturing/farm facilities located in the following:

| Location (Number of facilities) | Type of Facility | Owned/Rented | Condition |
|---|---|---|---|
| Pasig City (4) | Branded consumer food plant, flour mills and feed mill | Owned | Good |
| Libis, Quezon City (1) | Branded consumer food plant | Owned | Good |
| Cabuyao, Laguna (1) | Branded consumer food plant | Owned | Good |
| Luisita, Tarlac (1) | Branded consumer food plant | Rented/Owned | Good |
| San Fernando, Pampanga (1) | Branded consumer food plant | Rented/Owned | Good |
| Dasmariñas, Cavite (2) | Branded consumer food plants | Owned | Good |
| Cagayan de Oro (1) | Branded consumer food plant | Owned | Good |
| San Pedro, Laguna (2) | Branded consumer food plants | Owned | Good |
| Calamba, Laguna (1) | Branded consumer food plant | Rented/Owned | Good |
| San Pablo, Laguna (1) | Branded consumer food plant | Rented/Owned | Good |
| Biñan, Laguna (1) | Branded consumer food plant | Owned | Good |
| Antipolo, Rizal (5) | Poultry and piggery farms, slaughterhouse and meat processing plant | Rented/Owned | Good |
| Naic, Cavite (1) | Poultry farm | Owned | Good |
| San Miguel, Bulacan (3) | Feed mill and piggery farms | Owned | Good |
| San Jose, Batangas (1) * | Poultry farm | Rented | Good |
| Bustos, Bulacan (1) | Piggery farm | Owned | Good |
| Consolacion, Cebu (1) | Feed mill | Owned | Good |
| Davao City, Davao (2) | Flour mills | Owned | Good |
| Tabok City, Cebu (1) | Branded consumer food plant | Owned | Good |
| San Fernando, Cebu (1) | Branded consumer food plant | Owned | Good |
| Mandaue City, Cebu (1) | Feed mill | Owned | Good |
| Bais, Negros Oriental (1) | Distillery/CO2 plant | Owned | Good |
| Manjuyod, Negros Oriental (1) | Sugar mill | Owned | Good |
| Piat, Cagayan (1) | Sugar mill | Owned | Good |
| Kabankalan, Negros Occidental (2) | Sugar mill and cogeneration plant | Owned | Good |
| San Enrique, Iloilo City (1) | Sugar mill | Owned | Good |
| Balayan, Batangas (1) | Sugar mill | Owned | Good |
| La Carlota City, Negros Occidental (2) | Sugar mill and distillery/CO2 plant | Owned | Good |
| Simlong, Batangas (3) | BOPP plant/Flexible packaging | Owned | Good |
| Samutsakhorn Industrial Estate, Samutsakhorn, Thailand (6) | Branded consumer food plants | Owned | Good |
| Pasir Gudang, Johor, Malaysia (1) | Branded consumer food plant | Owned | Good |
| Jiangsu, China (1) ** | Branded consumer food plant | Owned | Good |
| Guangdong, China (1) ** | Branded consumer food plant | Owned | Good |
| Industrial Town, Bekasi, Indonesia (2) | Branded consumer food plants | Owned | Good |
| VSIP, Binh Duong Province, Vietnam (3) | Branded consumer food plants | Owned | Good |
| Thach That District, Ha Noi, Vietnam (1) | Branded consumer food plant | Owned | Good |
| Mingaladon, Yangon, Myanmar (1) | Branded consumer food plant | Rented/Owned | Good |
| Batu Pahat, Johor, Malaysia (2) | Branded consumer food plant | Owned | Good |

**Non-operational starting April 2024*
***Non-operational starting July 2024*

The Company intends to continuously expand the production and distribution of the branded consumer food products internationally through the addition of manufacturing facilities located in geographically desirable areas, especially in the ASEAN countries, the realignment of the production to take advantage of markets that are more efficient for production and sourcing of raw materials, and increased focus and support for exports to other markets from the manufacturing facilities. It also intends to enter into alliances with local raw material suppliers and distributors. Annual lease payments for rented properties amounted to ₱144 million in 2024.

**Item 3. Legal Proceedings**

The Company is subject to lawsuits and legal actions in the ordinary course of its business. The Company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings that could be expected to have a material adverse effect on the Company's financial position or results of operations.

**Item 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the fourth quarter of the year covered by this report.

## PART II – OPERATIONAL AND FINANCIAL INFORMATION

**Item 5. Market for Registrant's Common Equity and Related Stockholder Matters**

*Market Information*

The principal market for URC's common equity is the Philippine Stock Exchange. Sales prices of the common stock follow:

| | High | Low |
|---|---|---|
| Calendar Year 2024 | | |
| January to March 2024 | ₱124.40 | ₱99.40 |
| April to June 2024 | 111.60 | 89.10 |
| July to September 2024 | 120.80 | 89.40 |
| October to December 2024 | 104.40 | 72.00 |
| Calendar Year 2023 | | |
| January to March 2023 | ₱149.80 | ₱134.10 |
| April to June 2023 | 156.50 | 125.90 |
| July to September 2023 | 140.50 | 111.70 |
| October to December 2023 | 121.70 | 108.10 |
| Calendar Year 2022 | | |
| January to March 2022 | ₱130.30 | ₱100.30 |
| April to June 2022 | 122.90 | 93.25 |
| July to September 2022 | 130.00 | 107.20 |
| October to December 2022 | 138.70 | 108.10 |

As of March 28, 2025, the latest trading date prior to the completion of this annual report, sales price of the common stock is at ₱71.00.

The number of shareholders of record as of December 31, 2024 was approximately 986. Common shares outstanding as of December 31, 2024 were 2,149,196,818.

**List of Top 20 Stockholders of Record**
***December 31, 2024***

| | Name of Stockholder | Number of Shares Held | Approximate % to Total Outstanding Common Stock |
|---|---|---|---|
| 1. | JG Summit Holdings, Inc. | 1,215,223,061 | 56.54% |
| 2. | PCD Nominee Corporation (Non-Filipino) | 454,128,851 | 21.13% |
| 3. | PCD Nominee Corporation (Filipino) | 429,463,353 | 19.99% |
| 4. | Social Security System | 19,483,700 | 0.91% |
| 5. | Toccata Securities Pty. Ltd (Account 1) | 5,035,541 | 0.23% |
| | Toccata Securities Pty. Ltd (Account 2) | 5,035,541 | 0.23% |
| | Toccata Securities Pty. Ltd (Account 3) | 5,035,541 | 0.23% |
| 6. | Social Security System assigned to mandatory provident fund | 2,264,300 | 0.11% |
| 7. | Litton Mills, Inc. | 2,237,434 | 0.10% |
| 8. | Hopkins Securities Pty. Ltd. (Account 1) | 1,888,328 | 0.09% |
| | Hopkins Securities Pty. Ltd. (Account 2) | 1,888,328 | 0.09% |
| | Hopkins Securities Pty. Ltd. (Account 3) | 1,888,328 | 0.09% |
| | Hopkins Securities Pty. Ltd. (Account 4) | 1,888,328 | 0.09% |
| 9. | Social Security System assigned to employees compensation fund | 1,587,900 | 0.07% |
| 10. | Lisa Gokongwei Cheng | 988,234 | 0.05% |
| | Robina Gokongwei Pe | 988,234 | 0.05% |
| 11. | RBC-TIG ATF TA#030-172-530121 | 576,295 | 0.03% |
| 12. | RBC-TIG ATF TA#030-172-530122 | 575,800 | 0.03% |
| 13. | Lance Yu Gokongwei | 413,234 | 0.02% |
| 14. | Faith Gokongwei Lim | 413,233 | 0.02% |
| | Hope Gokongwei Tang | 413,233 | 0.02% |
| 15. | Quality Investments & Sec Corp | 400,143 | 0.02% |
| 16. | JG Summit Capital Services Corporation | 380,765 | 0.02% |
| 17. | Gilbert U. Du and/or Fe Socorro R. Du | 188,485 | 0.01% |
| 18. | Pedro Sen | 75,900 | 0.00% |
| 19. | Phimco Industries Provident Fund | 72,864 | 0.00% |
| 20. | Joseph Estrada | 72,105 | 0.00% |

*Recent Sales of Unregistered Securities*

Not applicable. All shares of the Company are listed on the Philippine Stock Exchange.

*Dividends*

The Company paid dividends as follows:

In 2024, a regular cash dividend of ₱1.90 per share to all stockholders of record as of April 12, 2024 was paid on May 9, 2024, and a regular cash dividend of ₱1.90 per share to all stockholders of record as of August 30, 2024 was paid on September 25, 2024.

In 2023, a regular cash dividend of ₱1.50 per share to all stockholders of record as of March 31, 2023 was paid on April 28, 2023, and a special cash dividend of ₱2.12 per share to all stockholders of record as of September 1, 2023 was paid on September 27, 2023.

In 2022, a regular cash dividend of ₱1.50 per share to all stockholders of record as of April 3, 2022 was paid on April 29, 2022, and special cash dividend of ₱1.95 per share to all stockholders of record as of April 3, 2022 was paid on April 29, 2022.

**Item 6. Management's Discussion and Analysis or Plan of Operation**

The following discussion should be read in conjunction with the accompanying consolidated financial statements and notes thereto, which form part of this Report. The consolidated financial statements and notes thereto have been prepared in accordance with the Philippine Financial Reporting Standards (PFRSs).

***Results of Operations***

*Calendar Year 2024 Compared to Calendar Year 2023*
URC generated a consolidated sale of goods and services of ₱161.867 billion for the year ended December 31, 2024, ahead by 2.6% against last year. Sale of goods and services performance by business segment follows:

- Sale of goods and services of URC's BCFG segment increased by ₱1.558 billion or 1.4% to ₱110.559 billion in 2024 from ₱109.001 billion recorded in 2023.

    - BCFG domestic operations, excluding packaging division, posted 1.2% decrease in net sales from ₱75.585 billion in 2023 to ₱74.689 billion in 2024, with mixed performances between categories.

    - Sale of goods and services of URC's packaging division decreased by 11.8% to ₱1.093 billion in 2024 from ₱1.239 billion recorded in 2023 driven by lower volume and selling prices.

    - BCF international operations reported an 8.1% increase in net sales from ₱32.177 billion in 2023 to ₱34.777 billion in 2024 with all markets delivering stronger volumes.

    - Sale of goods and services of BCFG, excluding packaging division, accounted for 67.6% of total URC consolidated sale of goods and services for 2024.

- Sale of goods and services of URC's AIC group amounted to ₱51.308 billion in 2024, an increase of 5.2% from ₱48.751 billion recorded last year.

    - Sale of goods and services of URC's AIG segment amounted to ₱15.949 billion in 2024, a decline of 4.8% from ₱16.746 billion recorded in 2023 mainly driven by lower hog feeds with Philippine swine populations affected by disease.

    - Sale of goods and services of Flour business amounted ₱6.193 billion in 2024, a decline of 1.5% from ₱6.287 billion recorded in 2023 with volume growth offset by price adjustments.

    - Sales of goods and services of Sugar business amounting to ₱22.038 billion grew by 16.8% from ₱18.861 billion in 2023 driven by higher refined sugar sales volume and sell-through of accumulated inventories, while the Renewables business grew by 4.0% to ₱7.128 billion in 2024.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱2.827 billion or 2.5% to ₱117.838 billion in 2024 from ₱115.010 billion recorded in 2023 due to higher volume.

URC's gross profit for 2024 amounted to ₱44.029 billion, higher by ₱1.288 billion or 3.0% from ₱42.742 billion reported in 2023. Gross profit margin increased by 11 basis points from 27.09% in 2023 to 27.20% in 2024 due to mix and cost savings, offsetting the impact of higher input costs and lower pricing.

URC's selling and distribution costs and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses, and other administrative expenses. Selling and distribution costs, and general and administrative expenses increased by ₱2.024 billion or 8.0% to ₱27.377 billion in 2024 from ₱25.353 billion registered in 2023. This increase resulted primarily from the following factors:

- 13.6% or ₱1.069 billion increase in advertising and promotions to ₱8.931 billion in 2024 from ₱7.862 billion in 2023 mainly due to higher consumer promotions.

- 27.0% or ₱349 million increase in security and contracted services to ₱1.639 billion in 2024 from ₱1.290 billion in 2023.

- 5.9% or ₱293 million increase in personnel expenses to ₱5.228 billion in 2024 from ₱4.935 billion in 2023 due to wage increases.

As a result of the above factors, operating income decreased by ₱737 million or 4.2% to ₱16.652 billion in 2024 from ₱17.389 billion reported in 2023. URC's operating income by segment was as follows:

- Operating income of URC's BCFG segment increased by ₱2.370 billion or 19.8% to ₱14.315 billion in 2024 from ₱11.945 billion in 2023.

  - BCFG's domestic operations, excluding packaging division, grew by 10.2% to ₱9.551 billion in 2024 from ₱8.664 billion in 2023 driven by gross profit margin improvement and continued cost savings initiatives.

  - International operations posted a ₱4.744 billion operating income, a 42.8% growth from ₱3.321 billion in 2023, due to better topline and margins improvement. In constant US$ terms, international operations posted an operating income of US$82 million, a 42.7% increase from last year.

  - URC's packaging division reported an operating income of ₱20 million in 2024 from an operating loss of ₱40 million reported in 2023.

- Operating income of AIC group amounted to ₱5.644 billion in 2024, a decrease of 33.9% from ₱8.537 billion recorded last year.

  - Operating income of URC's AIG segment increased by ₱34 million or 1.9% to ₱1.825 billion in 2024 from ₱1.791 billion in 2023 driven by lower input costs.

  - Operating income of Flour business increased by ₱53 million or 13.6% to ₱448 million in 2024 from ₱394 million in 2023 due to improved gross profit margins.

- Operating income of Sugar business decreased by ₱2.647 billion or 49.1% to ₱2.743 billion in 2023 from ₱5.390 billion in 2023 due to gross margin decline as a result of low sugar prices, while Renewables decreased by 34.8% to ₱628 million in 2024.

URC reported an EBITDA (operating income plus depreciation and amortization) of ₱21.621 billion in 2024, 9.0% lower than ₱23.750 billion posted in 2023.

URC's finance costs consist mainly of interest expense, which increased by ₱48 million to ₱1.636 billion in 2024 from ₱1.588 billion recorded in 2023 due to higher debt level.

Net foreign exchange gain increased by ₱563 million to ₱823 million in 2024 from the ₱259 million in 2023 driven by depreciation of Philippine Peso compared to last year's appreciation.

URC's finance revenue consists of interest income from money market placements, savings and dollar deposits, as well as dividend income from investments in equity securities. Finance revenue increased by ₱53 million to ₱364 million in 2024 from ₱311 million in 2023 due to higher interest income from money market placements and bank savings.

Impairment losses decreased by ₱68 million to ₱168 million in 2024 from ₱236 million in 2023. This year's impairment is from Sugar's inventory due to typhoon Kristine, while last year impairment pertains to farm assets.

Equity in net losses of joint ventures decreased to ₱140 million in 2024 from ₱287 million in 2023. Last year's amount includes catch-up of URC's share in net losses of Danone Universal Robina Beverages, Inc. (DURBI), following an additional investment in the joint venture.

Market valuation gain (loss) on financial instruments at FVTPL decreased to ₱4 million loss in 2024 from ₱172 million gain in 2023 driven by the decrease in market value of certain investments.

Other losses - net consists of gain on sale of fixed assets, rental income, and miscellaneous income and expenses. Other losses - net amounted to ₱74 million and ₱321 million in 2024 and 2023, respectively. This year's net losses are lower mainly due to gain on disposal of property in Malaysia.

URC recognized a provision for income tax of ₱3.058 billion in 2024, a 2.7% increase from ₱2.977 billion in 2023.

URC's net income from continuing operations amounted to ₱12.759 billion in 2024, higher by ₱37 million or 0.3%, from ₱12.723 billion in 2023.

URC's net loss from discontinued operations amounted to ₱406 million in 2024, higher by ₱387 million from ₱18 million in 2023 mainly driven by impairment arising from the closure of China business this year.

URC's core earnings after tax (operating profit after equity earnings, net finance costs, other income - net and provision from income tax) in 2024 amounted to ₱12.140 billion, a decrease of 3.4% from ₱12.569 billion recorded in 2023.

Net income attributable to equity holders of the parent decreased by ₱430 million or 3.6% to ₱11.662 billion in 2024 from ₱12.091 billion in 2023 as a result of the factors discussed above.

Non-controlling interest (NCI) represents primarily the share in the net income attributable to non-controlling interest of Nissin-URC (51.0%-owned). NCI in net income of subsidiaries increased from ₱613 million in 2023 to ₱692 million in 2024.

*Calendar Year 2023 Compared to Calendar Year 2022*
URC generated a consolidated sale of goods and services of ₱157.752 billion for the year ended December 31, 2023, ahead by 5.8% against last year. Sale of goods and services performance by business segment follows:

- Sale of goods and services of URC's BCFG segment, excluding packaging division, increased by ₱2.620 billion or 2.5% to ₱107.776 billion in 2023 from ₱105.156 billion recorded in 2022.

    - BCFG domestic operations posted 2.7% increase in net sales from ₱73.639 billion in 2022 to ₱75.599 billion in 2023 due to implemented price increase programs.

    - BCF international operations reported a 2.1% increase in net sales from ₱31.517 billion in 2022 to ₱32.177 billion in 2023 driven by continued growth of Vietnam and Malaysia. In constant US dollar ($) terms, Vietnam sales grew by 13.7% driven by C2 and Rong Do maintaining strong momentum. Malaysia improved by 3.0% coming from price increase (ex-7Days, growth is 6.5%).

    - Sale of goods and services of BCFG, excluding packaging division, accounted for 68.3% of total URC consolidated sale of goods and services for 2023.

    - Sale of goods and services of URC's packaging division decreased by 33.1% to ₱1.225 billion in 2023 from ₱1.832 billion recorded in 2022 driven by lower volume and lower prices.

- Sale of goods and services of URC's AIC group amounted to ₱48.751 billion in 2023, an increase of 15.7% from ₱42.136 billion recorded last year.

    - Sale of goods and services of URC's AIG segment amounted to ₱16.746 billion in 2023, a growth of 16.0% from ₱14.431 billion recorded in 2022. Feeds business increased by 19.4% due to strong volumes for hogs and pet food categories in addition to stronger prices. Farms business declined by 4.8% due to lower volume.

    - Sale of goods and services of Flour business amounted ₱6.287 billion in 2023, a growth of 10.1%, increase from ₱5.711 billion recorded in 2022 due to improved commercial flour sales volume.

    - Sales of goods and services of Sugar business amounting to ₱18.861 billion grew by 17.8% from ₱16.014 billion in 2022 driven by higher raw sugar sales volume and increase in sugar selling prices, while the Renewables business grew by 14.7% to ₱6.857 billion in 2023.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱4.775 billion or 4.3% to ₱115.010 billion in 2023 from ₱110.236 billion recorded in 2022 with some key commodities remaining elevated.

URC's gross profit for 2023 amounted to ₱42.742 billion, higher by ₱3.854 billion or 9.9% from ₱38.888 billion reported in 2022. Gross profit margin increased by 102 basis points from 26.1% in 2022 to 27.1% in 2023 due to higher selling prices and cost savings, offsetting the impact of higher input costs.

URC's selling and distribution costs and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses, and other administrative expenses. Selling and distribution costs, and general and administrative expenses increased by ₱1.698 billion or 7.2% to ₱25.353 billion in 2023 from ₱23.655 billion registered in 2022. This increase resulted primarily from the following factors:

- 10.7% or ₱763 million increase in advertising and promotions to ₱7.862 billion in 2023 from ₱7.099 billion in 2022 mainly due to higher consumer promotions.

- 7.0% or ₱487 million increase in freight and delivery expenses to ₱7.402 billion in 2023 from ₱6.915 billion in 2022.

- 7.5% or ₱344 million increase in personnel expenses to ₱4.935 billion in 2023 from ₱4.591 billion in 2022 due to wage increases.

As a result of the above factors, operating income increased by ₱2.156 billion or 14.2% to ₱17.389 billion in 2023 from ₱15.233 billion reported in 2022. URC's operating income by segment was as follows:

- Operating income of URC's BCFG segment, excluding packaging division, increased by ₱1.041 billion or 9.4% to ₱12.080 billion in 2023 from ₱11.039 billion in 2022.

    - BCFG's domestic operations grew by 3.9% to ₱8.759 billion in 2023 from ₱8.427 billion in 2022 driven by the cumulative impact of price increases and operational savings initiatives.

    - International operations posted a ₱3.321 billion operating income, a 27.2% growth from ₱2.612 billion in 2022, due to better topline and continued cost-saving programs. In constant US$ terms, international operations posted an operating income of US$60 million, a 24.4% increase from last year.

    - URC's packaging division reported an operating loss of ₱134 million in 2023 from an operating income of ₱85 million reported in 2022 due to lower volume and prices.

- Operating income of AIC group amounted to ₱8.537 billion in 2023, an increase of 19.7% from ₱7.129 billion recorded last year.

    - Operating income of URC's AIG segment increased by ₱662 million or 58.7% to ₱1.791 billion in 2023 from ₱1.129 billion in 2022 driven by strong volume and lower input costs.

    - Operating income of Flour business increased by ₱78 million or 24.8% to ₱394 million in 2023 from ₱316 million in 2022 due to volume growth for commercial flour and lower wheat costs.

    - Operating income of Sugar business grew by ₱523 million or 10.8% to ₱5.390 billion in 2023 from ₱4.867 billion in 2022 although margins began to temper as selling prices started to normalize, while Renewables increased by 17.5% to ₱962 million in 2023.

URC reported an EBITDA (operating income plus depreciation and amortization) from continuing operations of ₱23.750 billion in 2023, 10.6% higher than ₱21.476 billion posted in 2022.

URC's finance costs consist mainly of interest expense, which increased by ₱782 million to ₱1.588 billion in 2023 from ₱806 million recorded in 2022, mostly due to higher interest rates.

URC's finance revenue consists of interest income from money market placements, savings and dollar deposits, as well as dividend income from investments in equity securities. Finance revenue increased by ₱38 million to ₱311 million in 2023 from ₱274 million in 2022 due to higher interest income from money market placements and bank savings.

Equity in net losses of joint ventures decreased to ₱287 million in 2023 from ₱379 million in 2022 due to lower equity take up in net losses of Vitasoy-URC, Inc. (VURCI) this year, partly offset by equity take-up in net losses of Danone Universal Robina Beverages, Inc. (DURBI).

Net foreign exchange gain decreased by ₱114 million to ₱259 million in 2023 from the ₱373 million in 2022 driven by appreciation of Philippine Peso compared to last year's depreciation.

Impairment losses decreased by ₱91 million to ₱236 million in 2023 from ₱327 million in 2022 due to lower provisions for impairment losses of farm assets this year.

Market valuation gain on financial instruments at FVTPL increased to ₱172 million in 2023 from ₱70 million in 2022 driven by increase in market value of equity investments.

Other income (losses) - net consists of gain on sale of fixed assets, rental income, and miscellaneous income and expenses. Other losses - net amounted to ₱321 million in 2023, while other income - net of ₱3.006 billion was recorded in 2022. A significant gain on sale of an investment property was recorded last year.

URC recognized a provision for income tax of ₱2.977 billion in 2023, a 0.6% decrease from ₱2.995 billion in 2022.

URC's net income from continuing operations amounted to ₱12.723 billion in 2023, lower by ₱1.727 billion or 12.0%, from ₱14.449 billion in 2022, driven by cycling of last year's gain on sale of an investment property.

URC's net income from discontinued operations amounted to ₱18 million net loss in 2023, from ₱22 million net income in 2022.

URC reported total net income of ₱12.705 billion in 2023, lower by ₱1.767 billion or 12.2% from ₱14.471 billion in 2022.

URC's core earnings after tax (operating profit after equity earnings, net finance costs, other income - net and provision from income tax) in 2023 amounted to ₱12.569 billion, an increase of 5.8% from ₱11.877 billion recorded in 2022.

Net income attributable to equity holders of the parent decreased by ₱1.865 billion or 13.4% to ₱12.091 billion in 2023 from ₱13.956 billion in 2022 as a result of the factors discussed above.

Non-controlling interest (NCI) represents primarily the share in the net income attributable to non-controlling interest of Nissin-URC (51.0%-owned). NCI in net income of subsidiaries increased from ₱515 million in 2022 to ₱613 million in 2023.

*Calendar Year 2022 Compared to Calendar Year 2021*

URC generated a consolidated sale of goods and services of ₱149.124 billion for the year ended December 31, 2022, ahead by 28.4% against last year. Sale of goods and services performance by business segment follows:

- Sale of goods and services in URC's BCFG segment, excluding packaging division, increased by ₱24.038 billion or 29.6% to ₱105.156 billion in 2022 from ₱81.118 billion registered in 2021.

  - Sale of BCF domestic operations posted an increase in net sales from ₱59.734 billion in 2021 to ₱73.639 billion in 2022 coming from strong volume and programmed price increases.

  - BCF international operations reported a 47.4% increase in net sales from ₱21.385 billion in 2021 to ₱31.517 billion in 2022 with strong topline across key markets coupled with uplift from Munchy's acquisition. In constant US dollar (US$) terms, sales increased by 40.0% (11.8% ex-Munchy's) with Indochina leading the expansion across the region, while Munchy's continues to deliver synergies. Vietnam sales grew by 21.7% driven by the solid performance of the beverage category with strong growth and market share of C2 and recovery of Rong Do. Thailand improved with 8.3% sales growth coming from all categories particularly Candies, Snacks, and Bakery.

  - Sale of goods and services of BCFG, excluding packaging division, accounted for 70.5% of total URC consolidated sale of goods and services for 2022.

  - Sale of goods and services in URC's packaging division increased by 13.1% to ₱1.832 billion in 2022 from ₱1.619 billion recorded in 2021 due to better volume.

- Sale of goods and services in URC's AIC group amounted to ₱42.136 billion in 2022, an increase of 26.0% from ₱33.432 billion recorded last year.

  - Sale of goods and services in URC's AIG segment amounted to ₱14.431 billion in 2022, a growth of 25.7% from ₱11.483 billion recorded in 2021. Feeds business increased by 31.0% due to pricing and double-digit volume growth in pet food and hog feeds. Farms business declined by 4.6% due to lower volume.

  - Sale of goods and services in Flour business amounted ₱5.711 billion in 2022, a growth of 14.0%, increase from ₱5.009 billion recorded in 2021 due to improved prices amidst a surge in wheat prices.

  - Sales of goods and services in Sugar business amounted to ₱16.014 billion grew by 34.9% from ₱11.868 billion in 2021 driven by higher market prices across all categories while the Renewables business grew by 17.9% to ₱5.980 billion in 2022.

URC's cost of sales consists primarily of raw and packaging materials costs, manufacturing costs and direct labor costs. Cost of sales increased by ₱27.196 billion or 32.8% to ₱110.236 billion in 2022 from ₱83.040 billion recorded in 2021 due to higher volume and elevated input costs.

URC's gross profit for 2022 amounted to ₱38.888 billion, higher by ₱5.759 billion or 17.4% from ₱33.129 billion reported in 2021. Gross profit margin decreased by 244 basis points from 28.52% in 2021 to 26.08% in 2022 due to high material costs.

URC's selling and distribution costs and general and administrative expenses consist primarily of compensation benefits, advertising and promotion costs, freight and other selling expenses, depreciation, repairs and maintenance expenses, and other administrative expenses. Selling and distribution costs, and general and administrative expenses increased by ₱3.222 billion or 15.8% to ₱23.655 billion in 2022 from ₱20.434 billion registered in 2021. This increase resulted primarily from the following factors:

- 37.2% or ₱1.875 billion increase in freight and other selling expense to ₱6.915 billion in 2022 from ₱5.040 billion in 2021 due to higher volume and higher fuel costs.

- 18.0% or ₱700 million increase in personnel expenses to ₱4.591 billion in 2022 from ₱3.891 billion in 2021 due to annual merit increase and Munchy's contribution.

- 13.1% or ₱109 million increase in depreciation and amortization to ₱934 million in 2022 from ₱826 million in 2021 due to capital expenditures during the year.

As a result of the above factors, operating income increased by ₱2.537 billion or 20.0% to ₱15.233 billion in 2022 from ₱12.696 billion reported in 2021. URC's operating income by segment was as follows:

- Operating income in URC's BCFG segment, excluding packaging division, increased by ₱1.760 billion or 19.0% to ₱11.039 billion in 2022 from ₱9.279 billion in 2021. BCFG's domestic operations grew by 10.8% to ₱8.427 billion in 2022 from ₱7.603 billion in 2021 driven by strong volume coupled with aggressive pricing moves and a cost-savings program. International operations posted a ₱2.612 billion operating income, a 55.9% growth from ₱1.675 billion in 2021, on the back of Munchy's acquisition and quarter-on-quarter margin expansion. Aggressive direct and indirect pricing moves for core SKUs and geographies coupled with structural improvements in some smaller markets have helped support absolute growth. In constant US dollar terms, international operations posted an operating income of US$48 million, a 47.0% increase from last year.

  URC's packaging division reported an operating income of ₱85 million in 2022 from an operating income of ₱99 million reported in 2021 due to higher input cost.

- Operating income of AIC group amounted to ₱7.129 billion in 2022, an increase of 29.3% from ₱5.516 billion recorded last year.

  - Operating income in URC's AIG segment decreased by ₱36 million or 3.1% to ₱1.129 billion in 2022 from ₱1.165 billion in 2021 driven by higher input costs and impact of industry outbreaks of ASF and AI.

  - Operating income in Flour business decreased by ₱320 million or 50.3% to ₱316 million in 2022 from ₱636 million in 2021 due to surging wheat prices and foreign exchange weakness this year.

  - Operating income in Sugar business grew by ₱2.111 billion or 76.6% to ₱4.867 billion in 2022 from ₱2.756 billion in 2021, on the back of higher market prices as well as mill operating efficiencies, while Renewables declined by 14.7% to ₱819 million in 2022.

URC reported an EBITDA (operating income plus depreciation and amortization) from continuing operations of ₱21.476 billion in 2022, 16.6% higher than ₱18.412 billion posted in 2021.

URC's finance costs consist mainly of interest expense, which increased by ₱233 million to ₱806 million in 2022 from ₱573 million recorded in 2021 due to a higher level of interest-bearing financial liabilities and higher interest rates.

URC's finance revenue consists of interest income from money market placements, savings and dollar deposits, as well as dividend income from investments in equity securities. Finance revenue increased by ₱34 million to ₱274 million in 2022 from ₱240 million in 2021 due to higher dividend income.

Equity in net losses of joint ventures increased to ₱379 million in 2022 from ₱91 million in 2021 due to equity take-up in 2022 net losses of VURCI.

Net foreign exchange gain increased by ₱24 million to ₱373 million in 2022 from the ₱349 million in 2021 driven by combined effects of local currency devaluations vis-à-vis US dollar this year.

Market valuation gain on financial instruments at FVTPL decreased to ₱70 million in 2022 from ₱87 million in 2021 driven by lower increase in fair values of financial instruments compared last year.

Impairment losses decreased by ₱245 million to ₱327 million in 2022 from ₱572 million in 2021 due to lower provisions for impairment losses on fixed assets and spare parts during the year.

Other income (losses) - net consists of gain on sale of fixed assets, rental income, and miscellaneous income and expenses. Other income (losses) - net amounted to ₱3.006 billion in 2022, higher than the ₱2.253 billion reported in 2021 mainly coming from a higher gain on sale of fixed assets recognized this year. Also, last year saw higher professional fees paid to consultants.

URC recognized a provision for income tax of ₱2.995 billion in 2022, a 913% increase from ₱1.566 billion in 2021 due to higher taxable income from sale of properties. Last year's gain on sale of properties was subject to capital gains tax.

URC's net income from continuing operations amounted to ₱14.449 billion in 2022, higher by ₱1.627 billion or 12.7%, from ₱12.822 billion in 2021, driven by higher operating income coupled with gain on sale of idle assets.

URC's net income from discontinued operations amounted to ₱22 million in 2022, lower by ₱11.402 billion or 99.8%, from ₱11.424 billion in 2021, driven by gain recognized from the divestment of Oceania businesses.

URC reported total net income of ₱14.471 billion in 2022, lower by ₱9.775 billion or 40.3% from ₱24.246 billion in 2021.

URC's core earnings after tax (operating profit after equity earnings, net finance costs, other income - net and provision from income tax) in 2022 amounted to ₱11.877 billion, and increase of 15.7% from ₱10.267 billion recorded in 2021.

Net income attributable to equity holders of the parent decreased by ₱9.368 billion or 40.2% to ₱13.956 billion in 2022 from ₱23.324 billion in 2021 as a result of the factors discussed above.

NCI in net income of subsidiaries decreased from ₱922 million in 2021 to ₱515 million in 2022 as last year's includes net income attributable to NCI of the Oceania businesses.

***Financial Condition***

URC's financial position remains healthy with strong cash levels. The Company has a current ratio of 1.58:1 as of December 31, 2024, higher than the 1.57:1 as of December 31, 2023. Financial debt to equity ratio of 0.17 as of December 31, 2024 is within comfortable level. The Company is in a net debt position of ₱7.775 billion this year against ₱13.379 billion last year. Total assets amounted to ₱178.688 billion as of December 31, 2024, lower than ₱180.302 billion as of December 31, 2023. Book value per share increased to ₱55.79 as of December 31, 2024 from ₱54.09 as of December 31, 2023.

The Company's cash requirements have been sourced through cash flow from operations. The net cash flow provided by operating activities in 2024 amounted to ₱20.944 billion. Net cash used in investing activities amounted to ₱6.278 billion, which were substantially used for fixed asset acquisitions. Net cash used in financing activities amounted to ₱15.353 billion due to dividend payment, short-term debt and trust receipts net payment, and share buy-back.

The capital expenditures amounting to ₱7.805 billion include spending for capacity expansions, sustainability projects, warehouse management systems, and rehabilitation/upgrade of various beverage and snacks facilities across domestic and international locations, including millsites, feedmills and refinery.

The Company has budgeted various authorized but not yet disbursed capital expenditures (including maintenance capex) and investments for 2025, which substantially consist of the following:

- Acquisition of new machines for improvement of handling, distribution, electrical, quality control, product development, and operational efficiencies in various facilities, as well as to support new product developments;
- Capacity expansion of plants;
- Maintenance expenditures and facilities improvement; and
- Continues upgrade of information systems.

No assurance can be given that the Company's capital expenditure plan will not change or that the amount of capital expenditure for any project or as a whole will not change in future years from current expectations.

As of December 31, 2024, the Company is not aware of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

***Financial Ratios***

The following are the major financial ratios that the Group uses. Analyses are employed by comparisons and measurements based on the financial information of the current year against last year.

| | **December 31, 2024** | December 31, 2023 |
|---|---|---|
| Liquidity: | | |
| Current ratio | **1.58:1** | **1.57:1** |
| Solvency: | | |
| Gearing ratio | **0.17:1** | **0.23:1** |
| Debt to equity ratio | **0.47:1** | **0.52:1** |
| Asset to equity ratio | **1:47:1** | **1.52:1** |

| | **CY 2024** | CY 2023 |
|---|---|---|
| Profitability: | | |
| Operating margin | **10.3%** | **11.0%** |
| Earnings per share | **₱5.39** | **₱5.55** |
| Core earnings per share | **₱5.61** | **₱5.77** |
| Leverage: | | |
| Interest rate coverage ratio | **13.22** | **14.96** |

The Group calculates the ratios as follows:

| **Financial Ratios** | **Formula** |
|---|---|
| Current ratio | Current assets / Current liabilities |
| Gearing ratio | Total financial debt (short-term debt, trust receipts payable and long-term debt including current portion) / Total equity (equity holders + non-controlling interests) |
| Debt to equity ratio | Total liabilities (current + noncurrent) / Total equity (equity holders + non-controlling interests) |
| Asset to equity ratio | Total assets (current + noncurrent) / Total equity (equity holders + non-controlling interests) |
| Operating margin | Operating income / Sale of goods and services |
| Earnings per share | Net income attributable to equity holders of the parent / Weighted average number of common shares |
| Core earnings per share | Core earnings after tax / Weighted average number of common shares |
| Interest rate coverage ratio | Operating income plus depreciation and amortization / Finance costs |

**Material Changes in the 2024 Financial Statements**
**(Increase/Decrease of 5% or more versus 2023)**

Income Statements – Year ended December 31, 2024 versus Year ended December 31, 2023

*7.9% increase in selling and distribution cost*
Due to higher advertising and promotions

*8.4% increase in general and administrative expenses*
Due to higher contracted services

*217.1% increase in net foreign exchange gain*
Due to depreciation of Philippine peso compared to last year's appreciation

*17.1% increase in finance revenue*
Due to higher interest income from money market placements and bank savings

*28.8% decrease in impairment losses*
Due to this year's impairment of Sugar's inventory due to typhoon while last year pertains to farm assets

*51.2% decrease in equity in net losses of joint ventures*
Due to last year's catch-up of URC's share in net losses of DURBI, following an additional investment in the joint venture.

*102.1% decrease in market valuation gain on financial instruments at FVTPL*
Due to decrease in the market value of equity investments

*76.9% decrease in other losses - net*
Mainly due to gain on disposal of property in Malaysia recorded this year and lower consultancy fees, partly offset by assets written off this year

*2,146.6% increase in net loss after tax from discontinued operations*
Due to impairment loss of property, plant and equipment in China

*12.8% increase in net income attributable to non-controlling interest*
Due to higher net income of Nissin - URC (NURC)

Statements of Financial Position – December 31, 2024 versus December 31, 2023

*7.8% increase in financial instruments at FVTPL*
Due to increase in market value of financial assets

*10.6% decrease in receivables*
Due to decrease in trade receivables from improvement of collection processes

*12.7% decrease in inventories*
Due to decrease in finished goods inventory of Sugar

*43.5% increase in advances to suppliers*
Mainly due to importation of raw materials, spare parts, sugar and capex during the year

*35.5% increase in other current assets*
Due to higher prepaid taxed and deferred charges

*17.9% decrease in right-of-use assets*
Due to depreciation for the period

*6.9% increase in goodwill*
Due to revaluation for the period

*33.4% increase in investments in joint ventures*
Mainly due to additional capital infusion to Vitasoy-URC, Inc. (VURCI)

*23.7% decrease in other noncurrent assets*
Mainly due to collection of performance bond

*7.6% increase in accounts payable and other accrued liabilities*
Mainly due to higher accruals for consumer promotions and freight and handling

*23.3% decrease in short-term debt*
Due to payments, net of new availments during the period

*21.8% decrease in trust receipts payable*
Due to payment of trust receipts during the period

*8.8% decrease in income tax payable*
Due to higher utilization of creditable withholding taxes

*8.7% decrease in net pension liability*
Due to remeasurement gain this year versus remeasurement loss last year recognized in other comprehensive income, offset by higher current service cost

*10.0% decrease in lease liabilities - net*
Due to rent payments and amortization during the period

*46.4% decrease in deferred tax liabilities - net*
Due to higher deferred taxes on accruals and net operating loss carry-over, and lower deferred taxes on capital allowance

*38.4% increase in OCI*
Mainly due to increase in cumulative translation adjustments, net unrealized gain on financial assets at FVOCI, and lower remeasurement losses on retirement plans

*72.5% increase in treasury shares*
Due to buy-back transactions during the period

*89.1% increase in equity attributable to non-controlling interests*
Due to NCI's equity share in the net income of NURC

The Company's key performance indicators are employed across all businesses. Comparisons are then made against internal target and previous period's performance. The Company and its significant subsidiaries' top five (5) key performance indicators are as follows (in million PhP):

| **Universal Robina Corporation (Consolidated)** | **CY 2024** | **CY 2023** | **Index** |
|---|---|---|---|
| Revenues | 161,867 | 157,752 | 103 |
| EBIT | 16,652 | 17,389 | 96 |
| EBITDA | 21,621 | 23,750 | 91 |
| Net Income | 12,354 | 12,705 | 97 |
| Total Assets | 178,688 | 180,302 | 99 |

| **URC International Co., Ltd. (Consolidated)** | **CY 2024** | **CY 2023** | **Index** |
|---|---|---|---|
| Revenues | 34,777 | 32,177 | 108 |
| EBIT | 4,744 | 3,321 | 143 |
| EBITDA | 6,048 | 5,080 | 119 |
| Net Income | 60,192 | 1,380 | 4,362 |
| Total Assets | 125,588 | 65,725 | 191 |

| **Nissin-URC** | **CY 2024** | **CY 2023** | **Index** |
|---|---|---|---|
| Revenues | 11,706 | 10,169 | 115 |
| EBIT | 1,768 | 1,645 | 107 |
| EBITDA | 1,998 | 1,889 | 106 |
| Net Income | 1,364 | 1,235 | 110 |
| Total Assets | 7,008 | 4,655 | 151 |

Majority of the above key performance indicators were within targeted levels.

## Item 7. Financial Statements

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules (page 40) are filed as part of this Form 17-A (pages 46 to 143).

## Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

## Item 9. Independent Public Accountants and Audit Related Fees

*Independent Public Accountants*

The Company's independent public accountant is the accounting firm of SyCip Gorres Velayo & Co. (SGV & Co.). The same accounting firm is tabled for reappointment for the current year at the annual meeting of stockholders. The representatives of the principal accountant have always been present at prior year's meetings and are expected to be present at the current year's annual meeting of stockholders. They may also make a statement and respond to appropriate questions with respect to matters for which their services were engaged.

The current handling partner of SGV & Co. has been engaged by the Company in 2024 and is expected to be rotated every seven (7) years.

*Audit-Related Fees*

The following table sets out the aggregate fees billed for each of the last three years for professional services rendered by SyCip, Gorres, Velayo & Co.

| | CY 2022 | CY 2023 | CY 2024 |
|---|---|---|---|
| Audit and audit-related fees | ₱13,519,197 | ₱16,693,497 | ₱16,658,141 |
| Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements | None | None | None |
| Professional fees for due diligence review | None | None | 1,450,000 |
| Tax fees | 290,125 | 3,535,000 | None |
| Other fees | 40,000 | 40,000 | 40,000 |
| Total | ₱13,849,322 | ₱20,268,497 | ₱18,148,141 |

*Audit Committee's Approval Policies and Procedures for the Services Rendered by the External Auditors*

The Corporate Governance Manual of the Company provides that the Audit Committee shall, among others:

1. Evaluate all significant issues reported by the external auditors relating to the adequacy, efficiency, and effectiveness of policies, controls, processes and activities of the Company.
2. Ensure that other non-audit work provided by the external auditors is not in conflict with their functions as external auditors.
3. Ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

## PART III – CONTROL AND COMPENSATION INFORMATION

**Item 10. Directors and Executive Officers of the Registrant**

| Name | Age | Position | Citizenship |
|---|---|---|---|
| 1. James L. Go | 85 | Director, Chairman Emeritus | Filipino |
| 2. Lance Y. Gokongwei | 58 | Director, Chairman | Filipino |
| 3. Irwin C. Lee | 60 | President and Chief Executive Officer | Filipino |
| 4. Patrick Henry C. Go | 54 | Director, Executive Vice President | Filipino |
| 5. Johnson Robert G. Go, Jr. | 59 | Director | Filipino |
| 6. Cesar V. Purisima | 64 | Independent Director | Filipino |
| 7. Rizalina G. Mantaring | 65 | Independent Director | Filipino |
| 8. Christine Marie B. Angco | 56 | Independent Director | Singaporean |
| 9. Antonio Jose U. Periquet, Jr. | 63 | Independent Director | Filipino |
| 10. David J. Lim, Jr. | 61 | Chief Supply Chain and Sustainability Officer | Filipino |
| 11. Francisco M. Del Mundo[1] | 54 | Chief Investments, Strategy, and Corporate Services Officer | Filipino |
| 12. Evelyn C. Ng[2] | 46 | Chief Financial Officer | Filipino |
| 13. Anna Milagros D. David[3] | 44 | Chief Marketing Officer | Filipino |
| 14. Elisa O. Abalajon | 57 | Chief Human Resources Officer and Agile Transformation Lead | Filipino |
| 15. Krishna Mohan Suri | 52 | Chief Research and Development Officer | Indian |
| 16. Karen Therese C. Salgado | 54 | Chief Information Officer | Filipino |
| 17. Rhodora T. Lao | 53 | Corporate Controller and Chief Compliance and Risk Officer | Filipino |
| 18. Charles Bernard A. Tañega | 52 | Treasurer | Filipino |
| 19. Maria Celia H. Fernandez-Estavillo | 53 | Corporate Secretary | Filipino |
| 20. Phoebe Ann S. Bayona | 37 | Assistant Corporate Secretary | Filipino |
| 21. Elvin Michael L. Cruz | 46 | Corporate Legal Counsel | Filipino |
| 22. Jose Miguel T. Manalang | 44 | Director, Strategy and Investor Relations | Filipino |

[1] *Chief Finance and Strategy Officer effective Feb 1, 2025*
[2] *Resigned effective March 1, 2025*
[3] *Executive Vice President and Group President, BCFG Philippines effective February 1, 2025*

All of the above directors and officers have served their respective offices since June 3, 2024. There are no directors who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of stockholders for any reason whatsoever.

The following are the independent directors of the Company:

1. Mr. Cesar V. Purisima
2. Ms. Rizalina G. Mantaring
3. Ms. Christine Marie B. Angco
4. Mr. Antonio Jose U. Periquet, Jr.

A brief description of the directors and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

***James L. Go*** is the Chairman Emeritus of URC. He is the Chairman of JGSHI. He is also the Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation, the Vice Chairman of Robinsons Retail Holdings, Inc., and a Board Advisor of Cebu Air, Inc. since January 1, 2023. He is the Chairman Emeritus of Robinsons Land Corporation and JG Summit Olefins Corporation. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a Director of PLDT, Inc. since November 3, 2011, and is an Advisor to the Audit Committee and a member of the Technology Strategy and Risk Committees. He was elected a Director of Manila Electric Company on December 16, 2013, and is a member of the Executive, Finance, Nomination and Governance, Audit, Risk Management, and Related Party Transactions Committees. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

***Lance Y. Gokongwei*** is the Chairman of URC. He is the President and Chief Executive Officer, and Executive Director of JGSHI since May 14, 2018. He is the Chairman of Cebu Air, Inc. and JG Summit Olefins Corporation. Effective February 1, 2025, he assumed the role of Chairman of Robinsons Land Corporation and, as of January 1, 2025 he serves as a Board Adviser of Robinsons Retail Holdings, Inc. He is a Director and Vice Chairman of Manila Electric Company, Vice Chairman of Maxicare Corporation and a member of the Advisory Council of Bank of the Philippine Islands since April 2023. He is also a Director of RL Commercial REIT, Inc., Altus Property Ventures, Inc., Oriental Petroleum and Minerals Corporation, Singapore Land Group Limited, Shakey's Asia Pizza Ventures, Inc., AB Capital and Investment Corporation, and SP New Energy Corporation. He is a Trustee and the Chairman of the Gokongwei Brothers Foundation, Inc. He holds a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

***Irwin C. Lee*** has been the President and Chief Executive Officer of URC since May 14, 2018. Prior to joining URC, he was the Chief Executive Officer of Rustan Supercenters, Inc. and a director of Rose Pharmacy under Jardine Matheson's Dairy Farm Group. He brings with him more than 39 years of work experience in fast-moving consumer foods and retail across Asia, Europe, and the US. He started in Procter & Gamble (P&G) as a Finance Analyst and rose to key executive finance roles in various countries, including Chief Finance Officer roles in Indonesia, Japan/Korea, and Greater China. In 2004, he was appointed Vice President for P&G Greater China with dual roles as Chief Marketing Officer and as General Manager for the laundry detergent business, which he drove to market leadership. In 2007, he was appointed Managing Director for P&G UK and Ireland, where he delivered profitable growth through two recessions and led P&G's London 2012 Olympics program. In 2014, he rose to become P&G's Regional Head for Northern Europe, leading commercial operations across UK, Ireland, Sweden, Denmark, Norway, and Finland, and integrating P&G's second largest international regional cluster. While in the UK, he spearheaded industry initiatives for connecting businesses to communities and enhancing employee engagement and well-being. After P&G, he served as Global Strategic Advisor for McKinsey and Co. to consumer and retail sector partners and engagement managers. He also sat as Board Director and Remuneration Committee Chairman for Wm Morrison Supermarkets Plc (one of UK's top 4 grocery retailers). Mr. Irwin Lee graduated with a Bachelor of Science Degree in Commerce Major in Accounting from the De La Salle University Manila, Summa Cum Laude. He placed third in the CPA Licensure Exams in 1985.

***Patrick Henry C. Go*** is a director and the Executive Vice President of URC. He has been a Non-Executive and Non-Independent Director of JGSHI since January 17, 2000, and was appointed as Executive Director effective August 1, 2023. He holds the positions of Director and Chief Executive Officer and President of Merbau Corporation, and Director of Robinsons Land Corporation, Manila Electric Company, Meralco Powergen Corporation, and JG Summit Olefins Corporation. He is a Trustee and Treasurer of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Management from the

Ateneo De Manila University and attended the General Management Program at Harvard Business School. Mr. Patrick Henry C. Go is a nephew of Mr. John L. Gokongwei, Jr.

***Johnson Robert G. Go, Jr.*** has been a director of URC since May 5, 2005. He is also a Non-Executive and Non-Independent Director of JGSHI since August 18, 2005. He is currently a director of Robinsons Land Corporation and A. Soriano Corporation. He is also a trustee of the Gokongwei Brothers Foundation, Inc. He received his Bachelor of Arts degree in Interdisciplinary Studies (Liberal Arts) from the Ateneo de Manila University. He is a nephew of Mr. John L. Gokongwei, Jr.

***Cesar V. Purisima*** has been an independent director of URC since May 30, 2018. He is also an independent director of Ayala Corporation, Ayala Land, Inc., Jollibee Foods Corporation, Bank of the Philippine Islands, and BPI Capital Corporation. He is a member of the Board of Advisors of ABS-CBN Corporation. He is also a founding partner of lkhlas Capital Singapore Pte. Ltd., a pan-ASEAN private equity platform. He is a member of the Board of AlA Group Limited, a member of the Global Advisory Council of Sumitomo Mitsui Banking Corporation, and a member of Singapore Management University's lnternational Advisory Council in the Philippines. He is also a member of the board of trustees at the International School of Manila. He is an Asia Fellow at the Milken Institute, a global, non-profit, on-partisan think tank. He is a member of the Bloomberg Task Force on Fiscal Policy for Health since 2024. He served in the government of the Philippines as Secretary of Finance and Chair of Economic Development Cluster of the President's Cabinet from July 2010 to June 2016, and as Secretary of Trade and Industry from January 2004 to February 2005. He also previously served on the boards of a number of government institutions, including as a member of the Monetary Board of the Bangko Sentral ng Pilipinas (BSP), Governor of the Asian Development Bank and World Bank for the Philippines, Alternate Governor of the International Monetary Fund for the Philippines, and Chairman of the Land Bank of the Philippines. Under his leadership, the Philippines received its first investment-grade ratings. He was named Finance Minister of the Year seven times in six consecutive years by a number of publications, a first for the Philippines. Prior to serving the government, Mr. Purisima was the Chairman & Country Managing Partner of the Philippines' largest professional services firm SGV & Co. He was a recipient of Centenary Award of Excellence by the Professional Regulatory Board of Accountancy on the occasion of the 100th year of the Philippine accounting profession in 2023. He was also conferred the Chevalier dans I'Ordre national de Ia Legion d'Honneur (Knight of the National Order of the Legion of Honour) by the President of the French Republic in 2017, the Order of Lakandula, Rank of Grand Cross (Bayani) by the President of the Philippines in 2016, and the Chevalier de I'Ordre national du Merite (Knight of the National Order of Merit) by the President of the French Republic in 2001. He was also conferred the Marist of Champagnat Award by the Marist School in 2025. Mr. Purisima is a certified public accountant and has extensive experience in public accounting both in the Philippines and abroad. Mr. Purisima obtained his Bachelor of Science in Commerce (Majors in Accounting & Management of Financial Institutions) degree from De La Salle University (Manila) in 1979, Master of Management degree from J.L. Kellogg Graduate School of Management, Northwestern University in 1983 and Doctor of Humanities honoris causa degree from Angeles University Foundation (Philippines) in 2012. Mr. Purisima completed the Harvard Business School's CEO Harvard Presidents' Seminars in 2023 and 2024.

***Rizalina G. Mantaring*** has been an independent director of URC since August 13, 2020. She was the Chief Executive Officer and Country Head of Sun Life Financial Philippines until her retirement in June 2018. She assumed the chairmanship of Sun Life Financial Philippine Holding Co. until she stepped down in August 2019. She is also an independent director of Ayala Corporation Inc., Bank of the Philippine Islands., First Philippine Holdings Corporation Inc., PHINMA Corporation, East Asia Computer Center Inc., Maxicare Healthcare Corporation, GoTyme Bank and BPI Asset Management and Trust Corp. She is also a director of Sun Life Grepa Financial Inc. Among her other affiliations are as a member of the Board of Trustees of the Makati Business Club, and Philippine Business for Education. She was also President of the Management Association of the Philippines and the Philippine Life Insurance Association. She is a recipient of the Asia Talent Management Award in the Asia Business Leaders Award 2017 organized by the global business news network CNBC, among other prestigious awards. She was selected as one of the 100 Most Outstanding Alumni of the past century by the University of the Philippines College of Engineering and received the PAX award, the highest award given to outstanding alumnae, in 2019 from St. Scholastica's College Manila. She holds a BS Electrical Engineering degree from the University of the Philippines where she graduated with honors. She obtained her MS degree in Computer Science from the State University of New York at Albany.

***Christine Marie B. Angco*** has been an independent director of URC since August 13, 2020. Prior to joining URC, she has spent 25 years in the multinational FMCG Corporation, Procter & Gamble. She was a Vice President and General Manager for several health and beauty-oriented categories handling businesses across Asia-Pacific countries, with profit & loss responsibility and organizational leadership of large diverse multi-cultural teams across Japan, Korea, Australia, Singapore, India, Philippines, Malaysia, Thailand, Vietnam, and Indonesia. She is also a member of the Board of Trustees of PhilDev, a non-governmental organization focused on education and entrepreneurship development in the Philippines. She is also a director of Applied Behavior Consultants (ABC) Center which focuses on early intervention for children with autism. She obtained her Bachelors of Science degree in Management Engineering (Magna Cum Laude) from the Ateneo de Manila University and a Master of Science (with distinction) on Applied Neuroscience from King's College London.

***Antonio Jose U. Periquet, Jr.*** has been an independent director of URC since May 13, 2021. He is the Chairman and President of AB Capital & Investment Corporation and Campden Hill Group, Inc. Mr. Periquet is also an independent director of the Albizia ASEAN Tenggara Fund, Globe FinTech Innovations, Inc., Globe Telecom and Semirara Mining and Power Corporation, and a Board Advisor to DMCI Holdings Corporation and ABS-CBN Corporation and the Tech for Good Institute (Singapore). He is also a member of the SEA Advisory Committee of British International Investments, a trustee of Lyceum University of the Philippines and a member of the Dean's Global Advisory Council at the University of Virginia's Darden School of Business. Mr. Periquet holds a Bachelor of Arts in Economics degree from the Ateneo de Manila University, a Master of Science degree in Economics from Oxford University, and an MBA from the Darden School of Business,
University of Virginia.

***David J. Lim*, *Jr.*** is the Chief Supply Chain and Sustainability Officer of URC. He leads the Corporate Quality, Environment, Health and Safety, Sustainability, Corporate Engineering, Global Procurement and Global Supply Chain of URC. He was the Assistant Technical Director for JG Summit Holdings, Inc. prior to joining URC in December of 2008. He earned his Bachelor of Science degree in Aeronautical Engineering from Imperial College, London, England and obtained his Master of Science degree in Civil Structural Engineering from the University of California at Beverly, USA as well as his Masters in Engineering from the Massachusetts Institute of Technology, USA.

***Francisco M. Del Mundo*** is the Chief Investments, Strategy, and Corporate Services Officer of URC. He joined the Gokongwei Group in 2013 and had previously held positions as Chief Financial Officer (CFO) of URC, CFO of URC International, CFO of JG Summit Holdings, Inc., and CFO of Aspen Business Solutions, Inc, (ABSI). He brings with him 31 years of experience in all aspects of the finance career. He has built his career from 17 years of rigorous training in Procter & Gamble (P&G) and 3 years in Coca-Cola prior to joining the Gokongwei Group. He has worked in three different markets: Manila, Thailand and Singapore, and has held numerous CFO and Regional Finance Head positions, namely: CFO for ASEAN, Head of Accounting Shared Services for Central and Eastern Europe, Middle East and Africa, and Asia Hub Manager for Internal Controls for P&G. During his stint with Coca-Cola, he was the CFO for Coca-Cola Bottlers Philippines, Inc. and concurrently the CEO of Coca-Cola Bottlers Business Services, the company's global shared service handling Philippines, Singapore and Malaysia. He graduated Cum Laude from the University of the Philippines Diliman with a Bachelor of Science in Business Administration degree. He was recognized as the Most Distinguished Alumnus of the University's College of Business Administration in 2008. He is also a Certified Internal Auditor and has done several external talks on shared service and finance transformation in Manila, Malaysia, and Dubai.

***Evelyn C. Ng*** is the Chief Financial Officer of URC. She joins URC after more than 21 years with Procter & Gamble (P&G) with a breadth of experiences across audit, accounting, controllership, forecasting, financial analysis, plant manufacturing finance, and tax. She has worked in the Philippines, Singapore, Greater China; and assumed Finance leadership roles in Personal Cleansing, Skin Care, Cosmetics, Baby Care, Oral Care. She was the Chief Financial Officer of P&G Philippines from 2012 to 2016 and most recently, P&G Vice President Comptroller for Asia, Middle East and Africa and P&G Vice President for Asia Pacific Tax Operations. She graduated from the University of the Philippines (Diliman) Summa Cum Laude and University Valedictorian with a Bachelor of Science in Business Administration and Accountancy and topped the board (1st Place) in the Philippines National Licensure Examinations for Certified Public Accountants.

***Anna Milagros D. David*** is the Chief Marketing Officer of URC. She is also concurrently the Managing Director of URC International. She was previously co-Managing Director of BCFG Philippines, where she brought the Philippine operation to record growth through the pandemic. She started her career in URC as Vice President and Business Unit Head for URC Beverages, for which she led the turn-around of the business. Prior to joining URC in 2018, she was with Unilever for 17 years, with roles in both Marketing and Sales across markets. This includes Marketing Director (Philippines), CCD Sales Director (Philippines), Global Brand Director (Dove), and Regional Marketing Director (Asean). She is currently in the Board of Directors for the Danone-URC and Vitasoy-URC Joint Ventures. She obtained her Bachelor of Arts degree in Economics (Honors) from the Ateneo de Manila University where she graduated Magna Cum Laude.

***Elisa O. Abalajon*** is the Chief Human Resources Officer and Agile Transformation Lead of URC. Prior to joining URC in 2016, she was the Southeast Asia HR Director of Mondelez International based in Singapore. She is a lawyer by profession having graduated with honors from the Ateneo de Manila School of Law. She received her Master's Degree in Business Administration from the Singapore Management University in 2013.

***Krishna Mohan Suri*** is the Chief Research & Development Officer of URC. Prior to joining URC in Jan 2017, he has worked with Mondelez and Unilever where he held roles in R&D and Manufacturing across multiple locations in Asia. He obtained his Bachelor's degree in Chemical Engineering from Indian Institute of Technology, Kharagpur (IIT) and received his Master's Degree in Chemical Engineering specializing in Simulation & Controls from IIT.

***Karen Therese C. Salgado*** is the Chief Information Officer of URC. Prior to joining URC in April 2019, she was the Chief Information Officer (CIO) of Rustan Supercenters, Inc. for 3 years. Previous to this, she held the CIO position for both the Philippines and the Asia Pacific region in Avon Cosmetics, Inc for 4 years. She graduated with a degree in Commerce from the De La Salle University.

***Rhodora T. Lao*** is the Corporate Controller and Chief Compliance and Risk Officer of URC, and was the Deputy Chief Finance Officer for Branded Consumer Foods Group of URC. She was formerly the Director for Strategic Initiatives and Group Controller for Coca-Cola Asia Pacific and held various finance roles in Avon APAC, Wyeth Philippines, International Distillers Philippines and Nestle Philippines. She obtained her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines where she graduated Cum Laude.

***Charles Bernard A. Tañega*** was appointed Treasurer of URC on May 29, 2019 and has been Deputy Treasurer since December 2016 handling primarily URC International Treasury and Bank Control. Prior to joining URC, he gained 20 years of work experience in sales, finance and treasury and he had a 12-year stint with Citibank N.A. where he was a Vice President working in Global Markets as Treasury Sales handling FX and short-term investment products. Later on, in Treasury and Trade Solutions where he was the product manager for the bank's cash and liquidity products. He obtained his Bachelor's Degree in Commerce majoring in Management of Financial Institutions from De La Salle University and received his Master's Degree in Management from the Asian Institute of Management.

***Maria Celia H. Fernandez-Estavillo*** is the Corporate Secretary of URC. She is also the Chief Legal Officer and Corporate Secretary of JG Summit Holdings, Inc. She is also the Corporate Secretary of JG Summit Olefins Corporation and the Assistant Corporate Secretary of Gokongwei Brothers Foundation, Inc. She is a member and Vice Chairperson of The British School Manila Board of Governors since 2020 and a member of the Solar Village Foundation Board of Trustees since 2022. Prior to joining JGSHI in March 2017, Atty. Fernandez-Estavillo held senior legal and regulatory roles at Rizal Commercial Banking Corporation, ABS-CBN, and various government offices, including as Head of the Presidential Management Staff and Chief of Staff to Senator Edgardo J. Angara. She began her legal career in ACCRA and graduated from the University of the Philippines with a Bachelor of Science degree in Business Economics (Summa Cum Laude), she secured her Juris Doctor (Cum Laude) from the same school and completed her Master of Laws in Corporate Law from New York University School of Law. She received the highest score in the Philippine Bar examinations of 1997.

***Phoebe Ann S. Bayona*** is the Assistant Corporate Secretary of URC. Atty. Bayona specializes in Corporate Governance and PSE- and SEC-compliance. She also has experience in the fields of Corporate, Tax, Mergers and Acquisitions, Labor and Dispute Resolution. She was a licensed lawyer in Vietnam, and worked for reputable international law firms in that country for five years. Prior to joining JG Summit Holdings, Inc, Atty. Bayona worked for a publicly-listed tuna manufacturing company as Assistant Corporate Secretary, Compliance Officer and Corporate Counsel. She received her bachelors' degree in Marketing Management from De La Salle University and her Juris Doctor degree from Ateneo De Manila University in 2012. She was admitted to the Philippine Bar in 2013.

***Elvin Michael L. Cruz*** is the Corporate Legal Counsel of URC. Prior to his appointment, he was a Director in the General Counsel Group of JG Summit Holdings, Inc. Before joining the JG Group, Atty. Cruz was First Vice President and head of the Litigation Department of Rizal Commercial Banking Corporation. He started his legal career in Ponce Enrile Reyes & Manalastas (PECABAR) before joining Andres Marcelo Padernal Guerrero & Paras Law Offices. He graduated from the University of the Philippines College of Law and was admitted to the Philippine Bar in 2002.

***Jose Miguel T. Manalang*** is the Corporate Strategy and Investor Relations Director of URC. He began his career as a management trainee in JG Summit Holdings Inc. (JGSHI), and has worked in various roles in URC and JGSHI under corporate planning, finance, strategy, and general management. He received his Bachelor of Arts degree in Economics from the Ateneo de Manila University.

The members of the Company's board of directors and executive officers can be reached at the address of its registered office at 8th Floor, Tera Tower, Bridgetowne, E. Rodriguez Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Philippines.

*Involvement in Certain Legal Proceedings of Directors and Executive Officers*

None of the members of the Board of Directors and Executive Officers of the Company are involved in any criminal, bankruptcy or insolvency investigations or proceedings.

*Family Relationships*

- Mr. James L. Go is the brother of Mr. John L. Gokongwei, Jr.
- Mr. Lance Y. Gokongwei is the nephew of Mr. James L. Go.
- Mr. Patrick Henry C. Go is the nephew of Mr. James L. Go.
- Mr. Johnson Robert G. Go is the nephew of Mr. James L. Go.

**Item 11. Executive Compensation**

The following summarizes certain information regarding compensation paid or accrued during the last two (2) years and to be paid in the ensuing year to the Company's Directors and Executive Officers:

| | Estimated – CY2025 | | | | Actual | |
|---|---|---|---|---|---|---|
| | Salary | Bonus | Others[1] | Total | CY 2024 | CY 2023 |
| CEO and four (4) most highly compensated executive officers | ₱129,852,263 | ₱5,170,045 | ₱300,000 | ₱135,322,308 | ₱126,305,151 | ₱116,210,524 |
| All officers and directors as a group unnamed | 70,181,396 | 21,763,170 | 3,560,000 | 95,504,566 | 100,656,573 | 80,375,660 |

[1] *Includes per diem of directors*

*Standard Arrangements*

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed year and the ensuing year.

*Other Arrangements*

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as a director for the last completed year and the ensuing year.

*Employment Contracts and Termination of Employment and Change-in-Control Arrangement*

There are no special employment contracts between the Company and the named executive officers.

There are no compensatory plans or arrangements with respect to a named executive officer.

*Warrants and Options Outstanding*

There are no outstanding warrants or options held by the Company's CEO, the named executive officers and all officers and directors as a group.

## Item 12. Security Ownership of Certain Beneficial Owners and Management

### (1) Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2024, URC knows no one who beneficially owns in excess of 5% of URC's common stock except as set forth in the table below.

| Title of Class | Names and addresses of record owners and relationship with the Corporation | Name of beneficial owner and relationship with record owner | Citizenship | Number of shares held | % to Total Outstanding |
|---|---|---|---|---|---|
| Common | JG Summit Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street, Ortigas Center, Pasig City (stockholder) | Same as record owner (See note 1) | Filipino | 1,215,223,061 | 56.54% |
| Common | PCD Nominee Corporation (Non-Filipino) PDS Group, 29th Floor, BDO Equitable Tower, 8751 Paseo Der Roxas, Makati City (stockholder) | PCD Participants and their clients (See note 2) | Non-Filipino | 454,128,851 (See note 3) | 21.13% |
| Common | PCD Nominee Corporation (Filipino) PDS Group, 29th Floor, BDO Equitable Tower, 8751 Paseo Der Roxas, Makati City (stockholder) | PCD Participants and their clients (See note 2) | Filipino | 429,463,353 (See note 3) | 19.99% |

1. The Chairman and the President are both empowered under the By-Laws of JG Summit Holdings, Inc. ("JGSHI") to vote any and all shares owned by JGSHI, except as otherwise directed by the Board of Directors. The incumbent Chairman and Chief Executive Officer of JGSHI are Mr. James L. Go and Mr. Lance Y. Gokongwei, respectively.

2. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current system of the PDTC, only participants (brokers and custodians) are recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares through his participant is the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

3. Out of the PCD Nominee Corporation account, "The Hongkong and Shanghai Banking Corp. Ltd. -Clients' Acct.", "Deutsche Bank Manila-Clients A/C ", "Citibank N.A." and "Standard Chartered Bank" hold for various trust accounts the following shares of the Corporation as of December 31, 2024:

| | No. of shares | % to Outstanding |
|---|---|---|
| The Hongkong and Shanghai Banking Corp. Ltd. -Clients' Acct. | 165,653,772 | 7.71% |
| Standard Chartered Bank | 143,859,259 | 6.69% |
| Citibank N.A. | 123,960,268 | 5.77% |
| Standard Chartered Bank | 115,793,805 | 5.39% |

Voting instructions may be provided by the beneficial owners of the shares.

## (2) Security Ownership of Management

| Title of Class | Name of beneficial owner | Position | Amount & nature of beneficial ownership | | Citizenship | % to Total Outstanding |
|---|---|---|---|---|---|---|
| | | | Direct | Indirect | | |
| Named Executive Officers[1] | | | | | | |
| Common | *1. James L. Go* | Director, Chairman Emeritus | 1,398,001 | – | Filipino | 0.07% |
| Common | *2. Lance Y. Gokongwei* | Director, Chairman | 913,235 | – | Filipino | 0.04% |
| Common | *3. Irwin C. Lee* | Director, President and Chief Executive Officer | 500,001 | – | Filipino | 0.02% |
| Common | *4. Anna Milagros D. David* | Chief Marketing Officer | 49,630 | 98,730 | Filipino | * |
| Common | *5. Francisco M. Del Mundo* | Chief Investments, Strategy, and Corporate Services Officer | 4,930 | – | Filipino | 0% |
| | Sub-Total | | 2,865,797 | 98,730 | | 0.13% |
| Other Directors and Executive Officers | | | | | | |
| Common | 6. Patrick Henry C. Go | Director, Executive Vice President | 45,540 | – | Filipino | * |
| Common | 7. Johnson Robert G. Go, Jr. | Director | 1 | – | Filipino | * |
| Common | 8. Cesar V. Purisima | Independent Director | 1 | – | Filipino | * |
| Common | 9. Rizalina G. Mantaring | Independent Director | 15,701 | – | Filipino | * |
| Common | 10. Christine Marie B. Angco | Independent Director | 1 | – | Singaporean | * |
| Common | 11. Antonio Jose U. Periquet, Jr. | Independent Director | 500,000 | – | Filipino | 0.02% |
| Common | 12. Evelyn C. Ng | Chief Financial Officer | 10,400 | – | Filipino | |
| Common | 13. Jose Miguel T. Manalang | Director, Strategy and Investor Relations | 7,000 | – | Filipino | * |
| | Sub-Total | | 578,644 | – | | |
| | All directors and executive officers as a group unnamed | | 3,444,441 | – | | 0.15% |

1 As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of December 31, 2024.
* less than 0.01%

## (3) Voting Trust Holders of 5% or more

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

## Item 13. Certain Relationships and Related Transactions

The Company, in its regular conduct of business, had engaged in transactions with its major stockholder, JGSHI and its affiliated companies. See Note 32 (Related Party Transactions) of the Notes to Consolidated Financial Statements (page 131) in the accompanying Audited Financial Statements filed as part of this Form 17-A.

## PART IV – CORPORATE GOVERNANCE AND SUSTAINABILITY REPORT

## Item 14. A Corporate Governance

The Group adheres to the principles and practices of good corporate governance, as embodied in its Corporate Governance Manual, Code of Ethics and related SEC Circulars. Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that the Group observes good governance and management practices. This is to assure the shareholders that the Group conducts its business with the highest level of integrity, transparency and accountability.

The Group likewise consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards (PFRSs).

**Item 14. B Sustainability Report**

Refer to attached Sustainability Report.

## PART V - EXHIBITS AND SCHEDULES

**Item 15. Exhibits and Reports on SEC Form 17-C**

(a) Exhibits - See accompanying Index to Exhibits (page 40)
(b) Reports on SEC Form 17-C (page 37)

**UNIVERSAL ROBINA CORPORATION**
**LIST OF CORPORATE DISCLOSURES/REPLIES TO SEC LETTERS**
**UNDER SEC FORM 17-C**
**JULY 1, 2024 TO DECEMBER 31, 2024**

| Date of Disclosure | Description |
|---|---|
| July 8, 2024 | Disclosure on the Joint Venture between Universal Robina Corporation and Greencycle Innovative Solutions, Inc. |
| July 10, 2024 | Disclosure on Share Buy-back Transactions |
| July 11 -18, 2024 | Disclosure on Share Buy-back Transactions |
| July 30, 2024 | Disclosure on the Notice of the 1H CY2024 Unaudited Results Investors' Briefing of Universal Robina Corporation |
| August 2, 2024 | a. Press release entitled "URC SUSTAINS DOUBLE-DIGIT PROFIT GROWTH, POSTING A 10% INCREASE FOR THE FIRST HALF OF 2024; ANNOUNCES 2ND DIVIDEND"<br>Disclosure on declaration of regular cash dividend. |
| August 7-15, 2024 | Disclosure on Share Buy-back Transactions |
| August 15, 2024 | Change in Shareholdings of Directors and/or Principal Officers – Acquisition of shares by Mr. Jose Miguel T. Manalang |
| August 17-21, 2024 | Disclosure on Share Buy-back Transactions |
| September 4, 2024 | Disclosure on Share Buy-back Transactions |
| September 9, 2024 | Acquisition of URC shares by Principal Officer's immediate family member |
| October 31, 2024 | [Amended-1] Disclosure on shortening of Corporate Terms of Universal Robina Corporation ("URC")'s Subsidiaries, URC Snack Ventures Inc. ("USVI") and URC Beverage Ventures, Inc. ("UBVI"). |
| November 7, 2024 | Disclosure on the Notice of the 9M CY2024 Unaudited Results Investors' Briefing of Universal Robina Corporation |
| November 12, 2024 | Press release entitled "URC SUSTAINS STRONG DOUBLE-DIGIT PROFIT GROWTH OF ITS BRANDED BUSINESS" |
| November 17-18, 2024 | Disclosure on Share Buy-back Transactions |
| November 19, 2024 | a. Change in Shareholdings of Directors and/or Principal Officers – Acquisition of shares by Mr. Jose Miguel T. Manalang;<br>Disclosure on Share Buy-back Transactions |
| November 20, 2024 | Acquisition of URC shares by Principal Officer's immediate family member |
| November 21-22, 2024 | Disclosure on Share Buy-back Transactions |
| November 22, 2024 | [Amended-2] Disclosure on shortening of Corporate Terms of Universal Robina Corporation ("URC")'s Subsidiaries, URC Snack Ventures Inc. ("USVI") and URC Beverage Ventures, Inc. ("UBVI"). |
| November 26, 2024 | Disclosure on Share Buy-back Transactions |
| November 28, 2024 | Disclosure on Share Buy-back Transactions |
| November 29, 2024 | Disclosure on Share Buy-back Transactions |
| December 2-3, 2024 | Disclosure on Share Buy-back Transactions |
| December 4, 2024 | a. Acquisition of URC shares by Principal Officer's immediate family member;<br>b. Disclosure on Share Buy-back Transactions |
| December 5, 2024 | Disclosure on Share Buy-back Transactions |
| December 6, 2024 | Disclosure on Share Buy-back Transactions |
| December 10, 2024 | Disclosure on Share Buy-back Transactions |
| December 12, 2024 | a. Acquisition of URC shares by Principal Officer's immediate family member;<br>b. Change in Shareholdings of Directors and/or Principal Officers – Acquisition of shares by Mr. Jose Miguel T. Manalang;<br>c. Disclosure on Share Buy-back Transactions. |
| December 19, 2024 | c. Acquisition of URC shares by Principal Officer's immediate family member |

**SIGNATURES**

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Pasig on the 31st of March, 2025.

**UNIVERSAL ROBINA CORPORATION**
Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the dates indicated.

By:

IRWIN C. LEE
President and Chief Executive Officer
Date MAR 31, 2025

FRANCISCO M. DEL MUNDO
Chief Finance and Strategy Officer
Date MAR 31, 2025

MARIA CELIA H. FERNANDEZ-ESTAVILLO
Corporate Secretary
Date MAR 31, 2025

MAR 3 1 2025

SUBSCRIBED AND SWORN to before me this ___ day of March, 2025 affiants exhibiting to me his/their Community Tax Certificates, as follows:

| NAMES | DOCUMENT NO. | DATE OF ISSUE | PLACE OF ISSUE |
|---|---|---|---|
| Irwin C. Lee | Passport No. P8857404A | 09.23.18 | Quezon City |
| Francisco M. Del Mundo | Passport No. P8332711C | 11.06.2024 | Manila City |
| Maria Celia H. Fernandez-Estavillo | Passport No P5542345A | 01.06.18 | Quezon City |

ATTY. PHOEBE ANN S. BAYONA
Notary Public for Pasig and Pateros
Notarial Commission No. 63; Until December 31, 2026
40th Floor Robinsons Equitable Tower, ADB Ave.
cor. Poveda Road, Ortigas Center, Pasig City, 1605
Roll of Attorneys No. 62586
MCLE Compliance No. VIII-0015553; Valid until 14-Apr-2028
IBP O.R. No. 480867 / 04-Dec-2024 (for 2025)
PTR No. 10471380M / 08-Jan-2025 / Makati City

Doc. No. 94;
Page No. 20;
Book No. III;
Series of 2025.

**UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES**

**INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES**

**FORM 17- A, Item 7**

Universal Robina

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS**

The management of Universal Robina Corporation and Subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, for the years ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip, Gorres, Velayo and Co., the independent auditors appointed by the stockholders, have audited the consolidated financial statements in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

| LANCE Y. GOKONGWEI<br>Chairman<br>Date: MAR 31, 2025 | IRWIN C. LEE<br>President and<br>Chief Executive Officer<br>Date: MAR 31, 2025 | FRANCISCO M.DEL MUNDO<br>Chief Finance and<br>Strategy Officer<br>Date: MAR 31, 2025 |
|---|---|---|

MAR 3 1 2025

SUBSCRIBED AND SWORN to before me in Pasig City this ____ day of March 2025 by the affiants exhibiting to me the following documents as follows:

| NAMES | DOCUMENT TYPE | DOCUMENT NUMBER | DATE OF ISSUE | PLACE OF ISSUE |
|---|---|---|---|---|
| Lance Y. Gokongwei | Passport | P6235422B | 02.05.21 | Quezon City |
| Irwin C. Lee | Passport | P8857404A | 09.23.18 | Quezon City |
| Francisco M. Del Mundo | Passport | P8332711C | 11.06.24 | Manila City |

ATTY. PHOEBE ANN S. BAYONA
Notary Public for Pasig and Pateros
Notarial Commission No. 63; Until December 31, 2026
40th Floor Robinsons Equitable Tower, ADB Ave.
cor. Poveda Road, Ortigas Center, Pasig City, 1605
Roll of Attorneys No. 62586
MCLE Compliance No. VIII-0015553; Valid until 14-Apr-2028
IBP O.R. No. 480867 / 04-Dec-2024 (for 2025)
PTR No. 10471380M / 08-Jan-2025 / Makati City

Doc No. 92
Page No. 20
Book No. III
Series of 2025

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph



**INDEPENDENT AUDITOR'S REPORT**

The Stockholders and the Board of Directors
Universal Robina Corporation
8th Floor, Tera Tower, Bridgetowne
E. Rodriguez, Jr. Avenue (C5 Road)
Ugong Norte, Quezon City, Metro Manila

## Opinion

We have audited the consolidated financial statements of Universal Robina Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024 and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

## Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

A key audit matter is one that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter below was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. The description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

***Recoverability of Goodwill and Intangible Assets***

Under Philippine Accounting Standard (PAS) 36, *Impairment of Assets*, the Group is required to perform annual impairment tests on its goodwill and intangible assets with indefinite useful lives. As of December 31, 2024, the Group's goodwill amounted to ₱19.75 billion. The Group's intangible assets with indefinite useful lives consist of brands and trademarks, trade secrets and product formulation amounting to ₱3.05 billion, ₱1.39 billion and ₱0.43 billion, as of December 31, 2024, respectively. The annual impairment test is significant to our audit because: (a) the balances of goodwill and intangible assets with indefinite useful lives are material to the consolidated financial statements; and (b) the determination of the recoverable amount of the cash-generating units (CGUs) to which goodwill is attributed, and as it relates to the other intangible assets with indefinite useful lives, involves significant management judgment and assumptions about the future results of the business. The significant assumptions used in determining the recoverable amounts of these assets, specifically revenue growth rate, discount rate and the terminal growth rate that are applied to the cash flow forecasts, are subject to higher level of estimation uncertainty due to the current economic conditions.

The Group's disclosures about goodwill and other intangible assets with indefinite lives are included in Notes 3 and 14 to the consolidated financial statements.

*Audit response*

We obtained an understanding of the management's process for evaluating the impairment of goodwill and other intangible assets with indefinite useful lives. We involved our internal specialists in evaluating the methodology and the assumptions used in the value in use calculations. These assumptions include revenue growth rate, discount rate and the terminal growth rate. We compared the key assumptions used against the historical performance of the cash generating unit (CGU), industry/market outlook and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and intangible assets with indefinite useful lives.

**Other Information**

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended December 31, 2024 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2024, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may casts significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

SGV
Building a better
working world



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Juan Carlo B. Maminta.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465333, January 2, 2025, Makati City

March 31, 2025

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | December 31 | |
|---|---|---|
| | **2024** | 2023 |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents (Note 7) | **₱11,597,399,876** | ₱12,187,507,197 |
| Financial assets at fair value through profit or loss (Note 8) | **1,080,645,488** | 1,002,776,456 |
| Receivables (Note 9) | **20,452,774,785** | 22,870,122,822 |
| Inventories (Note 10) | **40,025,092,996** | 45,858,673,170 |
| Biological assets (Note 13) | **174,320,301** | 111,278,386 |
| Advances to suppliers (Note 11) | **7,325,996,485** | 5,105,797,597 |
| Other current assets (Note 11) | **3,211,810,542** | 2,370,537,937 |
| | **83,868,040,473** | 89,506,693,565 |
| **Noncurrent Assets** | | |
| Property, plant and equipment (Note 12) | **65,406,337,256** | 62,410,460,542 |
| Right-of-use assets (Note 34) | **1,069,632,860** | 1,302,666,055 |
| Biological assets (Note 13) | **99,478,226** | 160,655,341 |
| Goodwill (Note 14) | **19,753,995,164** | 18,479,756,391 |
| Intangible assets (Note 14) | **5,401,250,589** | 5,186,976,216 |
| Investments in joint ventures (Note 15) | **132,536,260** | 99,348,953 |
| Deferred tax assets (Note 29) | **1,288,294,697** | 969,017,202 |
| Other noncurrent assets (Note 16) | **1,668,294,703** | 2,186,125,453 |
| | **94,819,819,755** | 90,795,006,153 |
| **TOTAL ASSETS** | **₱178,687,860,228** | ₱180,301,699,718 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Accounts payable and other accrued liabilities (Note 18) | **₱31,894,006,772** | ₱29,653,791,359 |
| Short-term debts (Notes 17 and 19) | **12,662,922,495** | 16,516,814,596 |
| Trust receipts payable (Notes 10 and 19) | **7,951,200,072** | 10,172,836,289 |
| Income tax payable | **541,884,811** | 594,196,429 |
| Lease liabilities - current portion (Note 34) | **120,377,698** | 180,306,646 |
| | **53,170,391,848** | 57,117,945,319 |
| **Noncurrent Liabilities** | | |
| Deferred tax liabilities (Note 29) | **1,907,485,495** | 2,124,257,609 |
| Lease liabilities - net of current portion (Note 34) | **1,177,908,117** | 1,262,261,490 |
| Net pension liability (Note 28) | **1,192,213,074** | 1,305,372,148 |
| | **4,277,606,686** | 4,691,891,247 |
| | **57,447,998,534** | 61,809,836,566 |

*(Forward)*

| | December 31 | |
|---|---|---|
| | **2024** | 2023 |
| **Equity** | | |
| Equity attributable to equity holders of the parent | | |
| Paid-up capital (Note 19) | **₱23,422,134,732** | ₱23,422,134,732 |
| Retained earnings (Note 19) | **102,940,614,239** | 99,509,790,832 |
| Other comprehensive income (Note 20) | **5,122,698,158** | 3,702,389,026 |
| Equity reserve (Note 19) | **(5,077,957,067)** | (5,077,957,067) |
| Treasury shares (Note 19) | **(6,514,528,346)** | (3,776,894,316) |
| | **119,892,961,716** | 117,779,463,207 |
| Equity attributable to non-controlling interest (Note 19) | **1,346,899,978** | 712,399,945 |
| | **121,239,861,694** | 118,491,863,152 |
| **TOTAL LIABILITIES AND EQUITY** | **₱178,687,860,228** | ₱180,301,699,718 |

*See accompanying Notes to Consolidated Financial Statements.*

# UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF INCOME

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2024** | 2023 (As Restated – Note 30) | 2022 (As Restated – Note 30) |
| **CONTINUING OPERATIONS** | | | |
| **SALE OF GOODS AND SERVICES** (Notes 21 and 32) | **₱161,867,243,890** | ₱157,752,179,737 | ₱149,123,947,349 |
| **COST OF SALES** (Note 21) | **117,837,936,484** | 115,010,461,857 | 110,235,850,297 |
| **GROSS PROFIT** | **44,029,307,406** | 42,741,717,880 | 38,888,097,052 |
| Selling and distribution costs (Note 22) | **21,753,596,733** | 20,167,277,090 | 18,400,848,612 |
| General and administrative expenses (Note 23) | **5,623,672,084** | 5,185,829,158 | 5,254,427,633 |
| **OPERATING INCOME** | **16,652,038,589** | 17,388,611,632 | 15,232,820,807 |
| Finance costs (Note 27) | **(1,636,032,983)** | (1,587,829,757) | (806,175,065) |
| Net foreign exchange gains | **822,661,946** | 259,409,470 | 373,235,057 |
| Finance revenue (Note 26) | **364,364,386** | 311,199,874 | 273,538,581 |
| Provision for credit and impairment losses (Notes 9, 10 and 12) | **(167,966,820)** | (235,885,792) | (327,038,490) |
| Equity in net losses of joint ventures (Note 15) | **(140,071,400)** | (287,249,905) | (378,967,690) |
| Market valuation gain (loss) on financial assets at fair value through profit or loss - net (Note 8) | **(3,671,981)** | 172,313,735 | 70,404,256 |
| Other income (losses) - net (Notes 16 and 18) | **(74,166,490)** | (321,096,543) | 3,006,298,001 |
| **INCOME BEFORE TAX FROM CONTINUING OPERATIONS** | **15,817,155,247** | 15,699,472,714 | 17,444,115,457 |
| **PROVISION FOR INCOME TAX** (Note 29) | **3,057,962,258** | 2,976,821,225 | 2,994,762,761 |
| **NET INCOME FROM CONTINUING OPERATIONS** | **12,759,192,989** | 12,722,651,489 | 14,449,352,696 |
| **DISCONTINUED OPERATIONS** | | | |
| **NET INCOME (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS** (Note 30) | **(405,549,137)** | (18,051,619) | 21,935,369 |
| **NET INCOME** | **₱12,353,643,852** | ₱12,704,599,870 | ₱14,471,288,065 |
| **NET INCOME ATTRIBUTABLE TO:** | | | |
| Equity holders of the parent (Note 31) | **₱11,661,557,770** | ₱12,091,292,370 | ₱13,956,141,883 |
| Non-controlling interests (Note 19) | **692,086,082** | 613,307,500 | 515,146,182 |
| | **₱12,353,643,852** | ₱12,704,599,870 | ₱14,471,288,065 |
| **EARNINGS PER SHARE** (Note 31) | | | |
| Basic/diluted, for income attributable to equity holders of the parent | **₱5.39** | ₱5.55 | ₱6.39 |

*See accompanying Notes to Consolidated Financial Statements.*

# UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2024** | 2023 | 2022 |
| **NET INCOME** | **₱12,353,643,852** | ₱12,704,599,870 | ₱14,471,288,065 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | | |
| *Items to be reclassified to profit or loss in subsequent periods, net of tax*: | | | |
| Cumulative translation adjustments (Note 20) | **1,037,046,790** | (1,215,578,084) | 1,929,092,653 |
| | **1,037,046,790** | (1,215,578,084) | 1,929,092,653 |
| *Items not to be reclassified to profit or loss in subsequent periods:* | | | |
| Remeasurement gain (loss) on defined benefit plans (Notes 20 and 28) | **502,101,722** | (612,915,087) | 230,091,870 |
| Income tax effect | **(125,525,429)** | 153,228,771 | (57,522,968) |
| Unrealized gain on financial assets at fair value through other comprehensive income (Notes 16 and 20) | **40,350,000** | 15,150,000 | 24,850,000 |
| | **416,926,293** | (444,536,316) | 197,418,902 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | **1,453,973,083** | (1,660,114,400) | 2,126,511,555 |
| **TOTAL COMPREHENSIVE INCOME** | **₱13,807,616,935** | ₱11,044,485,470 | ₱16,597,799,620 |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:** | | | |
| Equity holders of the parent | **₱13,081,866,902** | ₱10,460,971,155 | ₱16,023,431,472 |
| Non-controlling interests | **725,750,033** | 583,514,315 | 574,368,148 |
| | **₱13,807,616,935** | ₱11,044,485,470 | ₱16,597,799,620 |

*See accompanying Notes to Consolidated Financial Statements.*

# UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to Equity Holders of the Parent | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Paid-up Capital (Note 19) | | | | Other Comprehensive Income (Loss) (Note 20) | | | | | | | | |
| | Capital Stock | Additional Paid-in Capital | Total Paid-up Capital | Unappropriated Retained Earnings | Cumulative Translation Adjustments (Note 20) | Net Unrealized Gain (Loss) on Financial Assets at FVOCI (Note 16) | Remeasurement Gain (Loss) on Defined Benefit Plans | Total Other Comprehensive Income (Loss) | Equity Reserve (Note 19) | Treasury Shares (Note 19) | Total | Equity Attributable to Non-controlling Interest (Notes 15, 19 and 20) | Total Equity |
| **Balances as at January 1, 2024** | **₱2,230,160,190** | **₱21,191,974,542** | **₱23,422,134,732** | **₱99,509,790,832** | **₱4,101,683,755** | **₱99,510,000** | **(₱498,804,729)** | **₱3,702,389,026** | **(₱5,077,957,067)** | **(₱3,776,894,316)** | **₱117,779,463,207** | **₱712,399,945** | **₱118,491,863,152** |
| **Net income for the year** | **–** | **–** | **–** | **11,661,557,770** | **–** | **–** | **–** | **–** | **–** | **–** | **11,661,557,770** | **692,086,082** | **12,353,643,852** |
| **Other comprehensive income** | **–** | **–** | **–** | **–** | **1,001,783,070** | **40,350,000** | **378,176,062** | **1,420,309,132** | **–** | **–** | **1,420,309,132** | **33,663,951** | **1,453,973,083** |
| **Total comprehensive income** | **–** | **–** | **–** | **11,661,557,770** | **1,001,783,070** | **40,350,000** | **378,176,062** | **1,420,309,132** | **–** | **–** | **13,081,866,902** | **725,750,033** | **13,807,616,935** |
| **Cash dividends** (Note 19) | **–** | **–** | **–** | **(8,230,734,363)** | **–** | **–** | **–** | **–** | **–** | **–** | **(8,230,734,363)** | **(98,000,000)** | **(8,328,734,363)** |
| **Acquisition of new subsidiary** (Note 19) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **6,750,000** | **6,750,000** |
| **Purchase of treasury shares** (Note 19) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **(2,737,634,030)** | **(2,737,634,030)** | **–** | **(2,737,634,030)** |
| **Balances as at December 31, 2024** | **₱2,230,160,190** | **₱21,191,974,542** | **₱23,422,134,732** | **₱102,940,614,239** | **₱5,103,466,825** | **₱139,860,000** | **(₱120,628,667)** | **₱5,122,698,158** | **(₱5,077,957,067)** | **(₱6,514,528,346)** | **₱119,892,961,716** | **₱1,346,899,978** | **₱121,239,861,694** |
| | | | | | | | | | | | | | |
| Balances as at January 1, 2023 | ₱2,230,160,190 | ₱21,191,974,542 | ₱23,422,134,732 | ₱95,304,192,226 | ₱5,290,601,426 | ₱84,360,000 | (₱41,242,577) | ₱5,333,718,849 | (₱5,062,245,488) | (₱3,652,109,120) | ₱115,345,691,199 | ₱624,649,896 | ₱115,970,341,095 |
| Net income for the year | – | – | – | 12,091,292,370 | – | – | – | – | – | – | 12,091,292,370 | 613,307,500 | 12,704,599,870 |
| Other comprehensive income (loss) | – | – | – | – | (1,187,909,063) | 15,150,000 | (457,562,152) | (1,630,321,215) | – | – | (1,630,321,215) | (29,793,185) | (1,660,114,400) |
| Total comprehensive income (loss) | – | – | – | 12,091,292,370 | (1,187,909,063) | 15,150,000 | (457,562,152) | (1,630,321,215) | – | – | 10,460,971,155 | 583,514,315 | 11,044,485,470 |
| Cash dividends (Note 19) | – | – | – | (7,885,693,764) | – | – | – | – | – | – | (7,885,693,764) | (512,050,000) | (8,397,743,764) |
| Acquisition of additional interest in a subsidiary (Note 19) | – | – | – | – | (1,008,608) | – | – | (1,008,608) | (15,711,579) | – | (16,720,187) | 16,285,734 | (434,453) |
| Purchase of treasury shares (Note 19) | – | – | – | – | – | – | – | – | – | (124,785,196) | (124,785,196) | – | (124,785,196) |
| Balances as at December 31, 2023 | ₱2,230,160,190 | ₱21,191,974,542 | ₱23,422,134,732 | ₱99,509,790,832 | ₱4,101,683,755 | ₱99,510,000 | (₱498,804,729) | ₱3,702,389,026 | (₱5,077,957,067) | (₱3,776,894,316) | ₱117,779,463,207 | ₱712,399,945 | ₱118,491,863,152 |
| | | | | | | | | | | | | | |
| Balances as at January 1, 2022 | ₱2,230,160,190 | ₱21,191,974,542 | ₱23,422,134,732 | ₱88,907,647,831 | ₱3,417,686,647 | ₱59,510,000 | (₱210,767,387) | ₱3,266,429,260 | (₱5,075,466,405) | (₱1,099,761,235) | ₱109,420,984,183 | ₱346,749,649 | ₱109,767,733,832 |
| Net income for the year | – | – | – | 13,956,141,883 | – | – | – | – | – | – | 13,956,141,883 | 515,146,182 | 14,471,288,065 |
| Other comprehensive income | – | – | – | – | 1,872,914,779 | 24,850,000 | 169,524,810 | 2,067,289,589 | – | – | 2,067,289,589 | 59,221,966 | 2,126,511,555 |
| Total comprehensive income | – | – | – | 13,956,141,883 | 1,872,914,779 | 24,850,000 | 169,524,810 | 2,067,289,589 | – | – | 16,023,431,472 | 574,368,148 | 16,597,799,620 |
| Cash dividends (Note 19) | – | – | – | (7,559,597,488) | – | – | – | – | – | – | (7,559,597,488) | (295,470,000) | (7,855,067,488) |
| Acquisition of new subsidiary (Note 19) | – | – | – | – | – | – | – | – | 13,220,917 | – | 13,220,917 | – | 13,220,917 |
| Derecognition of noncontrolling interest | – | – | – | – | – | – | – | – | – | – | – | (997,901) | (997,901) |
| Purchase of treasury shares (Note 19) | – | – | – | – | – | – | – | – | – | (2,552,347,885) | (2,552,347,885) | – | (2,552,347,885) |
| Balances as at December 31, 2022 | ₱2,230,160,190 | ₱21,191,974,542 | ₱23,422,134,732 | ₱95,304,192,226 | ₱5,290,601,426 | ₱84,360,000 | (₱41,242,577) | ₱5,333,718,849 | (₱5,062,245,488) | (₱3,652,109,120) | ₱115,345,691,199 | ₱624,649,896 | ₱115,970,341,095 |

*See accompanying Notes to Consolidated Financial Statements.*

# UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
# CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2024** | 2023 (As Restated – Note 30) | 2022 (As Restated – Note 30) |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before income tax from continuing operations | **₱15,817,155,247** | ₱15,699,472,714 | ₱17,444,115,457 |
| Income (loss) before income tax from discontinued operations (Note 30) | **(404,511,900)** | (14,705,075) | 27,370,639 |
| Income before income tax | **15,412,643,347** | 15,684,767,639 | 17,471,486,096 |
| Adjustments for: | | | |
| Depreciation and amortization (Note 24) | **4,987,520,020** | 6,403,094,767 | 6,288,252,700 |
| Finance costs (Note 27) | **1,636,032,983** | 1,587,829,757 | 806,175,065 |
| Net foreign exchange gains (Note 30) | **(826,370,447)** | (262,146,849) | (383,483,794) |
| Provision for credit and impairment losses (Notes 9, 10, 12 and 30) | **484,834,404** | 235,885,792 | 327,038,490 |
| Finance revenue (Notes 26 and 30) | **(376,007,914)** | (330,038,326) | (295,018,267) |
| Pension expense (Notes 25 and 28) | **302,664,188** | 230,779,575 | 241,735,564 |
| Equity in net losses of joint ventures (Note 15) | **140,071,400** | 287,249,905 | 378,967,690 |
| Market valuation (gain) loss on financial assets at fair value through profit or loss (Note 8) | **3,671,981** | (172,313,735) | (70,404,256) |
| Gain on sale/disposals of property, plant and equipment and investment property (Notes 12 and 16) | **(47,521,305)** | (18,396,199) | (3,281,365,960) |
| Gain arising from changes in fair value less estimated costs to sell of biological assets (Note 13) | **(8,976,189)** | (336,172) | (311,493) |
| Operating income before working capital changes | **21,708,562,468** | 23,646,376,154 | 21,483,071,835 |
| Decrease (increase) in: | | | |
| Receivables | **2,406,382,485** | (3,219,024,635) | (2,605,431,253) |
| Inventories | **5,462,492,956** | (7,749,911,815) | (10,122,658,594) |
| Biological assets | **(111,724,185)** | 1,687,035 | (228,333,481) |
| Advances to suppliers and other current assets | **(3,131,902,483)** | (1,622,365,232) | (1,866,648,789) |
| Increase (decrease) in: | | | |
| Accounts payable and other accrued liabilities | **(7,720,355)** | 2,707,440,997 | 4,184,752,123 |
| Trust receipts payable | **(2,197,597,404)** | (1,252,489,365) | 3,300,488,410 |
| Net cash generated from operations | **24,128,493,482** | 12,511,713,139 | 14,145,240,251 |
| Income taxes paid | **(3,748,849,540)** | (3,087,271,189) | (2,399,394,053) |
| Interest paid | **(1,518,537,077)** | (1,335,871,027) | (565,663,230) |
| Contributions to retirement plan (Note 28) | **–** | – | (200,415) |
| Interest received | **307,058,112** | 266,118,180 | 170,897,069 |
| Net cash provided by operating activities | **19,168,164,977** | 8,354,689,103 | 11,350,879,622 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Acquisitions of: | | | |
| Property, plant and equipment (Note 12) | **(5,976,573,447)** | (8,454,217,169) | (9,134,912,018) |
| Investments in joint ventures (Note 15) | **(170,000,000)** | (250,000,000) | (80,879,150) |
| Additional interest in a subsidiary (Note 19) | **–** | (434,454) | – |
| Subsidiary, net of cash acquired (Note 14) | **–** | – | (486,014,976) |
| Financial assets at FVTPL | **–** | – | (162,665,091) |
| Intangible assets (Note 14) | **(2,290,636)** | (966,072) | (3,101,422) |
| Proceeds from sale/disposal of: | | | |
| Property, plant and equipment and investment property (Notes 12 and 16) | **1,106,426,211** | 3,689,191,468 | 1,827,682,799 |
| Decrease (increase) in other noncurrent assets | **557,928,083** | (335,686,283) | (80,447,447) |
| Dividends received (Note 8) | **48,454,304** | 64,605,739 | 80,757,174 |
| Net cash used in investing activities | **(4,436,055,485)** | (5,287,506,771) | (8,039,580,131) |

*(Forward)*

| | Years Ended December 31 | | |
|---|---|---|---|
| | **2024** | 2023 (As Restated – Note 30) | 2022 (As Restated – Note 30) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payments of: | | | |
| Short-term debts (Notes 17 and 35) | **(₱19,600,000,000)** | (₱6,800,000,000) | (₱15,740,000,000) |
| Principal portion of lease liabilities (Note 34) | **(305,417,456)** | (358,364,833) | (500,349,782) |
| Availments of short-term debts (Notes 17 and 35) | **15,649,569,036** | 11,550,000,000 | 19,630,000,000 |
| Purchase of treasury shares (Note 19) | **(2,737,634,030)** | (124,785,195) | (2,552,347,885) |
| Cash dividends paid (Note 19) | **(8,230,734,363)** | (7,885,693,764) | (7,559,597,488) |
| Dividends paid by a subsidiary to non-controlling interest (Note 19) | **(98,000,000)** | (512,050,000) | (295,470,000) |
| Net cash used in financing activities | **(15,322,216,813)** | (4,130,893,792) | (7,017,765,155) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(590,107,321)** | (1,063,711,460) | (3,706,465,664) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | **12,187,507,197** | 13,251,218,657 | 16,957,684,321 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **₱11,597,399,876** | ₱12,187,507,197 | ₱13,251,218,657 |

*See accompanying Notes to Consolidated Financial Statements.*

# UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Corporate Information**

Universal Robina Corporation (hereinafter referred to as “the Parent Company” or “URC”) was incorporated on September 28, 1954, domiciled in the Republic of the Philippines, and is listed in the Philippine Stock Exchange. On October 28, 2002, the Parent Company’s corporate life was extended for another 50 years or until September 28, 2054. The registered office address of the Parent Company is at 8th Floor Tera Tower, Bridgetowne, E. Rodriguez, Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Metro Manila.

The Parent Company is a majority owned subsidiary of JG Summit Holdings, Inc. (“the Ultimate Parent Company” or “JGSHI”).

The Parent Company and its subsidiaries (hereinafter referred to as “the Group”) is one of the largest branded food products companies in the Philippines and has a strong presence in ASEAN markets. The Group is involved in a wide range of food-related businesses which are organized into two (2) business segments: branded consumer foods (BCF) and agro-industrial and commodity (AIC) foods.

The BCF group, including the packaging division, manufactures distributes, sells and markets a mix of food and beverage products. The Parent Company operates its URC Flexible Packaging division to produce flexible packaging materials for its various branded products.

The AIC group is composed of three business segments: (1) Agro-Industrial Group (AIG), which operates three divisions – a) Animal Nutrition and Health, b) Food, Drugs and Disinfectants and c) Farms, (2) Flour Division and (3) Sugar and Renewables Division (SURE), which operates the a) Sugar, b) Distillery and c) Cogeneration divisions.

The operations of certain subsidiaries are registered with the Board of Investments (BOI) as preferred pioneer and non-pioneer activities. Under the terms of the registrations and subject to certain requirements, the Parent Company and certain subsidiaries are entitled to certain fiscal and non-fiscal incentives, including among others, an income tax holiday (ITH) for a period of three (3) years to seven (7) years from respective start dates of commercial operations (see Note 33).

The Group is also subject to certain regulations with respect to, among others, product composition, packaging, labeling, advertising and safety.

The principal activities of the Group are further described in Note 6.

## 2. Summary of Material Accounting Policy Information

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), inventories that have been measured at lower of cost and net realizable value (NRV) and biological assets and agricultural produce that have been measured at fair value less estimated costs to sell.

The consolidated financial statements of the Group are presented in Philippine Peso. The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. All values are rounded to the nearest peso except when otherwise stated.

The functional currencies of the Group's consolidated foreign subsidiaries follow:

| Subsidiaries | Country of Incorporation | Functional Currency |
|---|---|---|
| URC Asean Brands Co. Ltd. (UABCL) | British Virgin Islands | US Dollar |
| Hong Kong China Foods Co. Ltd. | - do - | - do - |
| URC International Co. Ltd. (URCICL) | - do - | - do - |
| Shanghai Peggy Foods Co., Ltd. (Shanghai Peggy) | China | Chinese Renminbi |
| URC China Commercial Co. Ltd. (URCCCL) | - do - | - do - |
| Xiamen Tongan Pacific Food Co., Ltd. | - do - | - do - |
| Guangzhou Peggy Foods Co., Ltd. | - do - | - do - |
| Shantou SEZ Shanfu Foods Co., Ltd. | - do - | - do - |
| Jiangsu Acesfood Industrial Co., Ltd. | - do - | - do - |
| Shantou Peggy Co. Ltd. | - do - | - do - |
| URC Hong Kong Company Limited | Hong Kong | Hong Kong Dollar |
| PT URC Indonesia | Indonesia | Indonesian Rupiah |
| URC Snack Foods (Malaysia) Sdn. Bhd. (URC Malaysia) | Malaysia | Malaysian Ringgit |
| Ricellent Sdn. Bhd. | - do - | - do - |
| Crunchy Foods Sdn. Bhd (Malaysia) | - do - | - do - |
| Munchy Food Industries Sdn. Bhd | - do - | - do - |
| Munchworld Marketing Sdn Bhd | - do - | - do - |
| URC Foods (Singapore) Pte. Ltd. | Singapore | Singapore Dollar |
| Advanson International Pte. Ltd. (Advanson) | - do - | - do - |
| Pan Pacific Investments Co. Limited (PPICL) | - do - | - do - |
| URC Equity Ventures Pte. Ltd. | - do - | - do - |
| URC (Thailand) Co., Ltd. | Thailand | Thai Baht |
| Siam Pattanasin Co., Ltd. | - do - | - do - |
| URC (Myanmar) Co. Ltd. | Myanmar | Myanmar Kyat |
| URC Vietnam Co., Ltd. | Vietnam | Vietnam Dong |
| URC Hanoi Company Limited | - do - | - do - |
| URC Central Co. Ltd. | - do - | - do - |

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and the following wholly and majority owned direct subsidiaries as of December 31, 2024 and 2023.

| | | Effective Percentages of Ownership | |
|---|---|---|---|
| Subsidiaries | Place of Incorporation | **2024** | 2023 |
| CFC Corporation | Philippines | **100.00** | 100.00 |
| Bio-Resource Power Generation Corporation (BRPGC) | - do - | **100.00** | 100.00 |
| Green Recovery, Incorporated (GRI) | - do - | **75.00** | – |
| Najalin Agri-Ventures, Inc. (NAVI) | - do - | **95.82** | 95.82 |
| Nissin-Universal Robina Corporation (NURC) | - do - | **51.00** | 51.00 |
| URC Snack Ventures Inc. (USVI) | - do - | – | 100.00 |
| URC Beverage Ventures, Inc. (UBVI) | - do - | – | 100.00 |
| URC Philippines, Limited (URCPL) | British Virgin Islands | **100.00** | 100.00 |
| URC International Co., Ltd. and Subsidiaries (URCICL)* | - do - | **100.00** | 100.00 |
| Universal Robina (Cayman), Ltd. | Cayman Islands | – | 100.00 |
| URC China Commercial Co., Ltd. and Subsidiary | China | **100.00** | 100.00 |

**Subsidiaries are located in Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong*

*Green Recovery, Incorporated*

On December 18, 2023, the Parent Company entered into a joint venture agreement with Greencycle Innovative Solutions, Inc., a corporation duly organized in the Philippines to form Green Recovery, Incorporated (GRI), a corporation duly incorporated and organized in the Philippines on August 5, 2024 for waste management which includes collection, treatment, recovery, and processing of plastic wastes.

On July 8, 2024, the Board of Directors (BOD) approved the initial subscription of the Parent Company to the unissued authorized capital stock of GRI consisting of 20,250,000 common shares for a total cost of ₱20.3 million.

*URC Snack Ventures Inc. and URC Beverage Ventures, Inc.*

On March 18, 2024, USVI submitted an application to the Philippine Securities and Exchange Commission (SEC) to shorten its corporate term from 30 years to 9 years and 11 months, to end on March 29, 2024. On the same date, UBVI submitted an application to SEC to shorten its corporate term from 50 years to 40 years and 6 months, to end on March 27, 2024. On October 21, 2024, the SEC approved the application of UBVI. On November 19, 2024, the SEC approved the application of USVI.

On April 25, 2024, the BOD of USVI approved the declaration of a liquidating dividend to the Parent Company amounting to ₱672.0 million, which was paid on May 6, 2024. This distribution is part of USVI's liquidation process and represents a return of capital to the Parent Company.

*Merger of URCL and URCICL*

On March 25, 2024, the BOD approved the plan to merge URCL into URCICL. Subsequently, on June 25, 2024, the BOD approved the Plan of Merger and Articles of Merger, with the merger becoming effective on June 27, 2024. Both companies, incorporated under Cayman and BVI laws, received the necessary approvals to proceed with the merger (see Note 19). The merger does not impact the consolidated financial statements of the Group since both URCL and URCICL are wholly owned subsidiaries of the Parent Company.

*Control*
Control is achieved when the Group is exposed, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of financial position and consolidated statement of comprehensive income from the date the Parent Company gains control until the date it ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interest having deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

All intragroup transactions, balances, income and expenses are eliminated in the consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, non-controlling interests consist of the amount attributed to such interests at initial recognition and the non-controlling interest's share of changes in equity since the date of the combination.

Any changes in the Group's ownership interest in subsidiary that does not result in a loss of control is accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- derecognizes the related other comprehensive income recorded in equity and recycles the same to profit or loss or retained earnings;
- recognizes the fair value of the consideration received;

- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in the consolidated statement of income; and
- reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. Some of the Group's subsidiaries have a local statutory accounting reference date of April 30 and September 30. These are consolidated using management prepared information on a basis coterminous with the Group's accounting reference date.

Below are the subsidiaries with a different accounting reference date from that of the Parent Company:

| Subsidiaries | Year-end |
|---|---|
| Pan Pacific Investments (Pte.) Limited | April 30 |
| Bio-Resource Power Generation Corporation* | September 30 |
| Najalin Agri-Ventures, Inc.* | -do- |

**Dormant/non-operating subsidiaries*

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. This policy also covers purchase of assets that constitutes acquisition of a business.

For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are recognized in profit or loss in the consolidated statement of income as incurred.

Where appropriate, the cost of acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant PFRS Accounting Standards. Changes in the fair value of contingent consideration classified as equity are not recognized.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that if known, would have affected the amounts recognized as of that date. The measurement period is the period from the date of acquisition to the date the Group receives complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum period of one year.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Combinations of Entities under Common Control
Where there are business combinations involving entities that are ultimately controlled by the same ultimate parent (i.e., Controlling Shareholders) before and after the business combination and that the control is not transitory ("business combinations under common control"), the Group accounts for such business combinations in accordance with the guidance provided by the Philippine Interpretations Committee Q&A No. 2011-02, PFRS 3.2 - *Common Control Business Combinations*. The purchase method of accounting is used if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, shall be considered. In cases where the transaction has no commercial substance, the business combination is accounted for using the pooling of interests method.

In applying the pooling of interests method, the Group follows the Philippine Interpretations Committee Q&A No. 2012-01, PFRS 3.2 - *Application of the Pooling of Interests Method for Business Combinations of Entities under Common Control in Consolidated Financial Statements*, which provides the following guidance:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination. The only adjustments that are made are those adjustments to harmonize accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the equity acquired is reflected within equity as other equity reserve, i.e., either contribution or distribution of equity.
- The consolidated statement of income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Goodwill

Goodwill arising from the acquisition of a subsidiary is recognized as an asset at the date the control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held interest, if any, in the entity over the net fair value of the identifiable net assets recognized.

Goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's operating segments as determined in accordance with PFRS 8, *Operating Segments*.

If after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously-held equity interest, if any, the excess is recognized immediately in the consolidated statement of income as a gain on bargain purchase.

Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses, if any. Goodwill is reviewed for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (see further discussion under Impairment of nonfinancial assets).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following PFRS Accounting Standards and Philippine Accounting Standards (PAS) and Philippine Interpretations beginning January 1, 2024. The adoption of the new and amended standards and interpretations did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*
  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

**Material Accounting Policy Information**

Fair Value Measurement
The Group measures certain financial instruments and nonfinancial assets at fair value at each reporting date. Fair values of financial instruments measured at amortized cost and investment properties carried at cost are disclosed in Note 5.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of placement, and that are subject to insignificant risk of changes in value.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets
*Initial recognition and measurement*
Financial assets are classified at fair value at initial recognition and subsequently measured at amortized cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15, *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows which are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows. Financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The financial assets of the Group as of December 31, 2024 and 2023 consist of financial assets at amortized cost, financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL (equity and debt instruments).

*Financial assets at amortized cost (debt instruments)*
Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, receivables and security deposits.

*Financial assets designated at FVOCI (equity instruments)*
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statements of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its investments in club shares under this category.

*Financial assets at FVTPL*
Debt instruments that do not meet the amortized cost criteria, or meets the criteria but the Group has designated as at FVTPL upon initial recognition, are classified as financial assets at FVTPL. Equity investments are classified as financial assets at FVTPL, unless the Group designates an equity investment that is not held for trading as at FVOCI at initial recognition.

Financial assets at FVTPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of income.

This category includes equity instruments which the Group had not irrevocably elected to classify at fair value through OCI and currency options.

*Derecognition*
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of ownership of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

*Impairment of financial assets*
The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime ECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the

12 months after the reporting date. Lifetime ECL are credit losses that results from all possible default events over the expected life of a financial instrument.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets such nontrade receivables, due from related parties and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a SICR in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a SICR since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a SICR since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from reputable credit rating agencies to determine whether the debt instrument has SICR and to estimate ECLs.

The Group considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables and contract assets in default when contractual payment are 60 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

*Determining the stage for impairment*
At each reporting date, the Group assesses whether there has been an SICR for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analyses.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed SICR since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

*Staging assessment*
PFRS 9 establishes a three-stage approach for impairment of financial assets, based on whether there has been a significant deterioration in the credit risk of a financial asset. These three stages then determine the amount of impairment to be recognized.

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a SICR since initial recognition. Entities are required to recognize 12-month ECL for Stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a SICR since initial recognition. Entities are required to recognize lifetime ECL for Stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a SICR since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as Stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument or a portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for financial assets that are in default. The Group considers a financial asset in default when contractual payments are 30-60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

b) Financial liabilities
*Initial recognition and measurement*
Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

*Subsequent measurement*
The measurement of financial liabilities depends on their classification.

*Financial liabilities at amortized cost*
This pertains to financial liabilities that are not held for trading or not designated as at FVTPL upon the inception of the liability. These include liabilities arising from operations and borrowings.

After initial recognition, these financial liabilities are measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on the acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognized in profit or loss when the financial liabilities are derecognized, as well as through the EIR amortization process.

This category applies to the Group's accounts payable and accrued liabilities (excluding advances from customers, advances from third parties, statutory and taxes payables), short-term debts and trust receipts payable.

*Derecognition*
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

c) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of solvency or bankruptcy of the Group and all of the counterparties.

Inventories
Inventories, including goods-in-process, are recorded at cost and subsequently valued at the lower of cost and NRV. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

When the inventories are sold, the carrying amounts of those inventories are recognized under 'Cost of sales' in the consolidated statement of income in the period when the related revenue is recognized.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

*Finished goods, goods-in-process, raw materials, containers and packaging materials, and spare parts and supplies*
Cost is determined using the weighted average method. The cost of raw materials, containers and packaging materials, and spare parts and supplies consist of their purchase cost. The cost of finished goods and goods-in-process include direct materials and labor, and a proportion of manufacturing overhead costs based on actual goods processed and produced, but excluding borrowing costs.

*Materials in-transit*
Cost is determined on a specific identification basis.

Biological Assets
The biological assets of the Group are divided into two major categories with sub-categories as follows:

Swine livestock
- Breeders (livestock bearer)
- Sucklings (breeders' offspring)
- Weanlings (comes from sucklings intended to be breeders or to be raised as fatteners/finishers)
- Fatteners/finishers (comes from weanlings unfit to become breeders; intended for the production of meat and meat products or to be sold live)

| | |
|---|---|
| Poultry livestock | - Breeders (livestock bearer)<br>- Chicks (breeders' offspring intended to be sold as breeders) |

Biological assets are measured on initial recognition and at each reporting date at its fair value less estimated costs to sell. The fair values are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

Agricultural produce is the harvested product of the Group's biological assets. A harvest occurs when agricultural produce is either detached from the bearer biological asset or when a biological asset's life processes cease. A gain or loss on initial recognition of agricultural produce at fair value less estimated costs to sell is recognized in the consolidated statement of income in the period in which it arises. The agricultural produce of swine livestock are hog carcasses, while the agricultural produce of poultry livestock are table eggs and hatched chick. These are then subsequently measured following PAS 2, *Inventories*.

A gain or loss on initial recognition of a biological asset at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell of a biological asset in the consolidated statement of income in the period in which it arises.

<u>Property, Plant and Equipment</u>
Property, plant and equipment, except land, are carried at cost less accumulated depreciation and amortization and accumulated impairment losses, if any.

The initial cost of an item of property, plant and equipment comprises its purchase price and any cost attributable in bringing the asset to its intended location and working condition. Cost also includes interest and other financing charges on borrowed funds used to finance the acquisition of property, plant and equipment to the extent incurred during the period of installation and construction.

Land is stated at cost less any impairment in value.

Subsequent costs are capitalized as part of the 'Property, plant and equipment' in the consolidated statement of financial position, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost of repairs and maintenance are expensed when incurred.

Foreign exchange differentials arising from foreign currency borrowings used for the acquisition of property, plant and equipment are capitalized to the extent that these are regarded as adjustments to interest costs.

Depreciation and amortization of property, plant and equipment commence once the property, plant and equipment are available for use and are computed using the straight-line method over the estimated useful life (EUL) of the assets regardless of utilization.

The EUL of property, plant and equipment of the Group follows:

| | Years |
|---|---|
| Land improvements | 5 to 10 |
| Buildings and improvements | 10 to 30 |
| Machinery and equipment | 10 to 15 |
| Transportation equipment | 5 |
| Furniture, fixtures and equipment | 5 |

Leasehold improvements are amortized over the shorter of their EUL or the corresponding lease terms. The residual values, useful lives and methods of depreciation and amortization of property, plant and equipment are reviewed periodically and adjusted, if appropriate, at each reporting date to ensure that the method and period of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Any change in the expected residual values, useful lives and methods of depreciation are adjusted prospectively from the time the change was determined necessary.

Construction-in-progress and equipment in transit are stated at cost, net of accumulated impairment losses, if any. This includes the cost of construction and other direct costs. Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period. Construction in-progress and equipment in transit are not depreciated until such time as the relevant assets are completed and put into operational use.

Construction in-progress and equipment in transit are transferred to the related 'Property, plant and equipment' in the consolidated statement of financial position when the construction or installation and related activities necessary to prepare the property, plant and equipment for their intended use are completed, and the property, plant and equipment are ready for service.

Major spare parts and stand-by equipment items that the Group expects to use over more than one period and can be used only in connection with an item of property, plant and equipment are accounted for as property, plant and equipment. Depreciation and amortization on these major spare parts and stand-by equipment commence once these have become available for use (i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Group).

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use or disposal of the asset. Any gain or loss arising from the derecognition of the property, plant and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of income, in the period the item is derecognized.

Fully depreciated property, plant and equipment are retained in the accounts until these are no longer in use.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both, and those which are not occupied by entities in the Group. Investment properties, except for land, are carried at cost less accumulated depreciation and any impairment loss, if any. Land is carried at cost less any accumulated impairment loss, if any. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of an investment property.

The Group's investment properties consist solely of buildings and building improvements and are depreciated using the straight-line method over their EUL ranging from 10 to 30 years (see Note 16).

Intangible Assets

Intangible assets (other than goodwill) acquired separately are measured on initial recognition at cost. The cost of intangible asset acquired in a business combination is its fair value at the acquisition date. Following initial recognition, intangible assets are measured at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The EUL of intangible assets are assessed to be either finite or indefinite.

The useful lives of intangible assets with a finite life are assessed at the individual asset level. Intangible assets with finite lives are amortized on a straight-line basis over the asset's EUL and assessed for impairment, whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each reporting date. Changes in the EUL or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite useful lives is recognized in the consolidated statement of income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the cash-generating unit level (see further discussion under Impairment of nonfinancial assets). Such intangibles are not amortized. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

A summary of the policies applied to the Group's intangible assets follows:

| | EUL | Amortization method used | Internally generated or acquired |
|---|---|---|---|
| Product formulation | Indefinite | No amortization | Acquired |
| Brands/Trademarks/Trade secrets | Indefinite | No amortization | Acquired |
| Trademarks | Finite (4 years) | Straight line amortization | Acquired |
| Software costs | Finite (3-8 years) | Straight line amortization | Acquired |

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in the consolidated statement of income when the asset is derecognized.

<u>Investment in Joint Ventures</u>
The Group has interests in joint ventures. A joint venture is a contractual arrangement whereby two or more parties who have joint control over the arrangement have rights to the net assets of the arrangement.

The Group's investment in joint venture is accounted for using the equity method of accounting.

<u>Impairment of Nonfinancial Assets</u>
This accounting policy applies primarily to the Group's property, plant and equipment (see Note 12), right-of-use assets (see Note 34), investment properties (see Note 16), investments in joint ventures (see Note 15), goodwill and intangible assets (see Note 14).

Except for goodwill and intangible assets with indefinite useful lives which are tested for impairment annually, the Group assesses at each reporting date whether there is an indication that its nonfinancial assets may be impaired. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed for the cash-generating unit to which the asset belongs. Where the carrying amount of an asset (or cash generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written-down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs of disposal, recent market transactions are taken into account.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized under 'Provision for credit and impairment losses' in the consolidated statement of income.

The following criteria are also applied in assessing impairment of specific assets:

*Property, plant and equipment, right-of-use assets, investment properties, intangible assets with definite useful lives, and investments in joint ventures*
For property, plant and equipment, investment properties, intangible assets with definite useful lives, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and an impairment assessment is performed. For investments in joint ventures, this impairment assessment is done after application of the equity method. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income. After such a reversal, the depreciation and amortization expense are adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

*Goodwill and intangible assets with indefinite useful lives*
Goodwill is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

<u>Discontinued Operations</u>
A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations

- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and is presented as a single amount as 'Net income (loss) after tax from discontinued operations' in the consolidated statements of income.

Cash flows from discontinued operations are included in the consolidated statements of cash flow and are disclosed separately in Note 30. The Group includes proceeds from disposal in cash flows from discontinued operations, if any.

Additional disclosures are provided in Note 30. All other notes to the consolidated financial statements include amounts of disposal group, unless otherwise mentioned.

Revenue Recognition
Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

*Revenue within the scope of PFRS 15:*
*Sale of goods*
Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception using the expected value method and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right to return the goods within a specific period.

*Sale of sugar and molasses*
Sale of raw sugar is recognized upon (a) endorsement and transfer of quedans for quedan-based sales and (b) shipment or delivery and acceptance by the customers for physical sugar sales. Sale of refined sugar and alcohol is recognized upon shipment or delivery to the customers. Sale of molasses is recognized upon (a) surrendering of molasses certificates (warehouse receipts for molasses) or (b) delivery and acceptance by the customer for physical molasses, whichever comes first.

*Rendering of tolling services*
Revenue derived from tolling activities is recognized as revenue over time as the related services are being rendered.

Revenue outside the scope of PFRS 15:
*Dividend income*
Dividend income is recognized when the shareholder's right to receive the payment is established.

*Interest income*
Interest income is recognized as it accrues using the EIR method under which interest income is recognized at the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Provisions
Provisions are recognized when: (a) the Group has a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense under 'Finance cost' in the consolidated statement of income. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Pension Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Current service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to consolidated statement of income in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

*Termination benefit*
Termination benefits are employee benefits provided in exchange for the termination of an employee’s employment as a result of either an entity’s decision to terminate an employee’s employment before the normal retirement date or an employee’s decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

*Employee leave entitlement*
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Income Taxes</u>
*Current tax*
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in countries where the Group operates and generates taxable income.

*Deferred tax*
Deferred tax is provided using the balance sheet liability method on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, and the carryforward benefits of unused tax credits from excess MCIT and unused NOLCO can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor future taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilized.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.  Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recognized.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss in the consolidated statement of comprehensive income.  Such deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as of the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT)
Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sale of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sale of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority by each entity is included as part of 'Other current assets' or 'Accounts payable and other accrued liabilities' in the consolidated statement of financial position.

Leases
The Group assesses whether a contract is, or contains a lease, at the inception of a contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*The Group as a lessee*
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use (ROU) assets representing the right to use the underlying assets.

*Right-of-use assets*
The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received, and any estimated costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets, which are presented under 'Noncurrent Assets' in the consolidated statement of financial position, are subject to impairment.

The depreciation period for each class of ROU assets follows:

| | Period |
|---|---|
| Land and land improvements | 10 years |
| Buildings and improvements | 2-20 years |
| Machinery and equipment | 2 years |
| Transportation equipment | 2 years |
| Furniture and fixtures | 2 years |

*Lease liabilities*
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflected the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the commencement date if the interest rate implicit to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Short-term leases*
The Group applies the short-term lease recognition exemption to its short-term leases of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

*Group as a lessor*
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

*Rent income*
Rent income arising from investment properties is accounted for on a straight-line basis over the lease term on ongoing leases and is included in other loss in the consolidated statement of income.

Foreign Currency Translation/Transactions
The functional and presentation currency of the Parent Company and its Philippine subsidiaries is the Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

*Transactions and balances*
Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange prevailing at the reporting date. Differences arising from settlement or translation of monetary items are recognized in the consolidated statement of income. Tax charges and credits attributable to exchange differences are also dealt with in statement of income. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising from translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

*Group companies*
As of reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Group at the rate of exchange prevailing at reporting date and their respective statements of income are translated at the weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity as 'Cumulative translation adjustments' under 'Other comprehensive income'. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation shall be recognized in the consolidated statement of income.

The Group has determined that the cumulative translation adjustments will not be realized in the foreseeable future. Therefore, the Group does not recognize deferred tax liabilities on its cumulative translation adjustments.

Common Stock

Capital stocks are classified as equity and are recorded at par. Proceeds in excess of par value are recorded as 'Additional paid-in capital' in the consolidated statement of changes in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Retained Earnings

Retained earnings represent the cumulative balance of periodic net income (loss), dividend distributions, prior period adjustments and effect of changes in accounting policy and capital adjustments.

Treasury Shares

Treasury shares are recorded at cost and are presented as a deduction from equity. Any consideration paid or received in connection with treasury shares are recognized directly in equity.

When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (a) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued, and (b) retained earnings. When shares are sold, the treasury share account is credited and reduced by the weighted average cost of the shares sold. The excess of any consideration over the cost is credited to additional paid-in capital.

Transaction costs incurred such as registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties (net of any related income tax benefit) in relation to issuing or acquiring the treasury shares are accounted for as reduction from equity, which is disclosed separately.

No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Equity Reserves

Equity reserves arise from transactions in which the proportion of equity held by non-controlling interests changes. These are initially measured as the difference between the amount by which the non-controlling interests were adjusted and the fair value of the consideration paid or received. Equity reserves are attributed to the owners of the Parent Company.

Dividends on Common Stocks

Dividends on common shares are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company in the case of cash dividends, and the BOD and shareholders of the Parent Company in the case of stock dividends.

Earnings Per Share (EPS)

Basic EPS is computed by dividing consolidated net income attributable to equity holders of the Parent Company (consolidated net income less dividends on preferred shares) by the weighted average number of common stocks issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS amounts are calculated by dividing the consolidated net income attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Segment Reporting
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in Note 6 to the consolidated financial statements.

Events after Reporting Date
Any post year-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Group's position at reporting date (adjusting event) is reflected in the consolidated financial statements. Any post year-end event that is not an adjusting event is disclosed in the notes to the consolidated financial statements, when material.

Standards Issued but not yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

*Effective beginning on or after January 1, 2025*

- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

*Effective beginning on or after January 1, 2026*

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*

  The amendments clarify that a financial liability is derecognized on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognize financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features. Furthermore, the amendments clarify the treatment of non-recourse assets and contractually linked instruments.

- Annual Improvements to PFRS Accounting Standards—Volume 11

  The amendments are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversight or conflicts between the requirements in the Accounting Standards. The following is the summary of the Standards involved and their related amendments.

  - Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
    The amendments included in paragraphs B5 and B6 of PFRS 1 cross references to the qualifying criteria for hedge accounting in paragraph 6.4.1(a), (b) and (c) of PFRS 9. These are intended to address potential confusion arising from an inconsistency between the wording in PFRS 1 and the requirements for hedge accounting in PFRS 9.

  - Amendments to PFRS 7, *Gain or Loss on Derecognition*
    The amendments updated the language of paragraph B38 of PFRS 7 on unobservable inputs and included a cross reference to paragraphs 72 and 73 of PFRS 13.

  - Amendments to PFRS 9
    - Lessee Derecognition of Lease Liabilities
      The amendments to paragraph 2.1 of PFRS 9 clarified that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss.

    - Transaction Price
      The amendments to paragraph 5.1.3 of PFRS 9 replaced the reference to 'transaction price as defined by PFRS 15 *Revenue from Contracts with Customers*' with 'the amount determined by applying PFRS 15'. The term 'transaction price' in relation to PFRS 15 was potentially confusing and so it has been removed. The term was also deleted from Appendix A of PFRS 9.

  - Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
    The amendments to paragraph B74 of PFRS 10 clarified that the relationship described in B74 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor.

  - Amendments to PAS 7, *Cost Method*
    The amendments to paragraph 37 of PAS 7 replaced the term 'cost method' with 'at cost', following the prior deletion of the definition of 'cost method'.

*Effective beginning on or after January 1, 2027*

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

On February 14, 2025, the FSRSC approved the amendment to PFRS 17 *Insurance Contracts* that further defers the date of initial application by an additional two (2) years, to annual periods beginning on or after January 1, 2027. This will provide more time for the insurance industry to fully prepare and assess the impact of adopting the said standard.

On the same date, the FSRSC also adopted the amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity* that clarify the application of 'own-use' requirements for in-scope contracts that reference nature-dependent electricity and expose an entity to variability in an underlying amount of electricity. With respect to hedge accounting requirements, the amendments now allow an entity to designate a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions. An entity shall apply the foregoing amendments for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted

- PFRS 18, *Presentation and Disclosure in Financial Statements*

  The standard replaces PAS 1 Presentation of Financial Statements and responds to investors' demand for better information about companies' financial performance. The new requirements include:
  - Required totals, subtotals and new categories in the statement of profit or loss
  - Disclosure of management-defined performance measures
  - Guidance on aggregation and disaggregation

- PFRS 19, *Subsidiaries without Public Accountability*

  The standard allows eligible entities to elect to apply PFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other PFRS accounting standards. The application of the standard is optional for eligible entities.

*Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or

contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

## 3. **Significant Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in compliance with PFRS Accounting Standards requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

<u>Judgments</u>
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

a. *Revenue recognition on sale of goods and services*
Revenue recognition under PFRS 15 involves the application of significant judgment and estimation in the: (a) identification of the contract for sale of goods that would meet the requirements of PFRS 15; (b) assessment of performance obligation and the probability that the Group will collect the consideration from the buyer; (c) determining method to estimate variable consideration and assessing the constraint; and (d) recognition of revenue as the Group satisfies the performance obligation.

   i. *Existence of a contract*
   The Group enters into a contract with customer through an approved purchase order which constitutes a valid contract as specific details such as the quantity, price, contract terms and their respective obligations are clearly identified. In the case of sales to key accounts and distributors, the combined approved purchase order and trading terms agreement/exclusive distributorship agreement constitute a valid contract.

   ii. *Identifying performance obligation*
   The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

   Based on management assessment, other than the sale of goods and services, no other performance obligations were identified except in the case of milling revenue.

iii. *Recognition of revenue as the Group satisfies the performance obligation*
The Group recognizes its revenue for sale of goods at a point in time, when the goods are sold and delivered and for tolling activities, overtime as services are being rendered. In addition, part of the assessment process of the Group before revenue recognition is to assess the probability that the Group will collect the consideration to which it will be entitled in exchange for the goods sold that will be transferred to the customer.

iv. *Method to estimate variable consideration and assess constraint*
The Group uses historical experience with key accounts and distributors from the past 12 months to determine the expected value of rights of return and constrain the consideration under the contract accordingly.

v. *Recognition of milling revenue under output sharing agreement and cane purchase agreement*
The Group applies both output sharing agreement and cane purchase agreement in relation to milling operations. Under output sharing agreement, milling revenue is recognized based on the fair value of the millshare at average raw sugar selling price on the month with sugar production after considering in-purchase, which represents cane purchase agreement. Under cane purchase agreement, the Group purchases raw sugar from the traders and/or planters. The in-purchase rate is derived by determining the total raw sugar purchases and the total planters' share. Raw production costs are allocated systematically based on the output sharing and cane purchase agreement rates.

b. *Determining whether it is reasonably certain that a renewal and termination option will be exercised - the Group as a lessee*
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include renewal and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or terminate (e.g., a change in business strategy).

The Group included the renewal period as part of the lease term for leases, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

c. *Discontinued operations*
The Group determined that the cessation of the China businesses will qualify for presentation as discontinued operations in 2024 since it represents a separate line of business for which the operations and cash flows can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group (see Note 30). China represents a separate geographical area of operations of the Group, hence, the consolidated statements of income present its results of operations as discontinued operations in 2024. Comparative periods were also restated to align with this presentation.

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a. *Assessment of ECL on trade receivables*

The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data affecting each customer segment to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

The Group recognized provision for credit losses amounting to ₱11.4 million and ₱9.3 million for the years ended December 31, 2024 and 2023, respectively. The carrying amount of trade receivables is ₱16.4 billion and ₱17.9 billion as at December 31, 2024 and 2023, respectively (see Note 9).

b. *Assessment for ECL on other financial assets at amortized cost*

The Group determines the allowance for ECL using general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of other financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been an SICR since initial recognition in which case lifetime ECLs are provided.

When determining if there has been a SICR, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the borrower.

The Group also considers financial assets that are more than 60 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent an SICR such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the borrower.

The Group has assessed that the ECL on other financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and companies with good credit standing and relatively low risk of defaults.

The carrying amount of other financial assets at amortized cost is ₱4.0 billion and ₱5.0 billion as at December 31, 2024 and 2023, respectively (see Note 9).

c. *Determination of fair values less estimated costs to sell of biological assets*
The fair values of biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market. The fair values are reviewed and updated if expectations differ from previous estimates due to changes brought by both physical change and price changes in the market. It is possible that future results of operations could be materially affected by changes in these estimates brought about by the changes in factors mentioned.

As of December 31, 2024 and 2023, the Group's biological assets carried at fair values less estimated costs to sell amounted to ₱273.8 million and ₱271.9 million, respectively (see Note 13). For the years ended December 31, 2024, 2023, and 2022, the Group recognized gain arising from changes in the fair value less costs to sell of biological assets amounting to ₱9.0 million, ₱0.3 million, and ₱0.3 million, respectively (see Note 13). Changes in fair value of biological assets are recognized in the consolidated statements of income.

d. *Impairment of goodwill and intangible assets with indefinite useful lives*
The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of reporting date. The recoverable amounts of the intangible assets were determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The following assumptions were also used in computing value in use:

*Growth rate estimates* - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates.

*Discount rates* - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio.

Value-in-use is most sensitive to changes in discount rate and growth rate.

As of December 31, 2024 and 2023, the balance of the Group's goodwill and intangible assets with indefinite useful lives and accumulated impairment losses follow:

| | **2024** | 2023 |
|---|---|---|
| Goodwill (Note 14) | **₱19,753,995,164** | ₱18,479,756,391 |
| Intangible assets (Note 14) | **4,811,478,149** | 4,516,565,574 |

e. *Assessment of impairment of nonfinancial assets*
The Group assesses the impairment of its nonfinancial assets (i.e., property, plant and equipment, right-of-use assets, investment properties, investments in joint venture and intangible assets with finite useful lives) whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Group considers important which could trigger an impairment review include the following:

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating the asset's value in use and decrease the asset's recoverable amount materially;
- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business such as plans to discontinue or restructure the operation to which an asset belongs; and
- Significant negative industry or economic trends.

The Group determines an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from recent, binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

For the years ended December 31, 2024, 2023, and 2022 the Group recognized impairment losses on its property, plant and equipment amounting to ₱370.7 million, ₱226.5 million and ₱323.0 million, respectively (see Note 12).

For the years ended December 31, 2024, 2023, and 2022, the Group did not recognize any impairment losses on its right-of-use assets (see Note 34), investment properties (see Note 16), goodwill and other intangible assets (see Note 14).

As of December 31, 2024 and 2023, the balances of the Group's nonfinancial assets with finite useful lives, excluding biological assets, net of accumulated depreciation, amortization and impairment losses follow:

| | **2024** | 2023 |
|---|---|---|
| Property, plant and equipment (Note 12) | **₱37,554,071,376** | ₱32,332,995,898 |
| Right-of-use assets (Note 34) | **1,069,632,860** | 1,302,666,055 |
| Intangible assets (Note 14) | **589,772,440** | 670,410,642 |
| Investment properties (Note 16) | **1,452,839** | 1,705,506 |

*f. Determination of the fair value of intangible assets and property, plant and equipment acquired in a business combination*

The Group measures the identifiable assets and liabilities acquired in a business combination at fair value at the date of acquisition.

The fair value of the intangible assets acquired in a business combination is determined based on the net sales forecast attributable to the intangible assets, growth rate estimates and royalty rates using comparable license agreements. Royalty rates are based on the estimated arm's length royalty rate that would be paid for the use of the intangible assets. Growth rate estimate includes long-term growth rate and terminal growth rate applied to future cash flows beyond the projection period.

The fair value of property, plant and equipment acquired in a business combination is determined based on comparable properties after adjustments for various factors such as location, size and shape of the property (see Note 12). Cost information and current prices of comparable equipment are also utilized to determine the fair value of equipment.

g. *Estimation of pension and other benefits costs*
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 28). Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Philippine government bonds with terms consistent with the expected employee benefit payout as of reporting date.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future salary increase rates of the Group.

As of December 31, 2024 and 2023, the balance of the Group's present value of defined benefit obligations and other benefits is shown in Note 28 to the consolidated financial statements.

h. *Recognition of deferred tax assets*
The Group reviews the carrying amounts of its deferred income taxes at each reporting date and reduces the deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no guarantee that the Group will generate sufficient taxable income to allow all or part of the deferred tax assets to be utilized. As of December 31, 2024 and 2023, the Group recognized net deferred tax assets amounting to ₱1.3 billion and ₱969.0 million, respectively (see Note 29), as the Group believes sufficient taxable income will allow these deferred tax assets to be utilized.

Net deferred tax liabilities amounted to ₱1.9 billion and ₱2.1 billion as of December 31, 2024 and 2023, respectively (see Note 29).

The recognized and unrecognized deferred tax assets for the Group are disclosed in Note 29.

i. *Valuation of ROU assets and lease liabilities*
The application of PFRS 16 requires the Group to make assumptions that affect the valuation of its ROU assets and lease liabilities. These include determining the length of the lease term and determining the interest rate to be used for discounting future cash flows.

*Lease term*. The lease term determined by the Group comprises non-cancellable period of lease contracts, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

*Discount rate.* The Company cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is determined using risk-free rates applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified. The discount rates applied range from 3.99% to 7.98% for the years ended December 31, 2024 and 2023, respectively.

j. *Estimation of useful life of property, plant and equipment*
The EUL of each of the items of property, plant and equipment is estimated based on the year over which the asset is expected to be available for use. Such estimation is based on a collective assessment of practices of similar businesses, internal technical evaluation and experience with similar assets. The EUL of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by the changes in the factors mentioned in the foregoing. A change in the EUL of any item of property, plant and equipment would impact the recorded cost and expenses and noncurrent assets.

In 2024, the Group has changed the estimated useful life of certain machinery and equipment from 10 to 15 years. The impact of the change in 2024 resulted to a decrease in depreciation expense amounting to ₱930.1 million.

The carrying value of the depreciable property, plant and equipment amounted to ₱37.6 billion and ₱32.3 billion and as of December 31, 2024 and 2023, respectively (see Note 12).

k. *Estimation of useful life of intangible assets*
The Group determines the EUL of its intangible assets based on the period over which the assets are expected to be available for use. The Group reviews annually the EUL of these intangible assets based on factors that include asset utilization, internal technical evaluation, and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of intangible assets would increase the recorded amortization expense.

With more than 30 product brands listed under its umbrella, Munchy's is considered to be a well-known brand in Malaysia. Trademarks pertain to signs, designs, or expressions that identify products related to Munchy's brand which set them apart from others. Munchy's has improved the technology, manufacturing procedures, and design of its production lines. All of these are regarded as trade secrets. Management determined the useful life of these intangible assets to be indefinite since there is no foreseeable limit to the period over which the brands, trademarks, and trade secrets is likely to generate net cash inflows to Munchy's.

The said assessment is based on the track record of stability for the biscuit manufacturing industry and the Munchy's brand. Added to this is the commitment of management to continue to invest for the long term, to extend the period over which the intangible asset is expected to continue to provide economic benefits.

The carrying values of intangible assets are disclosed in Note 14 of the consolidated financial statements.

l. *Contingencies*
The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's

consolidated financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

## 4. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivative financial instruments, comprise cash and cash equivalents, financial assets at FVTPL, financial assets at FVOCI, and interest-bearing loans and other borrowings. The main purpose of these financial instruments is to finance the Group's operations and related capital expenditures. The Group has various other financial assets and financial liabilities, such as trade receivables and payables which arise directly from its operations. One of the Group's subsidiaries is a counterparty to derivative contracts. These derivatives are entered into as a means of reducing or managing their respective foreign exchange exposures.

The BOD of the Parent Company and its subsidiaries review and approve policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure

The Group's risk management structure is closely aligned with that of the Ultimate Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring of risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

The BOD has created the board-level Board Risk and Oversight Committee (BROC) to spearhead the managing and monitoring of risks.

*BROC*

The purpose of the Board Risk Oversight Committee is to oversee the establishment of an Enterprise Risk Management (ERM) framework that will effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. The Committee shall be responsible for defining the Group's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operational and financial viability.

*Corporate Governance Compliance Officer*

Compliance with the principles of good corporate governance is also one of the primary objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for:

- Monitoring, reviewing, evaluating and ensuring the compliance by the Group, its Officers and Directors with the provisions and requirements of the Corporate Governance Manual and the relevant laws, the Code of Corporate Governance, rules, regulations and all governance issuances of regulatory agencies; and

- Assisting the Board and the Corporate Governance Committee in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the Corporate Governance structure and policies of the Group, and to assist in the conduct of self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions as set out in the Corporate Governance Manual and the respective charters of the Board Committees.

*Enterprise Resource Management (ERM) Framework*
The ERM framework revolves around the following activities:

1. Risk Identification. This involves the identification of key business drivers that influence the operability and performance of the business units. Each business driver is assigned strategic and operational objectives that are owned by risk champions and risk owners. Each risk champion and owner conduct their risk identification process using different tools such as risk factor analysis, megatrends analysis, and systems dynamics analysis.
2. Risk Assessment. Each identified risk is assessed to determine if they pose significant impact to the business unit's ability to implement strategy and deliver business objectives. This process involves grouping similar risks into categories such as Reputational Risk, Strategic Risk, Financial Risk, Compliance Risk, Operations Risk, and Emerging Risk. For each risk category, a risk assessment scale provides an objective criterion to evaluate the impact to the business - insignificant, minor, moderate, major, or extreme impact. The impact severity of the risk is rated based on their nature, regardless of the organization's circumstances and capability to manage them.
3. Risk Prioritization. This process enables the organization to focus the implementation of risk responses into certain high and medium severity risks based on the organization's risk profile.
4. Risk Response, Monitoring, and Evaluation. Appropriate risk responses are put in place for each priority risk, both at the level of the risk champions and risk owners and at the enterprise and Group level. Risk champions continually monitor and evaluate the effectiveness of the risk responses. Material residual risks are assessed for improvement of risk response and identification of recovery measures.
5. Risk Reporting. At the Group level, top risks are reviewed, updated and reported to the Board Risk Oversight Committee twice a year.

<u>Risk Management Policies</u>
The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risks such as foreign currency risk, equity price risk and interest rate risk. The Group's policies for managing the aforementioned risks are summarized below.

*Credit risk*
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Credit Management Division (CMD) of the Group continuously provides credit notification and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of trade customers are being monitored on a regular basis and appropriate credit treatments are executed for overdue accounts. Generally, trade receivables are written off when deemed unrecoverable. Likewise, other receivable balances are also being monitored and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amount of these instruments.

a. Credit risk exposure

With respect to credit risk arising from financial assets of the Group, which comprise cash and cash equivalents and receivables, the Group’s maximum exposure to credit risk is equal to its carrying amount as of December 31, 2024 and 2023, except for the Group’s trade receivables as of December 31, 2024 and 2023 with carrying value of ₱16.4 billion and ₱17.9 billion, respectively, and collateral or credit enhancements with fair value amounting to ₱4.4 billion and ₱3.0 billion as of December 31, 2024 and 2023, respectively, resulting to net exposure of ₱12.0 billion and ₱14.8 billion, respectively.

The collateral securities related to the Group’s trade receivables consist of standby letters of credit. The Group holds no other collateral or guarantee that would reduce the maximum exposure to credit risk.

b. Risk concentrations of the maximum exposure to credit risk

Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group’s performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

In order to avoid excessive concentrations of risk, identified concentrations of credit risks are controlled and managed in accordance with the Group’s policies and procedures.

i. Concentration by geographical location

The Group’s credit risk exposures as of December 31, 2024 and 2023 before taking into account any collateral held or other credit enhancements are categorized by geographic location follow:

| | | | 2024 | | |
|---|---|---|---|---|---|
| | **Philippines** | **Asia** | **New Zealand** | **Others** | **Total** |
| Cash and cash equivalents* (Note 7) | **₱4,109,274,303** | **₱7,436,000,730** | **₱–** | **₱–** | **₱11,545,275,033** |
| Receivables (Note 9): | | | | | |
| Trade receivables | **12,467,943,226** | **3,819,512,025** | **27,046,333** | **93,280,810** | **16,407,782,394** |
| Due from related parties | **2,821,713,092** | **133,603,512** | **–** | **–** | **2,955,316,604** |
| Interest receivable | **4,508,403** | **22,715,697** | **–** | **–** | **27,224,100** |
| Non-trade and other receivables | **822,184,941** | **240,266,746** | **–** | **–** | **1,062,451,687** |
| | **₱20,225,623,965** | **₱11,652,098,710** | **₱27,046,333** | **₱93,280,810** | **₱31,998,049,818** |

** Excludes cash on hand*

| | | | 2023 | | |
|---|---|---|---|---|---|
| | Philippines | Asia | New Zealand | Others | Total |
| Cash and cash equivalents* (Note 7) | ₱3,868,338,169 | ₱8,250,398,796 | ₱– | ₱– | ₱12,118,736,965 |
| Receivables (Note 9): | | | | | |
| Trade receivables | 13,625,648,893 | 4,223,217,669 | – | – | 17,848,866,562 |
| Due from related parties | 2,346,993,831 | 116,476,777 | – | – | 2,463,470,608 |
| Interest receivable | 2,069,851 | 20,089,051 | – | – | 22,158,902 |
| Non-trade and other receivables | 2,505,956,363 | 29,670,387 | – | – | 2,535,626,750 |
| | ₱22,349,007,107 | ₱12,639,852,680 | ₱– | ₱– | ₱34,988,859,787 |

** Excludes cash on hand*

ii. Concentration by industry

The tables below show the industry sector analysis of the Group's financial assets as of December 31, 2024 and 2023 before taking into account any collateral held or other credit enhancements.

| | 2024 | | | | |
|---|---|---|---|---|---|
| | **Manufacturing/ Retail** | **Financial Intermediaries** | **Petrochemicals** | **Others*** | **Total** |
| Cash and cash equivalents** (Note 7) | **₱–** | **₱11,545,275,033** | **₱–** | **₱–** | **₱11,545,275,033** |
| Receivables (Note 9): | | | | | |
| Trade receivables | **14,428,901,037** | **–** | **–** | **1,978,881,357** | **16,407,782,394** |
| Due from related parties | **404,301,415** | **32,685,256** | **329,966,229** | **2,188,363,704** | **2,955,316,604** |
| Interest receivable | **–** | **27,224,100** | **–** | **–** | **27,224,100** |
| Non-trade and other receivables | **1,008,141,733** | **2,302,388** | **–** | **52,007,566** | **1,062,451,687** |
| | **₱15,841,344,185** | **₱11,607,486,777** | **₱329,966,229** | **₱4,219,252,627** | **₱31,998,049,818** |

**Includes real estate, agriculture, automotive, mining and electrical industries*
***Excludes cash on hand*

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Manufacturing/ Retail | Financial Intermediaries | Petrochemicals | Others* | Total |
| Cash and cash equivalents** (Note 7) | ₱– | ₱12,118,736,965 | ₱– | ₱– | ₱12,118,736,965 |
| Receivables (Note 9): | | | | | |
| Trade receivables | 15,745,366,465 | – | – | 2,103,500,097 | 17,848,866,562 |
| Due from related parties | 295,390,767 | 31,602,091 | 211,883,154 | 1,924,594,596 | 2,463,470,608 |
| Interest receivable | – | 22,158,902 | – | – | 22,158,902 |
| Non-trade and other receivables | 2,427,662,777 | 21,206,144 | – | 86,757,829 | 2,535,626,750 |
| | ₱18,468,420,009 | ₱12,193,704,102 | ₱211,883,154 | ₱4,114,852,522 | ₱34,988,859,787 |

**Includes real estate, agriculture, automotive, mining and electrical industries*
***Excludes cash on hand*

iii. Credit risk under general approach and simplified approach

| | 2024 | | | |
|---|---|---|---|---|
| | **General Approach** | | | |
| | **Stage 1** | **Stage 2** | **Stage 3** | **Simplified Approach** |
| Cash and cash equivalents* (Note 7) | **₱11,545,275,033** | **₱–** | **₱–** | **₱–** |
| Receivables (Note 9): | | | | |
| Trade receivables | **–** | **–** | **–** | **16,497,132,616** |
| Due from related parties | **2,955,316,604** | **–** | **–** | **–** |
| Non-trade and other receivables | **1,079,936,336** | **9,739,451** | **157,169,779** | **–** |
| Total financial assets at amortized cost | **₱15,580,527,973** | **₱9,739,451** | **₱157,169,779** | **₱16,497,132,616** |

**Excludes cash on hand*

| | 2023 | | | |
|---|---|---|---|---|
| | General Approach | | | |
| | Stage 1 | Stage 2 | Stage 3 | Simplified Approach |
| Cash and cash equivalents* (Note 7) | ₱12,118,736,965 | ₱– | ₱– | ₱– |
| Receivables (Note 9): | | | | |
| Trade receivables | – | – | – | 17,927,965,761 |
| Due from related parties | 2,463,470,608 | – | – | – |
| Non-trade and other receivables | 2,174,960,853 | 382,824,799 | 157,169,779 | – |
| Total financial assets at amortized cost | ₱16,757,168,426 | ₱382,824,799 | ₱157,169,779 | ₱17,927,965,761 |

**Excludes cash on hand*

iv. Aging analysis

Set out below is the information about the credit risk exposure on the Group's receivables:

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | | **Past Due but Not Impaired** | | | | |
| | **Current** | **Less than 30 Days** | **30 to 60 Days** | **60 to 90 Days** | **Over 90 Days** | **Total** |
| Gross carrying amount of trade receivables | **₱11,435,717,113** | **₱3,101,323,761** | **₱598,162,907** | **₱561,544,624** | **₱800,384,211** | **₱16,497,132,616** |
| Expected credit losses | **₱–** | **₱–** | **₱–** | **₱–** | **₱89,350,222** | **₱89,350,222** |

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | | Past Due but Not Impaired | | | | |
| | Current | Less than 30 Days | 30 to 60 Days | 60 to 90 Days | Over 90 Days | Total |
| Gross carrying amount of trade receivables | ₱13,123,646,865 | ₱3,373,412,675 | ₱511,648,501 | ₱304,648,370 | ₱614,609,350 | ₱17,927,965,761 |
| Expected credit losses | ₱– | ₱– | ₱– | ₱– | ₱79,099,200 | ₱79,099,200 |

*Liquidity risk*

Liquidity risk is the risk of not being able to meet funding obligation such as the repayment of liabilities or payment of asset purchases as they fall due. The Group's liquidity management involves maintaining funding capacity to finance capital expenditures and service maturing debts, and to accommodate any fluctuations in asset and liability levels due to changes in the Group's business operations or unanticipated events created by customer behavior or capital and financial market conditions. The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. It also maintains a portfolio of highly marketable and diverse financial assets that assumed to be easily liquidated in the event of an unforeseen interruption of cash flow. The Group also has committed lines of credit that it can access to meet liquidity needs. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities. Fund raising activities may include obtaining bank loans and capital market issues both onshore and offshore.

Maturity Profile of Financial Assets and Liabilities

The tables below summarize the maturity profile of the Group's financial assets as of December 31, 2024 and 2023 based on the remaining undiscounted contractual cash flows.

| | **2024** | | | | | |
|---|---|---|---|---|---|---|
| | **On Demand** | **1 to 3 Months** | **3 to 12 Months** | **1 to 5 Years** | **More than 5 years** | **Total** |
| Cash and cash equivalents* (Note 7) | **₱7,391,789,957** | **₱4,157,685,571** | **₱–** | **₱–** | **₱–** | **₱11,549,475,528** |
| Financial assets at FVTPL | **1,080,645,488** | – | – | – | – | **1,080,645,488** |
| Receivables (Note 9): | | | | | | |
| Trade receivables | **1,960,091,742** | **14,537,040,874** | – | – | – | **16,497,132,616** |
| Due from related parties | **2,955,316,604** | – | – | – | – | **2,955,316,604** |
| Non-trade and other receivables | **1,246,845,566** | – | – | – | – | **1,246,845,566** |
| Financial assets at FVOCI | – | – | – | **160,950,000** | – | **160,950,000** |
| Deposits (Note 16) | – | – | – | **39,931,325** | **962,840,689** | **1,002,772,014** |
| | **₱14,634,689,357** | **₱18,694,726,445** | **₱–** | **₱200,881,325** | **₱962,840,689** | **₱34,493,137,816** |

**Excludes cash on hand*

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | On Demand | 1 to 3 Months | 3 to 12 Months | 1 to 5 Years | More than 5 years | Total |
| Cash and cash equivalents* (Note 7) | ₱10,010,599,434 | ₱2,108,137,531 | ₱– | ₱– | ₱– | ₱12,118,736,965 |
| Financial assets at FVTPL | 1,002,776,456 | – | – | – | – | 1,002,776,456 |
| Receivables (Note 9): | | | | | | |
| Trade receivables | 1,430,906,221 | 16,497,059,540 | – | – | – | 17,927,965,761 |
| Due from related parties | 2,463,470,608 | – | – | – | – | 2,463,470,608 |
| Non-trade and other receivables | 2,714,955,431 | – | – | – | – | 2,714,955,431 |
| Financial assets at FVOCI | – | – | – | 120,600,000 | | 120,600,000 |
| Deposits (Note 16) | – | – | – | 232,082,689 | 1,029,286,957 | 1,261,369,646 |
| | ₱17,622,708,150 | ₱18,605,197,071 | ₱– | ₱352,682,689 | ₱1,029,286,957 | ₱37,609,874,867 |

**Excludes cash on hand*

The tables below summarize the maturity profile of the Group's financial liabilities as of December 31, 2024 and 2023 based on the remaining undiscounted contractual cash flows.

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| | **On Demand** | **1 to 3 Months** | **3 to 12 Months** | **1 to 5 Years** | **More than 5 years** | **Total** |
| Accounts payable and other accrued liabilities: | | | | | | |
| Trade payables, accrued expenses and other payables* | **₱10,883,285,016** | **₱16,977,511,245** | **₱2,747,528,995** | **₱1,671,647** | **₱–** | **₱30,609,996,903** |
| Due to related parties | **614,004,861** | **–** | **–** | **–** | **–** | **614,004,861** |
| Short-term debts** | **–** | **11,667,052,365** | **1,052,009,975** | **–** | **–** | **12,719,062,340** |
| Trust receipts payable** | **–** | **7,970,900,118** | **–** | **–** | **–** | **7,970,900,118** |
| Lease liabilities** | **–** | **74,648,961** | **149,496,990** | **576,761,897** | **1,385,970,586** | **2,186,878,434** |
| | **₱11,497,289,877** | **₱36,690,112,689** | **₱3,949,035,960** | **₱578,433,544** | **₱1,385,970,586** | **₱54,100,842,656** |

**Excludes statutory liabilities*
***Includes future interest*

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| | On Demand | 1 to 3 Months | 3 to 12 Months | 1 to 5 Years | More than 5 years | Total |
| Accounts payable and other accrued liabilities: | | | | | | |
| Trade payables, accrued expenses and other payables* | ₱12,121,605,240 | ₱13,611,834,204 | ₱2,747,951,895 | ₱12,231,070 | ₱– | ₱28,493,622,409 |
| Due to related parties | 568,396,994 | – | – | – | – | 568,396,994 |
| Short-term debts** | – | 16,553,049,910 | – | – | – | 16,553,049,910 |
| Trust receipts payable** | – | 10,210,942,546 | – | – | – | 10,210,942,546 |
| Lease liabilities** | – | 104,806,356 | 318,078,212 | 637,741,087 | 1,511,435,564 | 2,572,061,219 |
| | ₱12,690,002,234 | ₱40,480,633,016 | ₱3,066,030,107 | ₱649,972,157 | ₱1,511,435,564 | ₱58,398,073,078 |

**Excludes statutory liabilities*
***Includes future interest*

*Market risk*
Market risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The three types of market risk are interest rate risk, foreign currency exchange risk and equity price risk.

*Foreign currency risk*
Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency in which they are measured.

The Group has transactional currency exposures. Such exposures arise from sales and purchases in currencies other than the entities' functional currency. For the years ended December 31, 2024, 2023, and 2022, approximately 21.5%, 20.4%, and 21.1% of the Group's total sales, respectively, are denominated in currencies other than the functional currency. In addition, 21.3% and 11.7% of the Group's debts and 58.9% and 68.7% of short-term investments are denominated in various currencies as of December 31, 2024 and 2023, respectively.

The Group estimates a reasonably possible change of +5.00 in the US Dollar to Philippine Peso exchange rate would have an impact of approximately ₱16.1 million and ₱60.1 million on income before income tax, and equity for the years ended December 31, 2024 and 2023, respectively. An equal change in the opposite direction would have decreased income before income tax by the same amount.

The impact of the range of reasonably possible changes in the exchange rates of the other currencies against the Philippine Peso on the Group's income before income tax as of December 31, 2024 and 2023 are not significant.

The exchange rates used to restate the US dollar-denominated financial assets and liabilities were ₱57.85 to US$1.00 and ₱55.37 to US$1.00 as of December 31, 2024 and 2023, respectively.

*Equity price risk*
Equity price risk is the risk that the fair values of equities will change as a result of changes in the levels of equity indices and the value of individual stocks.

The table below shows the effect on equity as a result of a change in the fair value of equity instruments held as financial assets at FVTPL investments due to reasonably possible changes in equity indices:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| Changes in PSEi | **15.29%** | **-15.29%** | 13.97% | -13.97% |
| Change in trading gain (loss) at equity portfolio | **₱85,005,820** | **(₱85,005,820)** | ₱28,316,718 | (₱28,316,718) |
| As a percentage of the Parent Company's trading gain for the year | **153.50%** | **(153.50%)** | 597.66% | (597.66%) |

The Group's investment in golf shares designated as financial assets at FVOCI are susceptible to market price risk arising from uncertainties about future values of the investment security. The Group estimates an increase of 1.00% would have an impact of approximately ₱1.6 million and ₱1.2 million on equity for the years ended December 31, 2024 and 2023. An equal change in the opposite direction would have decreased equity by the same amount.

*Interest rate risk*
As of December 31, 2024 and 2023, the Group has no interest rate risk exposure since there are no outstanding interest rate-sensitive assets and liabilities.

## 5. Fair Value Measurement

The following methods and assumptions were used to estimate the fair value of each asset and liability for which it is practicable to estimate such value:

*Cash and cash equivalents, receivables (except amounts due from and due to related parties), accounts payable and other accrued liabilities, short-term debts and trust receipts payable*
Carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

*Amounts due from and due to related parties*
Carrying amounts of due from and due to related parties, which are payable and due on demand, approximate their fair values.

*Financial assets at FVTPL and financial assets at FVOCI*
Fair values of quoted equity securities are based on quoted prices published in markets while fair values of private equity funds are based on capital statements.

*Deposits*
The fair values are determined based on the present value of estimated future cash flows using prevailing market rates.

*Biological assets*
Biological assets are measured at their fair values less costs to sell. The fair values of Level 2 biological assets are determined based on current market prices of livestock of similar age, breed and genetic merit while Level 3 are determined based on adjusted commercial farmgate prices. Costs to sell include commissions to brokers and dealers, nonrefundable transfer taxes and duties. Costs to sell exclude transport and other costs necessary to get the biological assets to the market.

The Group has determined that the highest and best use of the sucklings and weanlings is finishers while for other biological assets is their current use.

*Investment properties*
Fair value of investment properties is based on market data (or direct sales comparison) approach. This approach relies on the comparison of recent sale transactions or offerings of similar properties which have occurred and/or offered with close proximity to the subject property.

The fair values of the Group's investment properties have been determined by appraisers in 2022, including independent external appraisers, on the basis of the recent sales of similar properties in the same areas as the investment properties and taking into account the economic conditions prevailing at the time of the valuations are made.

The Group has determined that the highest and best use of the property used for the land and building is its current use.

*Lease liabilities*
The fair value of lease liabilities is based on the present value of lease payments to be made over the lease term discounted by using the IBR at lease's commencement date.

Fair Value Measurement Hierarchy for Assets and Liabilities

| | December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | **Carrying Value** | **Level 1** | **Level 2** | **Level 3** | **Total Fair Value** |
| **Assets measured at fair value** | | | | | |
| **Financial assets** | | | | | |
| Financial assets at FVTPL (Note 8): | | | | | |
| Quoted equity securities | **₱883,830,510** | **₱883,830,510** | **₱–** | **₱–** | **₱883,830,510** |
| Private equity and unquoted equity securities | **196,814,978** | **196,814,978** | **–** | **–** | **196,814,978** |
| Financial assets at FVOCI | | | | | |
| Quoted equity securities (Note 16) | **160,950,000** | **–** | **160,950,000** | **–** | **160,950,000** |
| Deposits (Note 16) | **1,002,772,014** | **–** | **–** | **989,435,760** | **989,435,760** |
| | **₱2,244,367,502** | **₱1,080,645,488** | **₱160,950,000** | **₱989,435,760** | **₱2,231,031,248** |
| **Financial liability** | | | | | |
| Lease liabilities (Note 34) | **₱1,298,285,815** | **₱–** | **₱–** | **₱1,298,285,815** | **₱1,298,285,815** |
| **Nonfinancial assets** | | | | | |
| Biological assets (Note 13) | **₱273,798,527** | **₱–** | **₱36,254,945** | **₱237,543,582** | **₱273,798,527** |
| **Assets for which fair values are disclosed** | | | | | |
| Investment properties (Note 16) | **₱1,452,839** | **₱–** | **₱–** | **₱47,823,000** | **₱47,823,000** |

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Carrying Value | Level 1 | Level 2 | Level 3 | Total Fair Value |
| **Assets measured at fair value** | | | | | |
| **Financial assets** | | | | | |
| Financial assets at FVTPL (Note 8): | | | | | |
| Quoted equity securities | ₱1,002,776,456 | ₱753,346,917 | ₱– | ₱– | ₱753,346,917 |
| Private equity, bonds and unquoted equity securities | 249,429,539 | 249,429,539 | – | – | 249,429,539 |
| Financial assets at FVOCI | | | | | |
| Quoted equity securities (Note 16) | 120,600,000 | – | 120,600,000 | – | 120,600,000 |
| Deposits (Note 16) | 1,261,369,646 | – | – | 1,227,975,725 | 1,227,975,725 |
| | ₱2,634,175,641 | ₱1,002,776,456 | ₱120,600,000 | ₱1,227,975,725 | ₱2,351,352,181 |
| **Financial liability** | | | | | |
| Lease liabilities (Note 34) | ₱1,442,568,136 | ₱– | ₱– | ₱1,442,568,136 | ₱1,442,568,136 |
| **Nonfinancial assets** | | | | | |
| Biological assets (Note 13) | ₱271,933,727 | ₱– | ₱20,311,419 | ₱251,622,308 | ₱271,933,727 |
| **Assets for which fair values are disclosed** | | | | | |
| Investment properties (Note 16) | ₱1,705,506 | ₱– | ₱– | ₱47,823,000 | ₱47,823,000 |

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements. Nonfinancial assets determined under Level 3 include investment properties and biological assets. No transfers between any level of the fair value hierarchy took place in the equivalent comparative period.

Descriptions of significant unobservable inputs to valuation of biological assets, investment properties, and deposits under Level 3 of the fair value category follow:

| **Account** | **Valuation Technique** | **Significant Unobservable Inputs** |
|---|---|---|
| Biological assets | Adjusted commercial farmgate prices | Commercial farmgate prices |
| Investment properties | Market data approach and cost approach | Price per square meter, size, shape, location, time element, replacement cost and depreciation for improvements |
| Deposits | Discounted cash flow method | Credit spread |
| Private equity and unquoted equity securities | Net asset approach | Net asset value |
| Lease liabilities | Discounted cash flow | Discount rate |

*Significant unobservable inputs*

| | |
|---|---|
| Adjusted commercial farmgate prices | Fair value based on commercial farmgate prices, adjusted by considering the age, breed and genetic merit |
| Size | Size of lot in terms of area. Evaluate if the lot size of property or comparable conforms to the average cut of the lots in the area and estimate the impact of the lot size differences on land value. |
| Shape | Particular form or configuration of the lot. A highly irregular shape limits the usable area whereas an ideal lot configuration maximizes the usable area of the lot which is associated in designing an improvement which conforms with the highest and best use of the property. |

| | |
|---|---|
| Location | Location of comparative properties whether on a main road, or secondary road. Road width could also be a consideration if data is available. As a rule, properties located along a main road are superior to properties located along a secondary road. |
| Time element | An adjustment for market conditions is made if general property values have appreciated or depreciated since the transaction dates due to inflation or deflation or a change in investor's perceptions of the market over time. In which case, the current data is superior to historic data. |
| Replacement cost | Estimated amount of money needed to replace in like kind and in new condition an asset or group of assets, taking into consideration current prices of materials, labor, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition and installation in place without provision for overtime or bonuses for labor, and premiums for materials. |
| Depreciation | Depreciation as evidenced by the observed condition in comparison with new units of like kind tempered by consideration given to extent, character, and utility of the property which is to be continued in its present use as part of a going concern but without specific relations to earnings. |
| Credit spread | Determined by reference to internal data and used to arrive at a discount rate by adding to the risk-free rate |

Significant increases (decreases) in reasonable profit margin applied would result in a significantly higher (lower) fair value of the biological assets. Significant increases (decreases) in credit spreads would result in a significantly lower (higher) fair value of the deposits.

## 6. Business Segment Information

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has three (3) reportable operating segments as follows:

- The BCF group manufactures, distributes, sells and markets a diverse mix of food and beverage products. This segment also includes the packaging division, which manufactures BOPP films primarily used in packaging; and its subsidiary, which manufactures flexible packaging materials for the packaging requirements of various branded food products. Its revenues are in their peak during the opening of classes and Christmas season.
- The AIC group segment operates three divisions: (1) AIG, which operates three divisions – a) Farms, b) Animal Nutrition and Health and c) Food, Drugs and Disinfectants with peak season during summer and before Christmas season; (2) Flour Division engages in flour milling and pasta manufacturing with peak season before and during the Christmas season; and (3) SURE, which operates the a) Sugar, b) Distillery, and c) Cogeneration divisions with peak season during its crop season, which normally starts in November and ends in April.
- The corporate business segment engages in bonds and securities investment and fund sourcing activities.

No operating segments have been aggregated to form the above reportable operating business segments.

Management monitors the operating results of business segments separately for the purpose of making decisions about resource allocation and performance assessment. The measure presented to manage segment performance is the segment operating income (loss). Segment operating income (loss) is based on the same accounting policies as consolidated operating income (loss) except that intersegment revenues are eliminated only at the consolidation level. Group financing (including finance costs and revenues), market valuation gain and loss, foreign exchange gains or losses, other revenues and expenses and income taxes are managed on a group basis and are not allocated to operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present the financial information of each of the operating segments in accordance with PFRS Accounting Standards except for Earnings before interest, income taxes and depreciation/ amortization (EBITDA) and Earnings before interest and income taxes (EBIT) as of and for the years ended December 31, 2024, 2023, and 2022.

The Group's business segment information follows (amounts in thousands):

| | As of and for the year ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Branded Consumer Food | Agro-Industrial and Commodity Food | Corporate Business | Eliminations | Total |
| **Sale of Goods and Services** | | | | | |
| Third party | **₱110,559,198** | **₱51,308,046** | **₱–** | **₱–** | **₱161,867,244** |
| Inter-segment | **24,843,808** | **11,533,748** | **–** | **(36,377,556)** | **–** |
| | **₱135,403,006** | **₱62,841,794** | **₱–** | **(₱36,377,556)** | **₱161,867,244** |
| **Result** | | | | | |
| Earnings before interest, income taxes and depreciation/amortization (EBITDA) | **₱17,518,666** | **₱6,578,701** | **(₱2,476,622)** | **₱–** | **₱21,620,745** |
| Depreciation and amortization (Note 24) | **(3,203,651)** | **(935,089)** | **(829,967)** | **–** | **(4,968,707)** |
| Earnings before interest and income tax (EBIT) | **₱14,315,015** | **₱5,643,612** | **(₱3,306,589)** | **₱–** | **₱16,652,038** |
| Finance costs (Note 27) | **(₱189,085)** | **(₱540,984)** | **(₱905,964)** | **₱–** | **(1,636,033)** |
| Finance revenue (Note 26) | **₱203,568** | **₱18,398** | **₱142,398** | **₱–** | **364,364** |
| Equity in net loss of joint ventures (Note 15) | **₱2,112** | **₱–** | **(₱142,183)** | **₱–** | **(140,071)** |
| Provision for credit and impairment losses (Notes 9 and 12) | **(₱7,939)** | **(₱160,028)** | **₱–** | **₱–** | **(167,967)** |
| Market valuation gain (loss) on financial assets and liabilities at FVTPL (Note 8) | **(₱134,155)** | **₱–** | **₱130,484** | **₱–** | **(3,671)** |
| Other income - net* | | | | | **748,495** |
| Income before income tax | | | | | **₱15,817,155** |
| Provision for income tax (Note 29) | | | | | **(3,057,962)** |
| Net income from continuing operations | | | | | **₱12,759,193** |
| Net loss from discontinued operations (Note 30) | | | | | **(405,549)** |
| | | | | | **₱12,353,644** |
| **Other Information** | | | | | |
| Total assets | **₱111,220,043** | **₱62,859,186** | **₱4,608,631** | **₱–** | **₱178,687,860** |
| Total liabilities | **₱31,486,846** | **₱15,672,299** | **₱10,288,854** | **₱–** | **₱57,447,999** |
| Capital expenditures | **₱4,769,488** | **₱2,931,244** | **₱104,080** | **₱–** | **₱7,804,812** |
| Non-cash expenses other than depreciation and amortization: | | | | | |
| Impairment losses on: | | | | | |
| Receivables (Note 9) | **(₱7,908)** | **(₱3,487)** | **₱–** | **₱–** | **(₱11,395)** |
| Property, plant and equipment (Note 12) | **–** | **(53,761)** | **–** | **–** | **(53,761)** |
| Inventories (Note 10) | **(31)** | **(102,780)** | **–** | **–** | **(102,811)** |
| | **(₱7,939)** | **(₱160,028)** | **₱–** | **₱–** | **(₱167,967)** |

**Includes net foreign exchange gains and other income (losses)*

| | As of and for the year ended December 31, 2023 (As restated – Note 30) | | | | |
|---|---|---|---|---|---|
| | Branded Consumer Food | Agro-Industrial and Commodity Food | Corporate Business | Eliminations | Total |
| **Sale of Goods and Services** | | | | | |
| Third party | ₱109,000,792 | ₱48,751,388 | ₱– | ₱– | ₱157,752,180 |
| Inter-segment | 22,470,346 | 13,094,660 | – | (35,565,006) | – |
| | ₱131,471,138 | ₱61,846,048 | ₱– | (₱35,565,006) | ₱157,752,180 |
| **Result** | | | | | |
| Earnings before interest, income taxes and depreciation/amortization (EBITDA) | ₱16,245,970 | ₱10,364,021 | (₱2,860,052) | ₱– | ₱23,749,939 |
| Depreciation and amortization (Note 24) | (4,300,590) | (1,826,947) | (233,790) | – | (6,361,327) |
| Earnings before interest and income tax (EBIT) | ₱11,945,380 | ₱8,537,074 | (₱3,093,842) | ₱– | ₱17,388,612 |
| Finance costs (Note 27) | (₱153,393) | (₱680,914) | (₱753,523) | ₱– | (1,587,830) |
| Finance revenue (Note 26) | ₱211,904 | ₱50 | ₱99,246 | ₱– | 311,200 |
| Equity in net loss of joint ventures (Note 15) | ₱20,961 | ₱– | (₱308,211) | ₱– | (287,250) |
| Provision for credit and impairment losses (Notes 9 and 12) | (₱30,399) | (₱205,487) | ₱– | ₱– | (235,886) |
| Market valuation gain on financial assets and liabilities at FVTPL (Note 8) | ₱3,077 | ₱– | ₱169,237 | ₱– | 172,314 |
| Other losses - net* | | | | | (61,687) |
| Income before income tax | | | | | ₱15,699,473 |
| Provision for income tax (Note 29) | | | | | (2,976,821) |
| Net income from continuing operations | | | | | ₱12,722,652 |
| Net loss from discontinued operations (Note 30) | | | | | (18,052) |
| | | | | | ₱12,704,600 |
| **Other Information** | | | | | |
| Total assets | ₱114,894,756 | ₱63,905,437 | ₱1,501,507 | ₱– | ₱180,301,700 |
| Total liabilities | ₱27,456,610 | ₱17,561,702 | ₱16,791,525 | ₱– | ₱61,809,837 |
| Capital expenditures | ₱4,772,656 | ₱5,017,717 | ₱424,975 | ₱– | ₱10,215,348 |
| Non-cash expenses other than depreciation and amortization: | | | | | |
| Impairment losses on: | | | | | |
| Receivables (Note 9) | (₱9,338) | ₱– | ₱– | ₱– | (₱9,338) |
| Property, plant and equipment (Note 12) | (21,061) | (205,487) | – | – | (226,548) |
| | (₱30,399) | (₱205,487) | ₱– | ₱– | (₱235,886) |

**Includes net foreign exchange gains and other income (losses)*

| | As of and for the year ended December 31, 2022 (As restated – Note 30) | | | | |
|---|---|---|---|---|---|
| | Branded Consumer Food | Agro-Industrial and Commodity Food | Corporate Business | Eliminations | Total |
| **Sale of Goods and Services** | | | | | |
| Third party | ₱106,987,628 | ₱42,136,319 | ₱– | ₱– | ₱149,123,947 |
| Inter-segment | 24,009,123 | 11,851,292 | – | (35,860,415) | – |
| | ₱130,996,751 | ₱53,987,611 | ₱– | (₱35,860,415) | ₱149,123,947 |
| **Result** | | | | | |
| Earnings before interest, income taxes and depreciation/amortization (EBITDA) | ₱15,275,195 | ₱8,892,328 | (₱2,691,603) | ₱– | ₱21,475,920 |
| Depreciation and amortization (Note 24) | (4,151,383) | (1,762,844) | (328,872) | – | (6,243,099) |
| Earnings before interest and income tax (EBIT) | ₱11,123,812 | ₱7,129,484 | (₱3,020,475) | ₱– | ₱15,232,821 |
| Finance revenue (Note 26) | ₱178,469 | ₱982 | ₱94,088 | ₱– | 273,539 |
| Finance costs (Note 27) | (₱194,551) | (₱267,862) | (₱343,762) | ₱– | (806,175) |
| Equity in net loss of joint ventures (Note 15) | ₱1,350 | ₱– | (₱380,317) | ₱– | (378,967) |
| Market valuation gain on financial assets and liabilities at FVTPL (Note 8) | ₱– | ₱– | ₱70,404 | ₱– | 70,404 |
| Provision for credit and impairment losses (Notes 9, 10 and 12) | (₱33,846) | (₱293,193) | ₱– | ₱– | (327,039) |
| Other income - net* | | | | | 3,379,533 |
| Income before income tax | | | | | ₱17,444,116 |
| Provision for income tax (Note 29) | | | | | (2,994,763) |
| Net income from continuing operations | | | | | ₱14,449,353 |
| Net income from discontinued operations (Note 30) | | | | | 21,935 |
| | | | | | ₱14,471,288 |
| **Other Information** | | | | | |
| Total assets | ₱113,352,380 | ₱51,272,556 | ₱5,328,693 | ₱– | ₱169,953,629 |
| Total liabilities | ₱27,082,074 | ₱14,900,584 | ₱12,000,630 | ₱– | ₱53,983,288 |
| Capital expenditures | ₱5,389,404 | ₱3,489,206 | ₱256,302 | ₱– | ₱9,134,912 |
| Non-cash expenses other than depreciation and amortization: | | | | | |
| Impairment losses on: | | | | | |
| Receivables (Note 9) | (₱4,054) | ₱– | ₱– | ₱– | (₱4,054) |
| Property, plant and equipment (Note 12) | (29,792) | (293,193) | – | – | (322,985) |
| | (₱33,846) | (₱293,193) | ₱– | ₱– | (₱327,039) |

**Includes net foreign exchange gains and other income (losses)*

Inter-segment Revenues
Inter-segment revenues are eliminated at the consolidation level.

Segment Results
Segment results pertain to the net income (loss) of each of the operating segments excluding the amounts of market valuation gains and losses on financial assets at FVTPL, foreign exchange gains and losses and other revenues and expenses which are not allocated to operating segments.

Segment Assets
Segment assets are resources owned by each of the operating segments excluding significant inter-segment transactions.

Segment Liabilities
Segment liabilities are obligations incurred by each of the operating segments excluding significant inter-segment transactions. The Group also reports to the chief operating decision maker the breakdown of the short-term and long-term debts of each of the operating segments.

Capital Expenditures
The components of capital expenditures reported to the chief operating decision maker are the additions to investment property and property plant and equipment during the period.

Geographic Information
The Group operates in the Philippines, Vietnam, Thailand, Myanmar, Indonesia, Malaysia, Singapore, China and Hong Kong. As of December 31, 2024, the Group has discontinued its operations in China (see Note 30).

The following table shows the distribution of the Group's consolidated revenues to external customers by geographical market, regardless of where the goods were produced (in thousands):

| | **2024** | 2023 (As restated – Note 30) | 2022 (As restated – Note 30) |
|---|---|---|---|
| Domestic | **₱127,089,963** | ₱125,575,194 | ₱117,606,850 |
| Foreign | **34,777,281** | 32,176,986 | 31,517,097 |
| | **₱161,867,244** | ₱157,752,180 | ₱149,123,947 |

The Group has no customer which contributes 10% or more of the consolidated revenues of the Group.

The table below shows the Group's carrying amounts of noncurrent assets per geographic location excluding noncurrent financial assets, deferred tax assets and pension assets (in thousands):

| | **2024** | 2023 |
|---|---|---|
| Domestic | **₱57,474,967** | ₱55,634,044 |
| Foreign | **35,895,608** | 34,071,345 |
| | **₱93,370,575** | ₱89,705,389 |

## 7. Cash and Cash Equivalents

This account consists of:

| | 2024 | 2023 |
|---|---|---|
| Cash on hand | **₱52,124,843** | ₱68,770,232 |
| Cash in banks (Note 32) | **7,391,789,957** | 10,010,599,434 |
| Short-term investments (Note 32) | **4,153,485,076** | 2,108,137,531 |
| | **₱11,597,399,876** | ₱12,187,507,197 |

Cash in banks consist of savings and current accounts that earn interest at the prevailing bank deposit rates. Short-term investments represent money market placements that are made for varying periods depending on the immediate cash requirements of the Group and earn interest ranging from 0.01% to 5.30%, 0.10% to 7.30%, and from 0.35% to 7.30% for foreign currency-denominated money market placements for the years ended December 31, 2024, 2023, and 2022, respectively. Peso-denominated money market placements, on the other hand, earn interest ranging from 3.60% to 4.90% and 4.00% for the years ended December 31, 2024 and 2023, respectively, and interest ranging from 3.40% to 4.60% for the year ended December 31, 2022.

Interest earned on cash and cash equivalents amounted to ₱327.6 million, ₱259.6 million, and ₱214.3 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Notes 26 and 30).

## 8. Financial Assets at Fair Value Through Profit or Loss

This account consists of investments held-for-trading amounting to ₱1.1 billion and ₱1.0 billion as of December 31, 2024 and 2023, respectively. Investments held-for-trading consist of private equity funds, bonds, and quoted and unquoted equity securities issued by certain domestic and foreign entities.

Market valuation loss on financial assets at FVTPL amounted to ₱3.7 million for the year ended December 31, 2024. Market valuation gain on financial assets at FVTPL amounted to ₱172.3 million and ₱70.4 million for the years ended December 31, 2023, and 2022, respectively.

The Group received dividends from its quoted equity securities amounting to ₱48.5 million, ₱64.6 million and ₱80.8 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 26).

Interest earned on financial assets at FVTPL amounted to ₱5.8 million for the year ended December 31, 2023 (see Note 26).

## 9. Receivables

This account consists of:

| | **2024** | 2023 |
|---|---:|---:|
| Trade receivables (Note 32) | **₱16,497,132,616** | ₱17,927,965,761 |
| Due from related parties (Note 32) | **2,955,316,604** | 2,463,470,608 |
| Non-trade receivables (Notes 32 and 35) | **697,278,332** | 1,661,444,980 |
| Interest receivable | **27,224,100** | 22,158,902 |
| Others | **522,343,134** | 1,031,351,549 |
| | **20,699,294,786** | 23,106,391,800 |
| Less: allowance for credit losses | **246,520,001** | 236,268,978 |
| | **₱20,452,774,785** | ₱22,870,122,822 |

Non-trade and other receivables are noninterest-bearing and are due and demandable.

Others include advances to officers and employees and claims for insurance.

<u>Allowance for ECLs on Receivables</u>
Changes in allowance for impairment losses on receivables follow:

| | **2024** | | | |
|---|---:|---:|---:|---:|
| | **Individual Assessment** | | **Collective Assessment** | |
| | **Trade Receivables** | **Other Receivables** | **Trade Receivables** | **Total** |
| Balances at beginning of period | **₱59,958,672** | **₱157,169,779** | **₱19,140,527** | **₱236,268,978** |
| Provision for credit losses | **11,395,431** | **–** | **–** | **11,395,431** |
| Write-off/others | **(1,144,408)** | **–** | **–** | **(1,144,408)** |
| Balances at end of period | **₱70,209,695** | **₱157,169,779** | **₱19,140,527** | **₱246,520,001** |

| | 2023 | | | |
|---|---:|---:|---:|---:|
| | Individual Assessment | | Collective Assessment | |
| | Trade Receivables | Other Receivables | Trade Receivables | Total |
| Balances at beginning of the period | ₱50,651,246 | ₱157,169,779 | ₱19,140,527 | ₱226,961,552 |
| Provision for credit losses | 9,337,591 | – | – | 9,337,591 |
| Write-off/others | (30,165) | – | – | (30,165) |
| Balances at end of the period | ₱59,958,672 | ₱157,169,779 | ₱19,140,527 | ₱236,268,978 |

Allowance for ECLs on other receivables includes credit losses on nontrade receivables, advances to officers and employees and other receivables. Allowance for ECLs on advances to officers and employees amounted to ₱19.6 million as of December 31, 2024 and 2023. Allowance for credit losses on nontrade and other receivables amounted to ₱137.6 million as of December 31, 2024 and 2023.

## 10. Inventories

This account consists of inventories as follows:

| | 2024 | 2023 |
|---|---|---|
| At cost: | | |
| Raw materials | **₱17,562,443,164** | ₱18,535,605,992 |
| Finished goods | **11,973,079,296** | 17,608,709,032 |
| Goods in-process | **2,482,239,551** | 2,406,182,236 |
| | **32,017,762,011** | 38,550,497,260 |
| At NRV: | | |
| Spare parts and supplies | **₱6,070,648,748** | ₱5,145,383,384 |
| Containers and packaging materials | **1,936,682,237** | 2,162,792,526 |
| | **8,007,330,985** | 7,308,175,910 |
| | **₱40,025,092,996** | ₱45,858,673,170 |

The total cost of inventories stated at NRV is at ₱8.2 billion and ₱7.5 billion as at December 31, 2024 and 2023, respectively.

Under the terms of the agreements covering interest-bearing liabilities under trust receipts totaling ₱8.0 billion and ₱10.2 billion as of December 31, 2024 and 2023, respectively, certain inventories which approximate the trust receipts payable have been released to the Group under trust receipt agreements with the banks. The Group is accountable to these banks for the trusteed merchandise. Interest expense from trust receipts payable amounted to ₱541.5 million, ₱677.4 million and ₱266.1 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 27). Accrued interest payable on the Group's trust receipts liabilities amounted to ₱14.7 million and ₱16.0 million as of December 31, 2024 and 2023, respectively (see Note 18).

Inventory obsolescence included in 'Cost of sales' amounted to ₱1.1 billion, ₱1.2 billion, and ₱807.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Group recognized loss on decline in value of inventories amounting to ₱102.8 million in 2024.

## 11. Advances to Suppliers and Other Current Assets

Advances to Suppliers

Advances to suppliers are generally applied to purchase of inventories and fixed assets, and availment of services within the next financial year.

Other Current Assets
This account consists of:

| | **2024** | 2023 |
|---|---|---|
| Input value-added tax (VAT) | **₱1,523,302,168** | ₱1,552,553,311 |
| Prepaid taxes | **589,246,557** | 376,209,257 |
| Prepaid insurance | **190,735,415** | 202,565,608 |
| Prepaid rent | **72,598,173** | 48,097,995 |
| Other prepaid expenses | **835,928,229** | 191,111,766 |
| | **₱3,211,810,542** | ₱2,370,537,937 |

Prepaid rent pertains to short-term leases of the Group that are paid in advance. Prepaid rent, taxes, and insurance are normally utilized within the next financial year.

Others include prepayments of advertising, office supplies and deferred charges.

## 12. Property, Plant and Equipment

The rollforward of this account follows:

| | As of and for the year ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Land | Land Improvements | Buildings and Improvements | Machinery and Equipment | Sub-total |
| **Cost** | | | | | |
| Balances at beginning of year | **₱8,276,381,969** | **₱2,428,060,069** | **₱20,885,475,567** | **₱85,304,054,913** | **₱116,893,972,518** |
| Additions | **15,142,580** | **32,258,497** | **875,900,959** | **3,687,100,341** | **4,610,402,377** |
| Disposals | **(41,604,277)** | **(223,241,472)** | **(2,234,452,237)** | **(10,675,271,199)** | **(13,174,569,185)** |
| Reclassifications | – | **28,384,849** | **1,022,307,829** | **3,559,647,665** | **4,610,340,343** |
| Cumulative translation adjustment | **17,786,405** | **51,712,570** | **174,895,289** | **(1,054,822,214)** | **(810,427,950)** |
| Balances at end of year | **8,267,706,677** | **2,317,174,513** | **20,724,127,407** | **80,820,709,506** | **112,129,718,103** |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| Balances at beginning of year | – | **1,071,769,466** | **11,912,580,087** | **64,382,209,853** | **77,366,559,406** |
| Depreciation and amortization (Note 24) | – | **77,778,030** | **961,817,185** | **3,022,181,322** | **4,061,776,537** |
| Disposals | – | **(220,678,787)** | **(2,182,703,012)** | **(10,573,070,431)** | **(12,976,452,230)** |
| Reclassifications | – | – | **567,014,995** | **(603,176,361)** | **(36,161,366)** |
| Provision for impairment losses | – | – | **202,372,845** | **160,847,175** | **363,220,020** |
| Cumulative translation adjustment | – | **(515,785)** | **106,009,353** | **(1,324,379,074)** | **(1,218,885,506)** |
| Balances at end of year | – | **928,352,924** | **11,567,091,453** | **55,064,612,484** | **67,560,056,861** |
| **Net Book Value** | **₱8,267,706,677** | **₱1,388,821,589** | **₱9,157,035,954** | **₱25,756,097,022** | **₱44,569,661,242** |

| | As of and for the year ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | Transportation Equipment | Furniture, Fixtures and Equipment | Construction In-progress | Equipment In-transit | Total |
| **Cost** | | | | | |
| Balances at beginning of year | **₱3,296,701,317** | **₱6,000,324,942** | **₱21,113,424,864** | **₱687,657,811** | **₱147,992,081,452** |
| Additions | **187,002,519** | **323,429,017** | **2,337,102,092** | **346,875,961** | **7,804,811,966** |
| Disposals | **(159,320,135)** | **(1,163,513,050)** | **(19,561,607)** | – | **(14,516,963,977)** |
| Reclassifications | **62,271,395** | **107,206,029** | **(4,395,529,868)** | **(407,241,601)** | **(22,953,702)** |
| Cumulative translation adjustment | **(25,383,215)** | **2,535,845** | **(78,522,438)** | **353,989** | **(911,443,769)** |
| Balances at end of the year | **3,361,271,881** | **5,269,982,783** | **18,956,913,043** | **627,646,160** | **140,345,531,970** |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| Balances at beginning of year | **2,808,829,120** | **5,406,232,384** | – | – | **85,581,620,910** |
| Depreciation and amortization (Note 24) | **158,462,308** | **310,804,109** | – | – | **4,531,042,954** |
| Disposals | **(158,099,231)** | **(1,162,106,010)** | – | – | **(14,296,657,471)** |
| Reclassifications | – | **38,047,665** | – | – | **1,886,299** |
| Provision for impairment losses | **1,864,920** | **5,543,758** | – | – | **370,628,698** |
| Cumulative translation adjustment | **(27,826,018)** | **(2,615,152)** | – | – | **(1,249,326,676)** |
| Balances at end of year | **2,783,231,099** | **4,595,906,754** | – | – | **74,939,194,714** |
| **Net Book Value** | **₱578,040,782** | **₱674,076,029** | **₱18,956,913,043** | **₱627,646,160** | **₱65,406,337,256** |

| | As of and for the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Land | Land Improvements | Buildings and Improvements | Machinery and Equipment | Sub-total |
| **Cost** | | | | | |
| Balances at beginning of year | ₱8,306,498,154 | ₱2,368,030,502 | ₱20,456,911,142 | ₱85,417,288,506 | ₱116,548,728,304 |
| Additions | 3,383,868 | – | 153,629,781 | 791,454,269 | 948,467,918 |
| Disposals, reclassifications and other adjustments | (33,500,053) | 60,029,567 | 274,934,644 | (904,687,862) | (603,223,704) |
| Balances at end of year | 8,276,381,969 | 2,428,060,069 | 20,885,475,567 | 85,304,054,913 | 116,893,972,518 |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| Balances at beginning of year | – | 917,065,868 | 10,445,754,681 | 60,579,015,318 | 71,941,835,867 |
| Depreciation and amortization (Note 24) | – | 82,883,527 | 1,013,160,639 | 4,410,440,411 | 5,506,484,577 |
| Provision for impairment losses | – | 15,544,461 | 210,693,430 | – | 226,237,891 |
| Disposals, reclassifications and other adjustments | – | 56,275,610 | 242,971,337 | (607,245,876) | (307,998,929) |
| Balances at end of year | – | 1,071,769,466 | 11,912,580,087 | 64,382,209,853 | 77,366,559,406 |
| **Net Book Value** | ₱8,276,381,969 | ₱1,356,290,603 | ₱8,972,895,480 | ₱20,921,845,060 | ₱39,527,413,112 |

| | As of and for the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Transportation Equipment | Furniture, Fixtures and Equipment | Construction In-progress | Equipment In-transit | Total |
| **Cost** | | | | | |
| Balances at beginning of year | ₱3,288,509,955 | ₱5,947,891,475 | ₱10,193,647,505 | ₱4,015,954,491 | ₱139,994,731,730 |
| Additions | 33,510,790 | 165,312,575 | 8,380,398,883 | 687,657,811 | 10,215,347,977 |
| Disposals, reclassifications and other adjustments | (25,319,428) | (112,879,108) | 2,539,378,476 | (4,015,954,491) | (2,217,998,255) |
| Balances at end of the year | 3,296,701,317 | 6,000,324,942 | 21,113,424,864 | 687,657,811 | 147,992,081,452 |
| **Accumulated Depreciation and Impairment Losses** | | | | | |
| Balances at beginning of year | 2,685,073,739 | 5,250,450,692 | – | – | 79,877,360,298 |
| Depreciation and amortization (Note 24) | 143,977,427 | 270,325,086 | – | – | 5,920,787,090 |
| Provision for impairment losses | – | 302,250 | – | – | 226,540,141 |
| Disposals, reclassifications and other adjustments | (20,222,046) | (114,845,644) | – | – | (443,066,619) |
| Balances at end of year | 2,808,829,120 | 5,406,232,384 | – | – | 85,581,620,910 |
| **Net Book Value** | ₱487,872,197 | ₱594,092,558 | ₱21,113,424,864 | ₱687,657,811 | ₱62,410,460,542 |

The Group entered into an agreement with Central Azucarera de Don Pedro, Inc. (CADPI) for the acquisition of its machineries and equipment used in the sugar milling plant operations.
On June 6, 2023, the Parent Company and CADPI proceeded to close the sale transaction, with the signing and delivery of definitive sales agreements as well as performance of all conditions necessary for the closing of the transaction on June of the same year. The Group recognized property, plant and equipment amounting to ₱892.9 million from the transaction under the 'Construction-in-progress' account.

The Group recognized gain on sale/disposal of property, plant and equipment amounting to ₱196.1 million, ₱18.4 million and ₱13.2 million as of December 31, 2024, 2023 and 2022, respectively. In 2024, the Group recognized loss amounting to ₱148.6 million from writing down certain property, plant and equipment. Both gain on sale/disposal and loss from write-down are recognized under 'Other income (losses) – net' in the consolidated statements of income.

As of December 31, 2024, the gross amount of fully depreciated property, plant and equipment which are still in use by the Group amounted to ₱38.1 billion.

Borrowing Costs
For the years ended December 31, 2024, 2023, and 2022, no borrowing costs have been incurred related to property, plant and equipment under construction.

Depreciation
The breakdown of consolidated depreciation and amortization of property, plant and equipment follows:

| | **December 31, 2024** | December 31, 2023 (As Restated – Note 30) | December 31, 2022 (As Restated – Note 30) |
|---|---|---|---|
| Cost of sales (Note 21) | **₱4,033,945,738** | ₱5,364,096,188 | ₱5,069,498,867 |
| Selling and distribution costs (Note 22) | **260,068,529** | 254,914,658 | 89,633,478 |
| General and administrative expenses (Note 23) | **218,215,459** | 260,008,536 | 538,233,750 |
| Discontinued operations (Note 30) | **18,813,228** | 41,767,708 | 45,153,859 |
| | **₱4,531,042,954** | ₱5,920,787,090 | ₱5,742,519,954 |

Impairment Losses
The Group recognized impairment losses on property, plant and equipment amounting to ₱370.6 million, ₱226.5 million and ₱323.0 million in 2024, 2023, and 2022, respectively. The impairment losses pertain to (a) property and equipment in non-operational plants; (b) office space leasehold improvements and furniture and fixtures; and (c) discontinued production lines and hog farms.

Collateral
As of December 31, 2024 and 2023, the Group has no property and equipment that are pledged as collateral.

## 13. Biological Assets

Total biological assets shown in the consolidated statements of financial position follow:

| | 2024 | 2023 |
|---|---|---|
| Current portion | **₱174,320,301** | ₱111,278,386 |
| Noncurrent portion | **99,478,226** | 160,655,341 |
| | **₱273,798,527** | ₱271,933,727 |

These biological assets consist of:

| | 2024 | 2023 |
|---|---|---|
| Swine livestock: | | |
| Commercial | **₱128,819,405** | ₱90,750,402 |
| Breeder | **34,481,578** | 54,032,600 |
| Poultry livestock: | | |
| Commercial | **45,500,896** | 20,527,984 |
| Breeder | **64,996,648** | 106,622,741 |
| | **₱273,798,527** | ₱271,933,727 |

The rollforward analysis of this account follows:

| | 2024 | 2023 |
|---|---|---|
| Balances at beginning of year | **₱271,933,727** | ₱411,043,775 |
| Additions | **471,479,496** | 472,987,816 |
| Disposals | **(478,590,885)** | (612,434,036) |
| Gain arising from changes in fair value less estimated costs to sell | **8,976,189** | 336,172 |
| Balances at end of year | **₱273,798,527** | ₱271,933,727 |

The Group has 22,101 and 20,709 heads of swine livestock and 460,702 and 489,819 heads of poultry livestock as of December 31, 2024 and 2023, respectively.

## 14. Goodwill and Intangible Assets

The movement of the goodwill is as follows:

| | 2024 | 2023 |
|---|---|---|
| **Cost** | | |
| Balance at beginning of year | **₱18,745,475,682** | ₱19,628,803,384 |
| Translation adjustment | **1,274,238,773** | (883,327,702) |
| Balance at end of year | **20,019,714,455** | 18,745,475,682 |
| **Accumulated Impairment Losses** | | |
| Balance at beginning and end of year | **265,719,291** | 265,719,291 |
| **Net Book Value** | **₱19,753,995,164** | ₱18,479,756,391 |

The composition of the Group's goodwill is as follows:

| | 2024 | 2023 |
|---|---|---|
| Acquisition of Munchy's Group in December 2021 | **₱18,965,749,940** | ₱17,691,511,167 |
| The excess of the acquisition cost over the fair values of the net assets acquired by UABCL in 2000 | **775,835,598** | 775,835,598 |
| Acquisition of Balayan Sugar Mill in February 2016 | **12,409,626** | 12,409,626 |
| | **₱19,753,995,164** | ₱18,479,756,391 |

The composition and movements of intangible assets follow:

| | As of and for the year ended December 31, 2024 | | | | |
|---|---|---|---|---|---|
| | **Trademarks/ Brands** | **Product Formulation** | **Software Costs** | **Trade Secrets** | **Total** |
| **Cost** | | | | | |
| Balances at beginning of period | **₱3,046,999,348** | **₱425,000,000** | **₱756,776,193** | **₱1,299,204,604** | **₱5,527,980,145** |
| Additions | **2,290,636** | **–** | **–** | **–** | **2,290,636** |
| Reclassifications | **–** | **–** | **22,953,701** | **–** | **22,953,701** |
| Translation adjustments | **201,277,451** | **–** | **91,866** | **93,791,563** | **295,160,880** |
| | **3,250,567,435** | **425,000,000** | **779,821,760** | **1,392,996,167** | **5,848,385,362** |
| **Accumulated Amortization and Impairment Losses** | | | | | |
| Balances at beginning of period | **201,775,310** | **–** | **139,228,619** | **–** | **341,003,929** |
| Amortization during the period (Note 24) | **66,894** | **–** | **107,865,696** | **–** | **107,932,590** |
| Reclassifications | **–** | **–** | **(1,886,301)** | **–** | **(1,886,301)** |
| Translation adjustments | **22,724** | **–** | **61,831** | **–** | **84,555** |
| | **201,864,928** | **–** | **245,269,845** | **–** | **447,134,773** |
| **Net Book Value at End of Year** | **₱3,048,702,507** | **₱425,000,000** | **₱534,551,915** | **₱1,392,996,167** | **₱5,401,250,589** |

| | As of and for the year ended December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | Trademarks/ Brands | Product Formulation | Software Costs | Trade Secrets | Total |
| **Cost** | | | | | |
| Balances at beginning of period | ₱3,183,803,505 | ₱425,000,000 | ₱151,221,059 | ₱1,363,305,068 | ₱5,123,329,632 |
| Additions | 966,072 | – | – | – | 966,072 |
| Reclassifications | – | – | 605,555,134 | – | 605,555,134 |
| Translation adjustments | (137,770,229) | – | – | (64,100,464) | (201,870,693) |
| | 3,046,999,348 | 425,000,000 | 756,776,193 | 1,299,204,604 | 5,527,980,145 |
| **Accumulated Amortization and Impairment Losses** | | | | | |
| Balances at beginning of period | 201,551,877 | – | 57,383,454 | – | 258,935,331 |
| Amortization during the period (Note 24) | 125,498 | – | 81,735,831 | – | 81,861,329 |
| Translation adjustments | 97,935 | – | 109,334 | – | 207,269 |
| | 201,775,310 | – | 139,228,619 | – | 341,003,929 |
| **Net Book Value at End of Year** | ₱2,845,224,038 | ₱425,000,000 | ₱617,547,574 | ₱1,299,204,604 | ₱5,186,976,216 |

Trademarks, brands and trade secrets were recognized as a result of acquisition of Munchys' Group in 2021. There were also trademarks and product formulation from the acquisition of General Milling Corporation in 2008.

The Group performed its annual impairment test on its goodwill and other intangible assets with indefinite useful lives as of December 31, 2024 and 2023. In 2024 and 2023, the recoverable amounts of goodwill and other intangible assets were determined based on value in use calculations.

Value in use calculations used cash flow projections from financial budgets approved by management covering a five-year period.

*Growth rate estimates* - growth rates include revenue growth and terminal growth rates that are based on experiences and strategies developed for the various subsidiaries. The prospect for the industry was also considered in estimating the growth rates. Terminal growth rates used in computing the projected future cash flows ranged from 2.00% to 4.62% and 2.00% to 4.61% as of December 31, 2024 and 2023, respectively.

*Discount rates* - discount rates were estimated based on the industry weighted average cost of capital, which includes the cost of equity and debt after considering the gearing ratio. The discount rates applied to cash flow projections range from 8.40% to 12.43% and 8.59% to 12.86% for the years ended December 31, 2024 and 2023, respectively.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying values of goodwill and intangible assets arising from the Group's acquisitions to materially exceed their recoverable amounts.

## 15. Investments in Joint Ventures

The rollforward analysis of this account follows:

| | **2024** | 2023 |
|---|---|---|
| **Acquisition Cost** | | |
| Balances at beginning of year | **₱1,739,262,362** | ₱1,489,262,362 |
| Additional investments | **170,000,000** | 250,000,000 |
| Balances at end of year | **1,909,262,362** | 1,739,262,362 |
| **Accumulated Equity in Net Losses** | | |
| Balances at beginning of year | **(1,638,421,778)** | (1,351,171,873) |
| Equity in net losses of joint ventures | **(140,071,400)** | (287,249,905) |
| Balances at end of year | **(1,778,493,178)** | (1,638,421,778) |
| **Cumulative Translation Adjustments** | **1,767,076** | (1,491,631) |
| **Net Book Value at End of Year** | **₱132,536,260** | ₱99,348,953 |

*Vitasoy-URC, Inc.*
On October 4, 2016, the Parent Company entered into a joint venture agreement with Vita International Holdings Limited, a corporation duly organized in Hong Kong to form Vitasoy - URC (VURCI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the "Vitasoy" brand name, which is under exclusive license to VURCI in the Philippines.

On May 19, 2022, the Parent Company made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 46.1 million common shares for a total cost of ₱461.0 million, which includes, ₱80.9 million cash and receivables amounting to ₱380.1 million converted to equity.

On April 28, 2023, the Parent Company made additional subscriptions to the unissued authorized capital stock of VURCI consisting of 7.5 million common shares for a total cost of ₱75.0 million which has been fully paid in cash.

On March 18, 2024, the SEC approved the Parent Company's additional subscription to the capital stock of VURCI consisting of 17.0 million common shares for a total cost of ₱170.0 million, which has been fully paid in cash.

*Danone Universal Robina Beverages, Inc.*
On May 23, 2014, the Parent Company entered into a joint venture agreement with Danone Asia Holdings Pte. Ltd., a corporation duly organized in the Republic of Singapore to form Danone Universal Robina Beverages, Inc. (DURBI), a corporation duly incorporated and organized in the Philippines to manufacture and distribute food products under the “B’lue” brand name, which is under exclusive license to DURBI in the Philippines.

On April 19, 2021, the Parent Company made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 5.0 million common shares for a total cost of ₱100.0 million.

On October 23, 2023, the Parent Company made additional subscriptions to the unissued authorized capital stock of DURBI consisting of 8.8 million common shares for a total cost of ₱175.0 million which has been fully paid in cash.

*Calbee-URC Malaysia*
On August 23, 2017, URC Malaysia entered into a joint venture agreement with Calbee, Inc., a corporation duly organized in Japan to form Calbee-URC Malaysia Sdn Bhd (CURM), a corporation registered with the Companies Commission of Malaysia organized to manufacture savory snack products.

As of December 31, 2024 and 2023, the Parent Company has the following percentage of ownership of shares in its joint ventures and its related equity in the net assets as summarized below:

| | Place of Business | Percentage of Ownership |
|---|---|---|
| VURCI | Philippines | 50.00 |
| DURBI | -do- | 50.00 |
| CURM | Malaysia | 50.00 |

Summarized financial information in respect of the Group’s joint ventures as of December 31, 2024 and 2023 are presented below (in thousands).

| | VURCI | | DURBI | | CURM | |
|---|---|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 | **2024** | 2023 |
| Revenue | **₱435,644** | ₱403,489 | **₱494,140** | ₱407,828 | **₱358,018** | ₱462,239 |
| Costs and expenses | **425,474** | 390,564 | **486,442** | 408,273 | **353,794** | 414,442 |
| Net income (loss) | **(284,030)** | (255,397) | **7,698** | 3,196 | **4,225** | 36,776 |
| Current assets | **1,022,578** | 987,871 | **332,641** | 479,878 | **174,244** | 157,640 |
| Noncurrent assets | **399,212** | 482,759 | **4,298** | 5,025 | **45,703** | 37,570 |
| Current liabilities | **1,203,375** | 1,071,026 | **420,596** | 576,827 | **44,877** | 41,504 |
| Noncurrent liabilities | **12,164** | 9,470 | **2,552** | 1,982 | **5,716** | – |
| Equity | **₱206,251** | ₱390,134 | **(₱86,208)** | (₱93,906) | **₱169,354** | ₱153,707 |
| Group share in equity | **₱50,632** | ₱22,816 | **₱–** | ₱– | **₱81,904** | ₱76,533 |
| Carrying amount of investment | **₱50,632** | ₱22,816 | **₱–** | ₱– | **₱81,904** | ₱76,533 |

The summarized financial information presented above represents amounts shown in the joint ventures’ financial statements prepared in accordance with PFRSs.

The joint venture companies are private companies and there are no quoted prices available for their shares.

No dividends were declared by and received from the joint ventures for the years ended December 31, 2024 and 2023.

As of December 31, 2024 and 2023, there were no agreements entered into by the joint ventures that may restrict dividends and other capital distributions to be paid, or loans and advances to be made or repaid to or from the Group. In addition, the Group has no share on commitments and contingencies of its joint ventures.

## 16. Other Noncurrent Assets

This account consists of:

| | **2024** | 2023 |
|---|---|---|
| Deposits | **₱1,002,772,014** | ₱1,261,369,646 |
| Deferred input VAT | **342,423,773** | 475,107,948 |
| Financial assets at FVOCI | **160,950,000** | 120,600,000 |
| Investment properties | **1,452,839** | 1,705,506 |
| Others | **160,696,077** | 327,342,353 |
| | **₱1,668,294,703** | ₱2,186,125,453 |

Deposits
The Group's deposits pertain to the installation of power and water meters, returnable containers and security deposits for operating leases of plants, warehouses and office buildings. The security deposits are recoverable from the lessors at the end of the lease terms, which range from 2 to 30 years.

Input VAT
Input tax pertains to VAT from purchases and/or importations of various parts, supplies, equipment, machineries and or capital goods, which will be claimed as credit against output tax liabilities in a manner prescribed by pertinent revenue regulations.

Financial Assets at FVOCI
As of December 31, 2024 and 2023, financial assets at FVOCI consists of equity securities with the following movements:

| | **2024** | 2023 |
|---|---|---|
| Balance at beginning of year | **₱120,600,000** | ₱105,450,000 |
| Changes in fair value during the year (Note 20) | **40,350,000** | 15,150,000 |
| Balance at end of year | **₱160,950,000** | ₱120,600,000 |

Fair value changes of financial assets at FVOCI are presented as components of 'Other comprehensive income' in Equity.

Investment Properties
The rollforward analysis of investment properties follows:

| | **2024** | 2023 |
|---|---|---|
| **Cost** | | |
| Balances at beginning and end of year | **₱6,588,020** | ₱6,588,020 |
| **Accumulated depreciation** | | |
| Balances at beginning of year | **4,882,514** | 4,629,847 |
| Depreciation (Note 24) | **252,667** | 252,667 |
| Balances at end of year | **5,135,181** | 4,882,514 |
| **Net book value at end of year** | **₱1,452,839** | ₱1,705,506 |

Investment properties consist of buildings and building improvements which are leased out to related and third parties (see Notes 32 and 34).

In December 2022, the Parent Company executed a Deed of Absolute Sale with a related party for the sale of investment properties at ₱3.3 billion selling price. Gain on disposal attributable to the sale amounted to ₱3.3 billion, which was recognized under 'Other income (losses) - net' in the consolidated statements of income.

Total rental income earned from investment properties included under 'Other income (losses) - net' in the consolidated statements of income amounted to ₱11.2 million, ₱10.8 million, and ₱84.4 million for years ended December 31, 2024, 2023, and 2022, respectively.

Direct operating expenses (included under 'General and administrative expenses' in the consolidated statements of income) arising from investment properties amounted to ₱0.4 million, ₱0.4 million, and ₱0.9 million for the years ended December 31, 2024, 2023, and 2022, respectively.

As of December 31, 2024 and 2023, the Group has no investment properties that are pledged as collateral.

## 17. Short-term Debts

This account consists of:

| | **2024** | 2023 |
|---|---|---|
| Peso-denominated loan - unsecured with interest of 5.75% for the year ended December 31, 2024 and ranging from 6.30% to 6.40% for the year ended December 31, 2023. | **₱10,000,000,000** | ₱15,140,000,000 |
| Thai Baht-denominated loans - unsecured with interest ranging from 2.78% to 2.95% and from 2.80% to 2.95% for the years ended December 31, 2024 and 2023, respectively | **1,434,379,523** | 1,376,814,596 |
| Malaysian Ringgit-denominated loans - unsecured with interest ranging from 3.87% to 4.13% for the year ended December 31, 2024 | **1,228,542,972** | – |
| | **₱12,662,922,495** | ₱16,516,814,596 |

Accrued interest payable on the Group's short-term debts amounted to ₱43.2 million and ₱119.2 million as of December 31, 2024 and 2023, respectively (see Note 18). Interest expense from the short-term debts amounted to ₱894.3 million, ₱744.4 million and ₱324.2 million for the years ended December 31, 2024, 2023, and 2022, respectively (see Note 27).

## 18. Accounts Payable and Other Accrued Liabilities

This account consists of:

| | 2024 | 2023 |
|---|---|---|
| Trade payables (Note 32) | **₱17,404,852,980** | ₱17,122,372,389 |
| Accrued expenses | **11,253,227,627** | 9,517,795,726 |
| Customers' deposits | **1,600,496,013** | 1,587,268,656 |
| Due to related parties (Note 32) | **614,004,861** | 568,396,994 |
| VAT payable | **491,095,775** | 401,972,940 |
| Advances from stockholders (Note 32) | **268,338,689** | 267,241,952 |
| Others | **261,990,827** | 188,742,702 |
| | **₱31,894,006,772** | ₱29,653,791,359 |

Trade payables are noninterest-bearing and are normally settled on 30-60 day terms. Trade payables mainly arise from purchases of inventories which include raw materials and indirect materials (i.e., packaging materials) and supplies, for use in manufacturing and other operations.

Customers' deposits represent downpayments for the sale of goods or performance of services which will be applied against accounts receivables upon delivery of goods or rendering of services.

The accrued expenses account consists of:

| | 2024 | 2023 |
|---|---|---|
| Advertising and promotions | **₱6,461,508,062** | ₱5,261,032,114 |
| Personnel costs | **1,642,583,941** | 1,363,131,965 |
| Freight and handling costs | **804,171,624** | 183,295,507 |
| Contracted services | **618,021,858** | 701,889,217 |
| Utilities | **318,090,300** | 302,925,758 |
| Rent | **307,978,606** | 334,371,515 |
| Professional and legal fees | **215,786,868** | 181,784,148 |
| Interest (Notes 10 and 17) | **57,839,833** | 135,180,599 |
| Others | **827,246,535** | 1,054,184,903 |
| | **₱11,253,227,627** | ₱9,517,795,726 |

Accrued professional and legal fees include fees or services rendered by third party consultants to review the Group's new business and channel entry opportunities within the food and beverage space to drive additional growth. The related expense recognized under 'Other income (losses) – net' in the 2024, 2023 and 2022 consolidated statements of income amounted to ₱18.8 million, ₱57.9 million and ₱43.2 million, respectively.

Others include accruals for taxes and licenses, commission, royalties, and other benefits.

## 19. **Equity**

The details of the Parent Company's common stock as of December 31 follow:

| | **2024** | 2023 |
|---|---|---|
| Authorized shares | **2,998,000,000** | 2,998,000,000 |
| Par value per share | **₱1.00** | ₱1.00 |
| Issued shares: | | |
| Balance at beginning and end of year | **2,230,160,190** | 2,230,160,190 |
| Outstanding shares | **2,149,196,818** | 2,177,422,968 |

The paid-up capital of the Parent Company consists of the following as of December 31, 2024 and 2023:

| | |
|---|---|
| Common stock | ₱2,230,160,190 |
| Additional paid-in capital | 21,191,974,542 |
| Total paid-up capital | ₱23,422,134,732 |

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a financial debt-to-equity ratio which is total financial debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity.

Following is a computation of the Group's financial debt-to-equity ratio:

| | **2024** | 2023 |
|---|---|---|
| (a) Short-term debts (Note 17) | **₱12,662,922,495** | ₱16,516,814,596 |
| Trust receipts payable (Note 10) | **7,951,200,072** | 10,172,836,289 |
| | **₱20,614,122,567** | ₱26,689,650,885 |
| (b) Equity | **₱121,239,861,694** | ₱118,491,863,152 |
| (c) Financial debt-to-equity ratio (a/b) | **0.17:1** | 0.23:1 |

The Group's policy is to not exceed a financial debt-to-equity ratio of 2:1. The Group considers its total equity as capital.

Cumulative Redeemable Preferred Shares
The Group's authorized preferred shares of stock are 12.00% cumulative, nonparticipating, and nonvoting. In case of dissolution and liquidation of the Parent Company, the holders of the preferred shares shall be entitled to be paid an amount equal to the par value of the shares or ratably insofar as the assets of the Parent Company may warrant, plus accrued and unpaid dividends thereon, if any, before the holders of the common shares of stock can be paid their liquidating dividends. The authorized preferred stock is 2,000,000 shares at par value of ₱1.00 per share. There have been no issuances of preferred stock as of December 31, 2024 and 2023.

Retained Earnings

*Accumulated equity in net earnings of the subsidiaries*

A portion of the Group's retained earnings corresponding to the undistributed net earnings of the subsidiaries and joint ventures amounting to ₱83.8 billion and ₱83.3 billion as of December 31, 2024 and 2023, respectively, is not available for dividend declaration. This becomes available for dividend declaration upon dividend distribution by the investees.

*Dividends*

Details of the Group's dividend declarations follow:

Parent Company

| Year | Date of declaration | Dividend per share | Total dividends | Date of record | Date of payment |
|---|---|---|---|---|---|
| **2024** | **August 2, 2024** | **₱1.90** | **₱4.1 billion** | **August 30, 2024** | **September 25, 2024** |
| **2024** | **March 14, 2024** | **₱1.90** | **₱4.1 billion** | **April 12, 2024** | **May 9, 2024** |
| 2023 | August 4, 2023 | ₱2.12 | ₱4.6 billion | September 1, 2023 | September 27, 2023 |
| 2023 | March 6, 2023 | ₱1.50 | ₱3.3 billion | March 31, 2023 | April 28, 2023 |
| 2022 | March 4, 2022 | ₱1.50 | ₱3.3 billion | April 3, 2022 | April 29, 2022 |
| 2022 | March 4, 2022 | ₱1.95 | ₱4.3 billion | April 3, 2022 | April 29, 2022 |

NURC

| Year | Date of declaration | Dividend per share | Total dividends | Date of record | Date of payment |
|---|---|---|---|---|---|
| **2024** | **June 5, 2024** | **₱1.06** | **₱200.0 million** | **December 31, 2023** | **September 30, 2024** |
| 2023 | July 20, 2023 | ₱5.53 | ₱1,045.0 million | December 31, 2022 | September 29, 2023 |
| 2022 | June 21, 2022 | ₱3.19 | ₱603.0 million | December 31, 2021 | September 30, 2022 |

The Group intends to maintain an annual cash dividend payment ratio of 50.0% of the Group's consolidated net income from the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. The BOD may, at any time, modify such dividend payment ratio.

Treasury Shares

The Parent Company has outstanding treasury shares of 81.0 million shares (₱6.5 billion) and 52.7 million shares (₱3.8 billion) as of December 31, 2024 and 2023, respectively, restricting the Parent Company from declaring an equivalent amount from unappropriated retained earnings as dividends.

Equity Reserve

In August 2012, the Parent Company acquired 23.0 million common shares of URCICL from International Horizons Investment Ltd for ₱7.2 billion. The acquisition of shares represented the remaining 23.00% interest in URCICL. As a result of the acquisition, the Parent Company now holds 100.00% interest in URCICL. The Group charged equity reserve from the acquisition amounting to about ₱5.6 billion presented under 'Equity reserve' in the consolidated statements of financial position.

In December 2014, URC entered into a share purchase agreement with Nissin Foods (Asia) Pte. Ltd. to sell 14.0% of its equity interest in NURC for a total consideration of ₱506.7 million. As a result of the sale, the equity interest of URC changed from 65.0% to 51.0%. The excess of the consideration received over the carrying amount of the equity transferred to NCI amounting to ₱481.1 million is presented under 'Equity reserve' in the consolidated statements of financial position.

In February 2022, URC Foods (Singapore) Pte. Ltd. acquired 23,805 common shares of PPICL from Hong Kong Peggy Foods Company Limited for ₱214.9 million. The acquisition of shares represented 100.00% interest in PPICL. The Group recorded equity reserve from the acquisition amounting to about ₱13.2 million presented under ‘Equity reserve’ in the consolidated statements of financial position.

In October 2023, UABCL acquired 2,000,000 common shares of URC Malaysia from a non-controlling interest for ₱0.4 million (MYR 36,000). The acquisition of additional shares resulted to an increase of the equity interest of URC from 91.5% to 95.6%. The Group charged equity reserve from the acquisition amounting to about ₱15.7 million presented under ‘Equity reserve’ in the consolidated statements of financial position.

Non-controlling Interest
The equity interest held by non-controlling interest in NURC, a subsidiary with material non-controlling interest, is 49.0% as of December 31, 2024 and 2023.

The summarized financial information (before inter-company eliminations) of NURC, a subsidiary with material non-controlling interest follows (in thousands):

| | **2024** | 2023 |
|---|---|---|
| Current assets | **₱4,892,427** | ₱2,750,445 |
| Noncurrent assets | **2,115,319** | 1,904,365 |
| Current liabilities | **3,950,515** | 2,733,488 |
| Noncurrent liabilities | **90,248** | 114,835 |
| Revenue | **11,706,119** | 10,169,120 |
| Costs and expenses | **9,938,251** | 8,524,454 |
| Net income | **1,363,759** | 1,234,847 |

The accumulated non-controlling interest of material non-controlling interest as of December 31, 2024 and 2023 amounted to ₱1.4 billion and ₱875.8 million, respectively.

The profit allocated to total non-controlling interest for the years ended December 31, 2024, 2023, and 2022, amounted to ₱692.1 million, ₱613.3 million, and ₱515.1 million, respectively.

Record of Registration of Securities with SEC

Summarized below is the Parent Company's track record of registration of securities under the Securities Registration Code:

| Date of offering | Type of offering | No. of shares offered | Par value | Offer price | Authorized number of shares | Issued and outstanding shares |
|---|---|---|---|---|---|---|
| February 17, 1994 | Registration of authorized capital stock | – | ₱1.00 | ₱– | 1,998,000,000 common shares<br>2,000,000 preferred shares | – |
| February 23, 1994 | Initial public offering | | | | | |
| | Subscribed and fully paid common shares | 929,890,908 | 1.00 | 1.00 | – | 929,890,908 |
| | New common shares | 309,963,636 | 1.00 | 21.06 | – | 309,963,636 |
| July 21, 1995 | 20.00% stock dividend | 247,970,907 | – | – | – | 247,970,907 |
| October 15, 2001 | 10.00% stock dividend | 148,782,542 | – | – | – | 148,782,542 |
| June 20, 2003 | Property-for-share swap [the Parent Company shares in exchange for property of Robinsons Supermarket Corporation (RSC)] | 49,871,556 | – | – | – | 49,871,556 |
| December 16, 2005 | Increase in authorized capital stock (payment by way of 15.00% stock dividend) | – | – | – | 1,000,000,000 common shares | 252,971,932 |

*(Forward)*

| Date of offering | Type of offering | No. of shares offered | Par value | Offer price | Authorized number of shares | Issued and outstanding shares |
|---|---|---|---|---|---|---|
| February 7, 2006 | New share offering for common shares: | | | | | |
| | a. Primary shares | 282,400,000 | ₱1.00 | ₱17.00 | – | 282,400,000 |
| | b. Secondary shares | 352,382,600 | | | | |
| | c. Over-allotment shares | 95,217,400 | | | | |
| November 14, 2007 to October 20, 2008 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (75,104,200) |
| April 21, 2009 | Issuance of shares to JGSHI | – | – | – | – | 5,787,452 |
| December 8, 2009 to January 27, 2011 | Acquisition of Parent Company's shares under the share buy-back Program | – | – | – | – | (91,032,800) |
| June 14, 2012 | Sale of treasury shares | – | – | – | – | 120,000,000 |
| September 30, 2016 | Sale of treasury shares | – | – | – | – | 22,659,935 |
| April 24, 2018 | Issuance of shares to stockholders | – | – | – | – | 2,521,257 |
| April 24, 2018 | Re-purchase of shares issued to stockholders | – | – | – | – | (2,521,257) |
| November 8, 2021 to December 13, 2021 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (3,178,490) |
| January 17, 2022 to August 22, 2022 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (22,475,760) |
| August 16, 2023 to December 22, 2023 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (1,084,650) |
| January 11, 2024 to December 12, 2024 | Acquisition of Parent Company's shares under the share buy-back program | – | – | – | – | (28,226,150) |
| | | | | | | 2,149,196,818 |

The table below provides information regarding the number of stockholders of the Parent Company:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Common shares | **986** | 995 | 996 |

## 20. Components of Other Comprehensive Income

The breakdown and movement of other comprehensive income attributable to equity holders of the Parent Company follow:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| *Items to be reclassified to profit or loss in subsequent periods, net of tax*: | | | |
| Cumulative translation adjustments* | | | |
| Balance at beginning of year | **₱4,101,683,755** | ₱5,290,601,426 | ₱3,417,686,647 |
| Adjustments | **1,001,783,070** | (1,187,909,063) | 1,872,914,779 |
| Acquisition of additional interest in a subsidiary | **–** | (1,008,608) | – |
| Balance at end of year | **₱5,103,466,825** | ₱4,101,683,755 | ₱5,290,601,426 |
| *Item not to be reclassified to profit or loss in subsequent periods*: | | | |
| Net unrealized gain on financial assets at FVOCI | | | |
| Balance at beginning of year | **99,510,000** | 84,360,000 | 59,510,000 |
| Change in fair value during the year (Note 16) | **40,350,000** | 15,150,000 | 24,850,000 |
| Balance at end of year | **139,860,000** | 99,510,000 | 84,360,000 |
| Remeasurement losses on defined benefit plans, gross of tax: | | | |
| Balance at beginning of year | **(665,072,020)** | (54,989,150) | (281,022,230) |
| Remeasurement gain (loss) on defined benefit plans during the year (Note 28) | **504,234,748** | (610,082,870) | 226,033,080 |
| Balance at end of year | **(160,837,272)** | (665,072,020) | (54,989,150) |
| Income tax effect | **40,208,605** | 166,267,291 | 13,746,573 |
| Balance at end of year | **(120,628,667)** | (498,804,729) | (41,242,577) |
| | **19,231,333** | (399,294,729) | 43,117,423 |
| | **₱5,122,698,158** | ₱3,702,389,026 | ₱5,333,718,849 |

**All movements in cumulative translation adjustments arise from translation of foreign operations. No foreign operations were disposed of in 2024, 2023 and 2022.*

The movement of other comprehensive income attributable to non-controlling interests follow:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| *Items to be reclassified to profit or loss in subsequent periods, net of tax*: | | | |
| Cumulative translation adjustments | **₱35,263,720** | (₱27,669,021) | ₱56,177,875 |
| *Item not to be reclassified to profit or loss in subsequent periods*: | | | |
| Remeasurement loss (gain) on defined benefit plans (Note 28) | **(2,133,026)** | (2,832,217) | 4,058,790 |
| Income tax effect | **533,257** | 708,053 | (1,014,699) |
| | **(1,599,769)** | (2,124,164) | 3,044,091 |
| | **₱33,663,951** | (₱29,793,185) | ₱59,221,966 |

## 21. Sale of Goods and Services/Cost of Sales

Sale of goods and services include revenue from tolling services amounting to ₱1.6 billion, ₱3.9 billion, and ₱2.9 billion for the years ended December 31, 2024, 2023, and 2022, respectively.

Cost of sales account consists of:

| | 2024 | 2023 (As Restated – Note 30) | 2022 (As Restated – Note 30) |
|---|---|---|---|
| Raw and packaging materials used | **₱82,344,236,761** | ₱93,999,719,731 | ₱84,149,715,266 |
| Direct labor | **5,486,625,949** | 5,101,956,265 | 5,563,999,642 |
| Overhead costs | **24,608,910,061** | 25,058,309,767 | 23,986,618,358 |
| Total manufacturing costs | **112,439,772,771** | 124,159,985,763 | 113,700,333,266 |
| Movement in goods in-process | **(76,070,989)** | 190,513,917 | (1,072,154,095) |
| Cost of goods manufactured | **112,363,701,782** | 124,350,499,680 | 112,628,179,171 |
| Movement in finished goods | **5,474,234,702** | (9,340,037,823) | (2,392,328,874) |
| | **₱117,837,936,484** | ₱115,010,461,857 | ₱110,235,850,297 |

Overhead costs are broken down as follows:

| | 2024 | 2023 (As restated – Note 30) | 2022 (As restated – Note 30) |
|---|---|---|---|
| Utilities | **₱9,559,773,180** | ₱9,346,187,009 | ₱9,380,073,735 |
| Depreciation and amortization (Note 24) | **4,180,537,786** | 5,530,763,815 | 5,309,052,420 |
| Repairs and maintenance | **3,730,908,354** | 3,537,965,837 | 3,350,332,678 |
| Personnel expenses (Note 25) | **3,496,289,718** | 3,186,094,018 | 2,936,990,400 |
| Security and other contracted services | **1,029,964,090** | 1,093,492,053 | 730,333,437 |
| Rental expense (Note 34) | **254,347,804** | 317,811,163 | 144,492,124 |
| Handling and delivery charges | **208,966,359** | 207,245,379 | 79,798,368 |
| Insurance | **185,159,059** | 147,926,491 | 126,706,180 |
| Research and development | **70,563,479** | 35,526,237 | 48,330,866 |
| Others | **1,892,400,232** | 1,655,297,765 | 1,880,508,150 |
| | **₱24,608,910,061** | ₱25,058,309,767 | ₱23,986,618,358 |

Others include excise taxes amounting to ₱1.5 billion for the years ended December 31, 2024, 2023, and 2022, respectively.

## 22. Selling and Distribution Costs

This account consists of:

| | 2024 | 2023 (As Restated – Note 30) | 2022 (As Restated – Note 30) |
|---|---|---|---|
| Freight and other selling expenses | **₱9,327,391,164** | ₱9,150,693,387 | ₱8,631,961,932 |
| Advertising and promotions | **8,929,813,192** | 7,862,297,695 | 7,055,168,849 |
| Personnel expenses (Note 25) | **2,358,363,763** | 2,054,325,448 | 1,942,982,864 |
| Depreciation and amortization (Note 24) | **373,057,014** | 406,561,310 | 238,669,977 |
| Rental expense (Note 34) | **368,919,215** | 288,696,457 | 121,200,581 |
| Repairs and maintenance | **207,347,473** | 166,565,240 | 157,235,466 |
| Others | **188,704,912** | 238,137,553 | 253,628,943 |
| | **₱21,753,596,733** | ₱20,167,277,090 | ₱18,400,848,612 |

Others include research and development, communication, travel and transportation, rent and concessionaire's fee.

## 23. General and Administrative Expenses

This account consists of:

| | 2024 | 2023 (As restated – Note 30) | 2022 (As restated – Note 30) |
|---|---|---|---|
| Personnel expenses (Note 25) | **₱2,869,781,371** | ₱2,880,557,367 | ₱2,647,645,786 |
| Security and contractual services | **553,796,275** | 369,193,709 | 333,872,305 |
| Repairs and maintenance | **424,808,384** | 542,768,986 | 532,813,295 |
| Depreciation and amortization (Note 24) | **415,111,992** | 424,001,934 | 695,376,444 |
| Miscellaneous expenses | **371,367,907** | 79,220,543 | 100,640,587 |
| Taxes, licenses and fees | **235,473,471** | 199,806,593 | 189,931,891 |
| Professional and legal fees | **142,194,605** | 173,522,796 | 144,064,011 |
| Travel and transportation | **105,898,933** | 101,636,990 | 123,778,104 |
| Communication | **89,436,897** | 68,150,153 | 90,956,840 |
| Rental expense (Note 34) | **45,704,098** | 16,112,259 | 83,500,972 |
| Utilities | **38,539,035** | 20,012,281 | 27,967,684 |
| Stationery and office supplies | **21,854,911** | 19,197,405 | 21,036,303 |
| Others | **309,704,205** | 291,648,142 | 262,843,411 |
| | **₱5,623,672,084** | ₱5,185,829,158 | ₱5,254,427,633 |

Others include insurance, memberships, bank charges, and representation and entertainment related to general and administrative functions.

## 24. Depreciation and Amortization

The breakdown of consolidated depreciation and amortization follows:

| | 2024 | 2023 (As restated – Note 30) | 2022 (As restated – Note 30) |
|---|---|---|---|
| Cost of sales (Notes 12, 21 and 34) | **₱4,180,537,786** | ₱5,530,763,815 | ₱5,309,052,420 |
| Selling and distribution costs (Notes 12, 22 and 34) | **373,057,014** | 406,561,310 | 238,669,977 |
| General and administrative expenses (Notes 12, 16, 23 and 34) | **415,111,992** | 424,001,934 | 695,376,444 |
| Discontinued operations (Notes 12, 14 and 30) | **18,813,228** | 41,767,708 | 45,153,859 |
| | **₱4,987,520,020** | ₱6,403,094,767 | ₱6,288,252,700 |

## 25. Personnel Expenses

This account consists of:

| | 2024 | 2023 (As restated – Note 30) | 2022 (As restated – Note 30) |
|---|---|---|---|
| Salaries and wages | **₱6,138,350,638** | ₱5,652,580,726 | ₱5,395,676,872 |
| Other employee benefits | **2,283,420,026** | 2,237,616,532 | 1,890,206,614 |
| Pension expense (Note 28) | **302,664,188** | 230,779,575 | 241,735,564 |
| | **₱8,724,434,852** | ₱8,120,976,833 | ₱7,527,619,050 |

The breakdown of personnel expenses follows:

| | 2024 | 2023 (As Restated – Note 30) | 2022 (As Restated – Note 30) |
|---|---|---|---|
| Cost of sales (Note 21) | **₱3,496,289,718** | ₱3,186,094,018 | ₱2,936,990,400 |
| Selling and distribution costs (Note 22) | **2,358,363,763** | 2,054,325,448 | 1,942,982,864 |
| General and administrative expenses (Note 23) | **2,869,781,371** | 2,880,557,367 | 2,647,645,786 |
| | **₱8,724,434,852** | ₱8,120,976,833 | ₱7,527,619,050 |

Personnel expenses exclude ‘Salaries and Wages’ for direct labor amounting to ₱5.4 billion, ₱5.1 billion and ₱5.6 billion in 2024, 2023 and 2022, respectively, recorded under ‘Cost of Sales’.

## 26. Finance Revenue

This account consists of:

| | 2024 | 2023 (As Restated – Note 30) | 2022 (As Restated – Note 30) |
|---|---|---|---|
| Bank interest income (Notes 7 and 30) | **₱315,910,082** | ₱240,795,929 | ₱192,781,407 |
| Dividend income (Note 8) | **48,454,304** | 64,605,739 | 80,757,174 |
| Interest income from financial assets at FVTPL | **–** | 5,798,206 | – |
| | **₱364,364,386** | ₱311,199,874 | ₱273,538,581 |

## 27. Finance Costs

This account consists of finance costs arising from:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Short-term debts (Note 17) | **₱894,256,129** | ₱744,405,338 | ₱324,236,395 |
| Trust receipts (Note 10) | **541,536,262** | 677,369,640 | 266,115,272 |
| Interest expense on lease liabilities (Note 34) | **108,558,210** | 117,107,665 | 189,697,980 |
| Net interest on net pension liability (Note 28) | **86,278,460** | 41,940,792 | 25,086,626 |
| Others | **5,403,922** | 7,006,322 | 1,038,792 |
| | **₱1,636,032,983** | ₱1,587,829,757 | ₱806,175,065 |

28. **Pension Costs**

The Group has a funded, noncontributory defined benefit retirement plan covering all its employees. The pension funds are being administered and managed through JG Summit Multi-Employer Retirement Plan, with BPI Asset Management and Trust Corporation (BPI AMTC) as Trustee, following the merger of Robinsons Bank Corporation (previous Trustee) and Bank of the Philippine Islands effective January 1, 2024. The plan provides for retirement, separation, disability and death benefits to its members. The Group, however, reserves the right to discontinue, suspend or change the rates and amounts of its contributions at any time on account of business necessity or adverse economic conditions. The retirement plan has an Executive Retirement Committee that is mandated to approve the plan, trust agreement, investment plan, including any amendments or modifications thereto, and other activities of the Plan. Certain members of the BOD of the Ultimate Parent Company are represented in the Executive Retirement Committee. BPI AMTC manages the funds based on the mandate as defined in the trust agreement.

Under the existing regulatory framework, RA 7641, *the Philippine Retirement Pay Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under law. The law does not require minimum funding of the plan. The Parent Company and all of its subsidiaries meet the minimum retirement benefit under RA 7641.

As of December 31, 2024 and 2023, the Group recognized net pension liability amounting to ₱1.2 billion and ₱1.3 billion, respectively.

Changes in net defined benefit liability of funded funds and fair value of plan assets of the Group are as follows:

**2024**

| | | Net benefit cost in consolidated statements of income | | | | Remeasurements in other comprehensive income (Note 20) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | **January1, 2024** | **Current service cost (Note 25)** | **Finance cost (Note 27)** | **Subtotal** | **Benefits paid** | **Return on plan assets (excluding amount included in net interest cost)** | **Actuarial changes arising from changes in experience adjustments** | **Actuarial changes arising from demographic assumptions** | **Actuarial changes arising from changes in financial assumptions** | **Subtotal** | **December 31, 2024** |
| **Present value of defined benefit obligation** | **₱3,346,821,570** | **₱302,664,188** | **₱204,498,892** | **₱507,163,080** | **(₱213,191,322)** | **₱–** | **(₱280,114,348)** | **₱11,291,859** | **(₱58,382,048)** | **(₱327,204,537)** | **₱3,313,588,791** |
| **Fair value of plan assets** | **(2,041,449,422)** | **–** | **(118,220,432)** | **(118,220,432)** | **213,191,322** | **(174,897,185)** | **–** | **–** | **–** | **(174,897,185)** | **(2,121,375,717)** |
| | **₱1,305,372,148** | **₱302,664,188** | **₱86,278,460** | **₱388,942,648** | **₱–** | **(₱174,897,185)** | **(₱280,114,348)** | **₱11,291,859** | **(₱58,382,048)** | **(₱502,101,722)** | **₱1,192,213,074** |

2023

| | | Net benefit cost in consolidated statements of income | | | | Remeasurements in other comprehensive income (Note 20) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | January 1, 2023 | Current service cost (Note 25) | Finance cost (Note 27) | Subtotal | Benefits paid | Return on plan assets (excluding amount included in net interest cost) | Actuarial changes arising from changes in experience adjustments | Actuarial changes arising from demographic assumptions | Actuarial changes arising from changes in financial assumptions | Subtotal | December 31, 2023 |
| Present value of defined benefit obligation | ₱2,644,170,500 | ₱230,779,575 | ₱192,237,713 | ₱423,017,288 | (₱314,173,986) | ₱– | ₱246,102,156 | (₱26,784,963) | ₱374,490,575 | ₱593,807,768 | ₱3,346,821,570 |
| Fair value of plan assets | (2,224,433,806) | – | (150,296,921) | (150,296,921) | 314,173,986 | 19,107,319 | – | – | – | 19,107,319 | (2,041,449,422) |
| | ₱419,736,694 | ₱230,779,575 | ₱41,940,792 | ₱272,720,367 | ₱– | ₱19,107,319 | ₱246,102,156 | (₱26,784,963) | ₱374,490,575 | ₱612,915,087 | ₱1,305,372,148 |

The fair values of net plan assets of the Group by class as at the end of the reporting period are as follows:

| | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents (Note 32) | **₱158,135,725** | ₱176,852,438 |
| Financial assets at FVOCI | **860,807** | 46,833,611 |
| Financial assets at FVTPL | **506,905,872** | 136,155,749 |
| Held to collect | **971,202** | 211,275,401 |
| Unit Investment Trust Fund (UITF) | **1,631,740,212** | 1,541,496,051 |
| Interest receivable | **2,307,386** | 7,671,554 |
| Prepaid tax | **595** | 595 |
| Land | **143,201,000** | 143,201,000 |
| | **2,444,122,799** | 2,263,486,399 |
| **Liabilities** | | |
| Accounts payable, accrued trust and management fees | **1,294,246** | 49,840 |
| Due to Universal Robina Corporation | **321,452,836** | 221,987,137 |
| | **₱2,121,375,717** | ₱2,041,449,422 |

The costs of defined benefit pension plan as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension for defined benefit plans are as follows:

| | Parent Company | | NURC | |
|---|---|---|---|---|
| | **December 31, 2024** | December 31, 2023 | **December 31, 2024** | December 31, 2023 |
| Discount rate | **6.10%** | 6.11% | **6.10%** | 6.12% |
| Salary increase | **5.50%** | 5.70% | **5.50%** | 5.70% |

| | Parent Company | | NURC | |
|---|---|---|---|---|
| | **January 1, 2024** | January 1, 2023 | **January 1, 2024** | January 1, 2023 |
| Discount rate | **6.11%** | 7.27% | **6.12%** | 7.28% |
| Salary increase | **5.70%** | 5.50% | **5.70%** | 5.50% |

The overall expected rate of return on assets is determined based on the market expectation prevailing on that date, applicable to the period over which the obligation is to be settled.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the reporting period, assuming all other assumptions were held constant:

| | | Parent Company | | NURC | |
|---|---|---|---|---|---|
| | Increase (Decrease) | **2024** | 2023 | **2024** | 2023 |
| Discount rate | 1.00% | **(₱273,895,927)** | (₱275,512,016) | **(₱6,858,334)** | (₱6,287,793) |
| | (1.00%) | **318,258,156** | 320,002,031 | **7,985,965** | 7,338,968 |
| Salary increase | 1.00% | **₱316,968,568** | ₱318,093,773 | **₱7,953,576** | ₱7,295,826 |
| | (1.00%) | **(277,786,702)** | (278,955,603) | **(6,955,666)** | (6,366,778) |

The Group expects to contribute ₱295.9 million in the pension fund in 2025.

Shown below is the maturity analysis of the Group's expected (undiscounted) benefit payments:

| | 2024 | 2023 |
|---|---|---|
| Less than one year | **₱221,693,894** | ₱257,664,019 |
| More than one year to five years | **1,221,844,519** | 1,220,507,774 |
| More than five years to 10 years | **2,289,442,798** | 2,291,891,965 |
| More than 10 years to 15 years | **2,664,148,592** | 2,780,080,896 |
| More than 15 years to 20 years | **3,314,485,726** | 3,381,469,664 |
| More than 20 years | **8,050,642,611** | 8,056,787,071 |

Shown below is the average duration of the defined benefit obligation at the end of the reporting period:

| | 2024 | 2023 |
|---|---|---|
| | (Years) | |
| Parent Company | **9** | 9 |
| NURC | **8** | 8 |

## 29. Income Taxes

Provision for income tax consists of:

| | 2024 | 2023 (As restated – Note 30) | 2022 (As restated – Note 30) |
|---|---|---|---|
| Current | **₱3,685,863,955** | ₱3,252,575,152 | ₱2,941,581,158 |
| Deferred | **(627,901,697)** | (275,753,927) | 53,181,603 |
| | **₱3,057,962,258** | ₱2,976,821,225 | ₱2,994,762,761 |

Components of the Group's net deferred tax assets and liabilities follow:

| | Net deferred tax assets | | Net deferred tax liabilities | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Deferred tax assets on: | | | | |
| Pension liabilities | **₱285,147,252** | ₱315,286,071 | **₱–** | ₱– |
| Accrued expenses | **321,856,813** | 214,287,867 | **262,193,248** | 361,951,293 |
| Lease liabilities | **591,096,328** | 527,840,893 | **6,014,149** | 9,124,043 |
| Impairment losses on trade receivables and property and equipment | **188,655,479** | 174,966,443 | **7,606,947** | 3,441,568 |
| Inventory write-downs | **120,618,391** | 96,532,565 | **–** | 2,026,484 |
| NOLCO | **259,655,988** | 138,206,779 | **–** | – |
| Others | **12,505,349** | – | **41,835,430** | – |
| | **1,779,535,600** | 1,467,120,618 | **317,649,774** | 376,543,388 |
| Deferred tax liabilities on: | | | | |
| ROU assets | **456,918,201** | 403,808,484 | 25,332,521 | 8,784,989 |
| Gain arising from changes in fair value less estimated point-of-sale costs of swine stocks | **3,902,183** | 1,658,136 | **–** | – |
| Accelerated depreciation | **–** | – | **277,627,343** | 523,699,019 |
| Intangibles | **–** | – | **1,052,702,987** | 981,975,745 |
| Undistributed income of subsidiaries | **–** | – | **869,472,418** | 923,275,657 |
| Accrued revenue | **2,601,020** | 6,586,472 | **–** | – |
| Net unrealized foreign exchange gain | **27,819,499** | 26,995,159 | **–** | – |
| Others | **–** | 59,055,165 | **–** | 63,065,587 |
| | **491,240,903** | 498,103,416 | **2,225,135,269** | 2,500,800,997 |
| Net deferred tax assets (liabilities) | **₱1,288,294,697** | ₱969,017,202 | **(₱1,907,485,495)** | (₱2,124,257,609) |

As of December 31, 2024 and 2023, the Group's subsidiaries did not recognize deferred tax assets amounting to ₱319.1 million and ₱624.5 million, respectively, since management believes that future taxable income will not be available to allow all or part of the deferred tax assets to be utilized. The unrecognized deferred tax assets consist mainly of unutilized losses.

The balance of NOLCO with its corresponding year of expiry are as follows:

Indonesia

| Year Incurred | Amount | Used | Expired | Balance | Expiry Year |
|---|---|---|---|---|---|
| 2018 | ₱21,199,710 | ₱– | ₱– | ₱21,199,710 | 2023 |
| 2019 | 709,400 | – | – | 709,400 | 2024 |
| 2020 | 71,510,110 | – | – | 71,510,110 | 2025 |
| 2021 | 15,277,495 | – | – | 15,277,495 | 2026 |
| 2022 | 144,224,898 | – | – | 144,224,898 | 2027 |
| | ₱252,921,613 | ₱– | ₱– | ₱252,921,613 | |

Hong Kong

| Year Incurred | Amount | Used | Expired | Balance | Expiry Year |
|---|---|---|---|---|---|
| 2021 | ₱2,152,508 | ₱164,720 | ₱– | ₱1,987,788 | No expiration |
| 2022 | 1,621,963 | – | – | 1,621,963 | No expiration |
| 2024 | 3,124,626 | – | – | 3,124,626 | No expiration |
| | ₱6,899,097 | ₱164,720 | ₱– | ₱6,734,377 | |

Reconciliation between the Group's statutory income tax rate and the effective income tax rate for continuing operations follows:

| | **December 31, 2024** | December 31, 2023 (As restated – Note 30) | December 31, 2022 (As restated – Note 30) |
|---|---|---|---|
| Statutory income tax rate | **25.00%** | 25.00% | 25.00% |
| Increase (decrease) in tax rate resulting from: | | | |
| Net income of subsidiaries with different tax rate | **(4.00)** | (4.51) | (9.17) |
| Income subject to lower tax rate | **(0.90)** | (1.20) | (0.93) |
| Equity in net income of a joint venture | **0.23** | 0.46 | 0.54 |
| Change in value of financial assets at FVTPL | **(0.21)** | (0.27) | (0.10) |
| Income exempt from tax | **(0.06)** | (0.01) | (0.06) |
| Interest income subjected to final tax | **(0.19)** | (0.09) | (0.04) |
| Nondeductible interest expense | **0.04** | 0.14 | 0.03 |
| Others | **(0.58)** | (0.56) | 1.90 |
| Effective income tax rate | **19.33%** | 18.96% | 17.17% |

Under Philippine tax laws, the Group is subject to income taxes, as well as other taxes. Other taxes paid consist principally of documentary stamp taxes, real estate taxes and municipal taxes.

Entertainment, Amusement and Recreation (EAR) Expenses

Current tax regulations define expenses to be classified as EAR expenses and set a limit for the amount that is deductible for tax purposes. EAR expenses are limited to 0.5% of net sales for sellers of goods or properties or 1.0% of net revenue for sellers of services. For sellers of both goods or properties and services, an apportionment formula is used in determining the ceiling on such expenses. The Group recognized EAR expenses (included under 'General and administrative expenses' in the consolidated statements of income) amounting to ₱69.3 million, ₱75.4 million, and ₱40.6 million for the years ended December 31, 2024, 2023, and 2022, respectively.

MCIT
An MCIT on modified gross income is computed and compared with the RCIT. Any excess of the MCIT over RCIT is deferred and can be used as a tax credit against future income tax liability for the next three years.

## 30. Discontinued Operations

*Cessation of China businesses*
In June 2024, several China entities ceased operations and abandoned their business activities.

PFRS 5 requires income and expenses from disposal groups to be presented separately from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the consolidated statements of income. Accordingly, the consolidated statements of income for the years ended December 31, 2023 and 2022 have been restated to present the results of operations of China as 'Net income or loss after tax from discontinued operations.'

The assets and liabilities of these entities as of December 31, 2024 remained in the consolidated statements of financial position. Management has assessed the carrying amounts of the assets and liabilities of the discontinued operations. An impairment loss on property, plant and equipment of ₱316.9 million has been recognized under 'Net income or loss after tax from discontinued operations' in the consolidated statements of income.

The results of operations of China in the consolidated statements of income are presented below:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Sale of goods and services | **₱227,019,552** | ₱614,528,835 | ₱779,696,483 |
| Cost of sales | **116,446,593** | 348,693,872 | 450,613,778 |
| Gross profit | **110,572,959** | 265,834,963 | 329,082,705 |
| Selling and distribution costs | **72,417,519** | 174,684,757 | 207,971,659 |
| General and administrative expenses | **98,229,411** | 127,534,369 | 130,327,502 |
| Operating loss | **(60,073,971)** | (36,384,163) | (9,216,456) |
| Impairment loss | **(316,867,584)** | – | – |
| Finance revenue | **11,643,528** | 18,838,452 | 21,479,686 |
| Net foreign exchange gains | **3,708,501** | 2,737,379 | 10,248,737 |
| Other income (losses) - net | **(42,922,374)** | 103,257 | 4,858,672 |
| Income (loss) before income tax | **(404,511,900)** | (14,705,075) | 27,370,639 |
| Provision for income tax | **1,037,237** | 3,346,544 | 5,435,270 |
| Net income (loss) after tax from discontinued operations | **(₱405,549,137)** | (₱18,051,619) | ₱21,935,369 |
| Earnings (loss) per share | **(₱0.19)** | (₱0.01) | ₱0.01 |

The related cash flows arising from China business activities for the year ended December 31, 2024 follow:

| | |
|---|---|
| Net cash used in operating activities | (₱274,690,209) |
| Net cash provided by investing activities | 2,729,127 |
| Net cash provided by financing activities | – |
| Cash flows used in discontinued operations | (₱271,961,082) |

## 31. Earnings Per Share

The following reflects the income and share data used in the basic/dilutive EPS computations:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Net income attributable to equity holders of the parent | **₱11,661,557,770** | ₱12,091,292,370 | ₱13,956,141,883 |
| Weighted average number of common shares | **2,165,236,219** | 2,178,351,440 | 2,185,417,208 |
| Basic/dilutive EPS | **₱5.39** | ₱5.55 | ₱6.39 |

The weighted average number of common shares excludes the treasury shares. There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated financial statements.

There were no potential dilutive shares for the years ended December 31, 2024, 2023, and 2022.

## 32. Related Party Transactions

The Group, in the regular conduct of its business, has entered into transactions with JGSHI, its ultimate parent, and other related parties principally consisting of sales, purchases, advances and reimbursement of expenses, leases and, management and administrative service agreements. Transactions with related parties are generally settled in cash.

Intercompany transactions with subsidiaries are eliminated in the accompanying consolidated financial statements. Details of related party transactions are as follows:

| | | | December 31, 2024 | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Related Party** | **Category/ Transaction** | **Amount/ Volume** | **Cash and Cash Equivalents** (Note 7) | **Lease Liability** (Note 34) | **Trade Receivable (Payable) - net** (Notes 9 and 18) | **Non-trade Receivable (Payable) - net** (Notes 9 and 18) | **Terms** | **Conditions** |
| **Ultimate Parent Company** | Rental expense | **₱152,739,772** | **₱–** | **₱198,677,387** | **₱–** | **₱–** | | |
| | Management services | **155,255,929** | – | – | **(33,232,622)** | **655,756,573** | On demand | Unsecured |
| **Entities under common control** | | | | | | | | |
| Due from related parties | Management services | **1,762,494,807** | – | – | **129,761,054** | **1,651,494,847** | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | **43,449,148** | – | – | **10,652,229** | **327,421,264** | On demand; non-interest bearing | Unsecured; no impairment |
| | Advances | – | – | – | – | **227,500,854** | On demand; non-interest bearing | Unsecured; no impairment |
| | Sale of goods | – | – | – | **358,115** | – | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Rental expense | **300,961,157** | – | **158,933,212** | – | **(41,860,845)** | On demand | Unsecured |
| | Purchases | **3,670,668,639** | – | – | **(345,109,440)** | **(104,965,070)** | On demand | Unsecured |
| | Contracted services | **232,496,767** | – | – | – | **(24,200)** | On demand | Unsecured |
| **Joint Venture** | | | | | | | | |
| Due from related parties | Sale of goods | **202,606,082** | – | – | – | – | | |
| | Management services | **553,087,880** | – | – | **1,231,205,388** | **63,068,804** | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | **23,546,567** | – | – | – | – | | |
| Due to related parties | Purchases | **1,300,941,067** | – | – | **(100,000,000)** | **(437,438,599)** | 1 to 30 days; non-interest bearing | Unsecured |

| | | | December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|---|---|
| Related Party | Category/ Transaction | Amount/ Volume | Cash and Cash Equivalents (Note 7) | Lease Liability (Note 34) | Trade Receivable (Payable) - net (Notes 9 and 18) | Non-trade Receivable (Payable) - net (Notes 9 and 18) | Terms | Conditions |
| Ultimate Parent Company | Rental expense | ₱117,630,799 | ₱– | (₱550,008,074) | ₱– | ₱34,814,238 | On demand | Unsecured |
| | Management services | 69,608,176 | – | – | (57,173,992) | 66,885,524 | On demand | Unsecured |
| | Advances | 37,992,715 | – | – | 1,739,838 | 587,506,134 | On demand | Unsecured |
| Entities under common control | | | | | | | | |
| Due from related parties | Sale of goods | 802,753,828 | – | – | – | – | On demand; non-interest bearing | Unsecured; no impairment |
| | Management services | 133,025,261 | – | – | 146,099,493 | 1,055,986,365 | On demand; non-interest bearing | Unsecured; no impairment |
| | Advances | 2,024,488 | – | – | – | 247,587,622 | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Rental expense | 216,423,873 | – | (1,270,034,354) | – | – | On demand | Unsecured |
| | Purchases | 3,661,596 | – | – | (282,743,497) | (695,471,094) | On demand | Unsecured |
| | Electricity and utilities | 66,056,006 | – | – | – | – | On demand | Unsecured |
| | Contracted services | 160,432,958 | – | – | – | – | On demand | Unsecured |
| Cash and cash equivalents | Cash in bank | (975,852,652) | 2,295,984,877 | – | – | – | Interest-bearing at prevailing market rate; due and demandable | Unsecured; no impairment |
| | Short-term investments | (156,725,733) | 660,669,978 | – | – | – | Interest-bearing at prevailing market rate; due from 30 to 32 days; with interest of 3.4% | Unsecured; no impairment |
| | Interest income | 31,678,608 | – | – | – | – | Due from 30 to 70 days | Unsecured |
| Joint Venture | | | | | | | | |
| Due from related parties | Sale of goods | 9,018,919 | – | – | 1,312,153,118 | 197,495,837 | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | 11,658,711 | – | – | – | – | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Purchases | 109,699,142 | – | – | – | (506,874,778) | 1 to 30 days; non-interest bearing | Unsecured |

| Related Party | Category/ Transaction | Amount/ Volume | Cash and Cash Equivalents (Note 7) | Lease Liability (Note 34) | Trade Receivable (Payable) - net (Notes 9 and 18) | Non-trade Receivable (Payable) - net (Notes 9 and 18) | Terms | Conditions |
|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2022 | | | | |
| Ultimate Parent Company | Rental expense | ₱134,023,567 | ₱– | (₱637,984,654) | ₱– | (₱1,695,832) | On demand | Unsecured |
| | Management services | 188,151,605 | – | – | – | (12,293,950) | On demand | Unsecured |
| | Advances | 520,713,170 | – | – | – | 583,283,379 | On demand | Unsecured |
| Entities under common control | | | | | | | | |
| Due from related parties | Sale of property | 3,303,354,600 | – | – | – | 2,383,354,600 | Payable until 2023 | Unsecured; no impairment |
| | Sale of goods | 1,288,787,045 | – | – | 166,329,194 | – | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | 44,670,092 | – | – | – | 40,752,773 | On demand; non-interest bearing | Unsecured; no impairment |
| | Management services | 331,276,803 | – | – | (44,102,715) | 771,071,003 | On demand; non-interest bearing | Unsecured; no impairment |
| | Advances | 102,523,371 | – | – | – | 655,700,729 | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Rental expense | 352,821,049 | – | (1,288,505,152) | – | (90,688,462) | On demand | Unsecured |
| | Purchases | 1,266,873,883 | – | – | (6,526,298) | (56,894,020) | On demand | Unsecured |
| | Electricity and utilities | 144,926,143 | – | – | – | (24,128,321) | On demand | Unsecured |
| | Contracted services | 155,690,895 | – | – | – | (79,039,936) | On demand | Unsecured |
| Cash and cash equivalents | Cash in bank | (893,393,503) | 3,271,837,529 | – | – | – | Interest-bearing at prevailing market rate; due and demandable | Unsecured; no impairment |
| | Short-term investments | (882,151,142) | 817,395,711 | – | – | – | Interest-bearing at prevailing market rate; due from 30 to 70 days; with interest of 3.4% to 4.6% | Unsecured; no impairment |
| | Interest income | 18,092,887 | – | – | 4,456,210 | – | Due from 30 to 70 days | Unsecured |
| Joint Venture | | | | | | | | |
| Due from related parties | Sale of goods | 62,161,426 | – | – | 52,052,816 | – | On demand; non-interest bearing | Unsecured; no impairment |
| | Rental income | 11,208,733 | – | – | – | 739,234,216 | On demand; non-interest bearing | Unsecured; no impairment |
| Due to related parties | Purchases | 738,296,411 | – | – | (192,058,291) | – | 1 to 30 days; non-interest bearing | Unsecured |

The Group maintains savings and current accounts and time deposits with an entity under common control which is a local commercial bank. Cash and cash equivalents earn interest at the prevailing bank deposit rates. As of December 31, 2024, this local commercial bank is no longer a related party.

As of December 31, 2024 and 2023, the Group has advances from stockholders amounting to ₱268.3 million and ₱267.2 million, respectively (see Note 18). These advances are non-interest bearing and payable on demand.

*Transactions with the retirement plan*
The Parent Company entered into an agreement to lease the land of the retirement plan for a period of one (1) year, renewable annually. Rentals incurred amounted to ₱25.3 million for the years ended December 31, 2024 and 2023. Terms are unsecured, noninterest-bearing and payable on demand.

Compensation of Key Management Personnel
The compensation of the Group's key management personnel by benefit type follows:

| | 2024 | 2023 (As restated – Note 30) | 2022 (As restated – Note 30) |
|---|---|---|---|
| Short-term employee benefits | **₱226,961,724** | ₱196,586,183 | ₱169,695,891 |
| Post-employment benefits | **192,738,441** | 143,395,882 | 136,134,954 |
| | **₱419,700,165** | ₱339,982,065 | ₱305,830,845 |

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plans.

*Approval Requirements and Limits on the Amount and Extent of Related Party Transactions*
Material related party transactions (MRPT) refers to any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual MRPT's shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

## 33. Registration with the BOI

Certain operations of the Parent Company are registered with the BOI as preferred pioneer and non-pioneer activities. As a registered enterprise, the Parent Company is subject to some requirements and is entitled to certain tax and non-tax incentives which are considered in the computation of the provision for income tax.

Sugar Millsite - Balayan
On September 8, 2017, Sugar Millsite - Balayan was registered with the BOI as an expanding producer of raw sugar and its by-product (molasses).

Under the terms of the registration and subject to certain requirements, Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from November 2018 (as an expanding producer of raw sugar and its by-product) or actual start of commercial operation, whichever is earlier but in no case be earlier than the date of registration; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under EO No. 22 and its Implementing Rules and Regulations. Only equipment directly needed and exclusively use in its operation shall be entitled to capital equipment incentives; (c) additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (d) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (e) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; and (f) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

The said expansion started commercial operation early of 2019.

Sugar Millsite – URSUMCO
On April 29, 2021, Sugar Millsite - URSUMCO was registered with the BOI as an expanding producer of refined sugar and its by-product (molasses).

Under the terms of the registration and subject to certain requirements, Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of three (3) years from April 2021 (as an expanding producer of refined sugar and its by-product) or actual start of commercial operation, whichever is earlier but availment shall in no case be earlier that the date of registration; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under EO No. 85 and its Implementing Rules and Regulations. Only capital equipment, spare parts and accessories directly needed and exclusively use in its operation shall be entitled zero (0) duty; (c) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (d) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (e) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (f) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (g) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (h) access to Custom Bonded Manufacturing Warehouse (CBMW) subject to Custom rules and regulations; (i) tax and duty exemption on imported breeding stocks and genetic materials within ten (10) years from date of registration; and (j) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from date of registration.

The said expansion started commercial operation on April 1, 2021. For calendar year 2024 and 2023, URSUMCO did not meet baseline figures for sales volume; hence not qualified to avail ITH benefits.

Cogeneration
On September 26, 2014, Cogeneration was registered with the BOI as a Renewable Energy (RE) developer of Bagasse-fired power plant.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years reckoned from the state at which the RE Plant generated the first kilowatt-hour of energy after commissioning or testing, or two (2) months from date of commissioning or testing, whichever is earlier, as certified by Department of Energy (DOE); (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; within the first ten (10) years from the issuance of the DOE certificate of registration; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the National Internal Revenue Code (NIRC) for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

<u>Liquefied Carbon Dioxide (LCO2)</u>
On May 16, 2023, the Parent Company was registered with the BOI as a new domestic producer of LCO2.

Under the general terms and conditions of the registration, the Parent Company is eligible to the grant of the following incentives under Tier I of R.A. No. 11534: (a) Income Tax Holiday (ITH) for six (6) years from October 2023 or actual start of commercial operations, whichever is earlier but availment shall be in no case earlier than the date of registration; (b) after ITH, enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, raw materials, spare parts and accessories for a maximum of twelve (12) years.

<u>Distillery</u>
*Producer of bioethanol (anhydrous) under RA 9513*
On September 30, 2020, the Parent Company took over the operations of the Distillery from Roxol Bioenergy Corporation (RBC) after executing a Deed of Sale on the purchase of RBC's land and assets. The Distillery operations was registered with the BOI on October 24, 2008 as new producer of bioethanol (anhydrous) and potable (hydrous) ethanol under E.O. 226.

Per BOI letter dated October 22, 2014, the BOI registration as new producer of bioethanol (anhydrous) was transferred from E.O. 226 to R.A. 9513 (Renewable Energy Act of 2008) subject to new terms and conditions.

On February 24, 2021, the Certificate of Accreditation No. DOE-COA-2021-BE003A and Certificate of Registration No. RE-B2013-11-077A were both awarded by the Department of Energy (DOE) to the Parent Company. In addition, on March 24, 2021, the DOE issued a letter of endorsement to the

BIR in relation to the Parent Company's application of 10% Corporate Tax Rate for income generated from the Distillery operations.

Under the new terms of the registration under RA 9513, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for seven (7) years reckoned from the date of actual commercial operations, as certified by the DOE; (b) duty-free importation of RE machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of BOI certificate of registration or until October 23, 2018; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery; (e) the NOLCO during the first three years from the start of commercial operation shall be carried over as deduction from the gross income as defined in the NIRC for the next seven consecutive taxable years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of power generated by the enterprise as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) the enterprise may be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge of power needed to service missionary areas, chargeable against the universal charge for missionary electrification; (j) tax credit equivalent to 100.0% of the value of VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

*Renewable energy developer of biomass resources*
On August 28, 2013, Distillery was registered with the BOI as a manufacturer of bio-ethanol (fuel grade ethanol).

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of seven (7) years from March 2014 or date of commissioning, whichever is earlier; (b) duty-free importation of RE machinery, equipment, and materials including control and communication equipment; within the first ten (10) years from the issuance of the BOI certificate of registration; (c) tax exemption of carbon credits; (d) special realty tax rates on equipment and machinery, (e) NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined in the NIRC for the next seven (7) years immediately following the year of such loss; (f) after availment of the ITH, the enterprise shall pay a corporate tax of 10% on its taxable income as defined in the NIRC, provided that it shall pass on the savings to the end users in the form of lower power rates; (g) the plant, machinery, and equipment that are reasonably needed and actually used for the exploration, development, and utilization of RE resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH; (h) the sale of fuel or power generated by the enterprise from renewable sources of energy such as biomass as well as its purchases of local supply of goods, properties, and services needed for the development, construction, and installation of its plant facilities, and the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent VAT pursuant to NIRC; (i) tax credit equivalent to 100% of the value of VAT and custom duties that would have been paid on the purchase of RE machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

Robina Farms (RF) - Hogs
*Producer of processed meat products*
On October 28, 2019, RF - Hogs was registered with the BOI as a new producer of processed meat products, with a non-pioneer status.

Under the terms of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) ITH for a period of four (4) years from October 2019 or actual start of commercial operations, whichever is earlier, but availment shall not be earlier than the date of registration. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from registered project. The enterprise can avail of bonus year subject to certain terms and conditions provided that the aggregate ITH availment (regular and bonus years) shall not exceed eight (8) years. The ITH bonus year shall not be applicable to expansion and modernization project; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under Executive Order No. 85 and its Implementing Rules and Regulation; (c) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with CBMW exporting at least seventy percent (70%) of production; (d) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board. This may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (e) importation of consigned equipment for a period of ten (10) years from date of registration subject to posting of re-export bond; (f) employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (g) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (h) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (i) access to CBMW subject to the Customs rules and regulations; (j) tax and duty exemption on imported breeding stocks and genetic materials within ten (10) years from the date of registration; and (k) tax credit on tax and duty portion of domestic breeding stocks and genetic materials within ten (10) years from date of registration.

URC Flour

On December 5, 2018, URC Flour Davao was registered with the BOI, under Certificate of Registration no. 2018-255, as an expanding producer of flour with a non-pioneer status.

Under the general terms and conditions of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) Income Tax Holiday (ITH) for a period of three (3) years from July 2019 or actual start of commercial operations, whichever is earlier, but availment shall not be earlier than the date of registration. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the registered project; (b) importation of capital equipment, spare parts and accessories at zero (0) duty under Executive Order No. 57 and its Implementing Rules and Regulations; (c) exemption from taxes and duties on imported spare parts and consumable supplies for export producers with Customs Bonded Manufacturing Warehouse (CBMW) exporting at least seventy percent (70%) of production; (d) additional deduction for labor expense for a period of five (5) years from registration an amount equivalent to fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availment as against the previous year, if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board and, may be availed of for the first five (5) years from the date of registration but not simultaneously with ITH; (e) importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond; (f) employment of foreign nationals, which may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; (g) simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies; (h) exemption from wharfage dues, and any export tax, duty, impost and fee for a period of ten (10) years from date of registration; (i) access to CBMW subject to the Customs rules and regulations; and (j) additional deduction from taxable income equivalent to 100% of expenses incurred in the development of necessary and major infrastructure facilities.

Furthermore, on July 7, 2023, URC Flour Sariaya was registered with the BOI, under Certificate of Registration no. 2023-134, as a new producer of wheat flour (flour milling except cassava flour milling).

Under the general terms and conditions of the registration and subject to certain requirements, the Parent Company is entitled to the following fiscal and non-fiscal incentives: (a) Income Tax Holiday (ITH) for six (6) years. The income qualified for ITH shall be limited to the income directly attributable to the eligible revenue generated from the registered project (URC Flour Milling Plant located in Sariaya, Quezon); (b) enhanced deductions for five (5) years; and lastly, (c) duty exemption on the importation of capital equipment, spare parts and accessories for a maximum of eleven (11) years.

No commercial operations have started in Sariaya for the calendar year 2024.

## 34. Commitments and Contingencies

Milling Contracts

Milling contracts with various planters provide for a 60%-70% share to the planters (including related parties) and 30%-40% share to the Group of sugar and molasses produced from sugar canes milled. The Sugar Industry Development Act of 2015 provides that, to ensure the immediate payment of farmers and secure their income from sugarcane, farmers may enter into any payment method with the sugar mill.

Sugar under Custody but Not Owned

As of December 31, 2024 and 2023, the Group has in its custody sugar owned by several quedan holders amounting to ₱1.8 billion (714,905 Lkg) and ₱2.3 billion (913,415 Lkg), respectively. The said volume of sugar is not reflected in the consolidated statements of financial position since this is not owned by the Group. The Group is accountable to both quedan holders and sugar traders for the value of these trusteed sugar or their sales proceeds.

Leases

The Group’s leases mostly pertain to land, office spaces, warehouses, machinery and equipment, transportation equipment and furniture and fixtures. Leases of land, office spaces, warehouses, machinery and equipment, transportation equipment and furniture and fixtures generally have terms ranging from two (2) to thirty (30) years.

*Right-of-use Assets*
Set out below are the carrying amounts of ROU assets recognized and the movements during the year ended December 31, 2024 and 2023:

| | **As of and for the year ended December 31, 2024** | | | |
|---|---|---|---|---|
| | **Land and Land improvements** | **Buildings and Improvements** | **Furniture and Fixtures** | **Total** |
| **Cost** | | | | |
| Balance at beginning of year | **₱206,116,327** | **₱2,125,835,005** | **₱5,857,066** | **₱2,337,808,398** |
| Additions | **–** | **48,927,535** | **–** | **48,927,535** |
| Derecognition | **–** | **(60,772,341)** | **–** | **(60,772,341)** |
| Other adjustments | **928,320** | **9,195,086** | **(5,857,066)** | **4,266,340** |
| Balance at end of year | **207,044,647** | **2,123,185,285** | **–** | **2,330,229,932** |
| **Accumulated Depreciation** | | | | |
| Balance at beginning of year | **98,408,166** | **935,723,695** | **1,010,482** | **1,035,142,343** |
| Depreciation (Note 24) | **19,636,202** | **209,820,033** | **–** | **229,456,235** |
| Derecognition | **–** | **(60,334,726)** | **–** | **(60,334,726)** |
| Other adjustments | **(1,795,626)** | **59,139,328** | **(1,010,482)** | **56,333,220** |
| Balance at end of year | **116,248,742** | **1,144,348,330** | **–** | **1,260,597,072** |
| **Net Book Value at End of Year** | **₱90,795,905** | **₱978,836,955** | **₱–** | **₱1,069,632,860** |

| | As of and for the year ended December 31, 2023 | | | |
|---|---|---|---|---|
| | Land and Land improvements | Buildings and Improvements | Furniture and Fixtures | Total |
| **Cost** | | | | |
| Balance at beginning of year | ₱1,060,056,088 | ₱2,092,569,968 | ₱292,032 | ₱3,152,918,088 |
| Additions | 106,211,189 | – | – | 106,211,189 |
| Derecognition | (837,145,671) | (75,964,257) | – | (913,109,928) |
| Other adjustments | (123,005,279) | 109,229,294 | 5,565,034 | (8,210,951) |
| Balance at end of year | 206,116,327 | 2,125,835,005 | 5,857,066 | 2,337,808,398 |
| **Accumulated Depreciation** | | | | |
| Balance at beginning of year | 215,851,788 | 935,469,657 | 24,350 | 1,151,345,795 |
| Depreciation (Note 24) | 19,611,521 | 241,846,404 | 976,572 | 262,434,497 |
| Derecognition | (324,846,514) | (44,832,085) | – | (369,678,599) |
| Other adjustments | 187,791,371 | (196,760,281) | 9,560 | (8,959,350) |
| Balance at end of year | 98,408,166 | 935,723,695 | 1,010,482 | 1,035,142,343 |
| **Net Book Value at End of Year** | ₱107,708,161 | ₱1,190,111,310 | ₱4,846,584 | ₱1,302,666,055 |

*Lease Liabilities*
The rollforward analysis of the Group's lease liabilities as at December 31, 2024 and 2023 follow:

| | **2024** | 2023 |
|---|---|---|
| As at January 1 | **₱1,442,568,136** | ₱2,274,854,777 |
| Additions | **48,737,308** | 103,131,143 |
| Accretion from continued operations (Note 27) | **108,558,210** | 117,107,665 |
| Payments | **(305,417,456)** | (358,364,833) |
| Derecognition | **–** | (692,690,596) |
| Other adjustments | **3,839,617** | (1,470,020) |
| As at December 31 | **₱1,298,285,815** | ₱1,442,568,136 |

Derecognitions arose from lease terminations during the period.

The maturity analysis of lease liabilities is disclosed in Note 4, *Financial Risk Management Objectives and Policies.*

Summarized below are the amounts recognized in the 2024, 2023 and 2022 consolidated statements of comprehensive income in relation to the Group's leases:

| | 2024 | 2023 (As restated – Note 30) | 2022 (As restated – Note 30) |
|---|---|---|---|
| **Cost of Sales** | | | |
| Cost of services - depreciation of ROU assets (Note 21) | **₱27,756,474** | ₱28,908,442 | ₱123,701,844 |
| Rent expense - short term leases | **254,347,804** | 317,811,163 | 144,492,124 |
| | **282,104,278** | 346,719,605 | 268,193,968 |
| **Operating Expenses** | | | |
| Selling and distribution costs: | | | |
| Depreciation of ROU assets (Note 22) | **₱112,988,485** | ₱151,646,652 | ₱149,036,499 |
| Rent expense - short term leases | **368,919,215** | 288,696,457 | 121,200,581 |
| General and administrative expenses: | | | |
| Depreciation of ROU assets (Note 23) | **88,711,276** | 81,879,403 | 96,470,872 |
| Rent expense - short term leases | **45,704,098** | 16,112,259 | 83,500,972 |
| | **616,323,074** | 538,334,771 | 450,208,924 |
| **Finance Cost and Other Charges - Accretion of Lease Liabilities** (Note 27) | **₱108,558,210** | ₱117,107,665 | ₱189,697,980 |
| **Rent Income** | **₱11,592,271** | ₱2,905,749 | ₱111,263,169 |

Operating Lease Commitments - Group as a Lessor
The Group has entered into (1) one-year renewable, noncancellable leases with various related parties covering certain land and buildings where office spaces are located. Future minimum rentals receivable under noncancellable operating leases amounted to ₱53.8 million, ₱50.2 million, and ₱40.2 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Operating Lease Commitments - Group as a Lessee
The Group leases land where certain of its facilities are located. The operating lease agreements are for periods ranging from one to twenty years from the date of the contracts and are renewable under certain terms and conditions.

Future minimum rentals payable under noncancellable operating leases follow:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Within one year | **₱224,145,951** | ₱422,884,568 | ₱423,371,120 |
| After one year but not more than five years | **576,761,897** | 637,741,087 | 1,152,560,695 |
| More than five years | **1,385,970,586** | 1,511,435,564 | 1,809,101,854 |
| | **₱2,186,878,434** | ₱2,572,061,219 | ₱3,385,033,669 |

Others
The Group has various contingent liabilities arising in the ordinary conduct of business which are under either pending decision by the courts, arbitration or being contested, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material or adverse effect on the Group's financial position and results of operations. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims, arbitration and assessments.

## 35. Supplemental Disclosure to Cash Flow Statements

The Group's noncash activities are as follows:

| | **2024** | 2023 | 2022 |
|---|---|---|---|
| Cumulative translation adjustment (Note 20) | **₱1,001,783,070** | (₱1,188,917,671) | ₱1,872,914,779 |
| Acquisition of property, plant and equipment on account (Note 12) | **1,828,238,519** | 1,761,130,808 | – |

The table below provides for the changes in liabilities arising from financing activities:

| | January 1 | Availment | Settlement | CTA/Others | December 31 |
|---|---|---|---|---|---|
| **2024** | **₱16,516,814,596** | **₱15,649,569,036** | **(₱19,600,000,000)** | **₱96,538,863** | **₱12,662,922,495** |
| 2023 | ₱11,762,287,539 | ₱11,550,000,000 | (₱6,800,000,000) | ₱4,527,057 | ₱16,516,814,596 |

As of December 31, 2024, part of the proceeds from disposal of property, plant and equipment and investment properties is recognized under current and noncurrent receivables from an affiliate (see Notes 12 and 16).

## 36. Approval for the Release of the Financial Statements

The accompanying consolidated financial statements of the Group were authorized for issue by the Audit Committee and the BOD on March 31, 2025.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Universal Robina Corporation
8th Floor, Tera Tower, Bridgetowne
E. Rodriguez, Jr. Avenue (C5 Road)
Ugong Norte, Quezon City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Universal Robina Corporation and Subsidiaries (the Group) as at December 31, 2024, and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 31, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465333, January 2, 2025, Makati City

March 31, 2025

## UNIVERSAL ROBINA CORPORATION
## INDEX TO THE SUPPLEMENTARY SCHEDULES

Annex I: Reconciliation of Retained Earnings Available for Dividend Declaration

Annex II: Map Showing the Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries, Associates, Wherever Located or Registered

Annex III: Supplementary Schedules Required by Annex 68-J

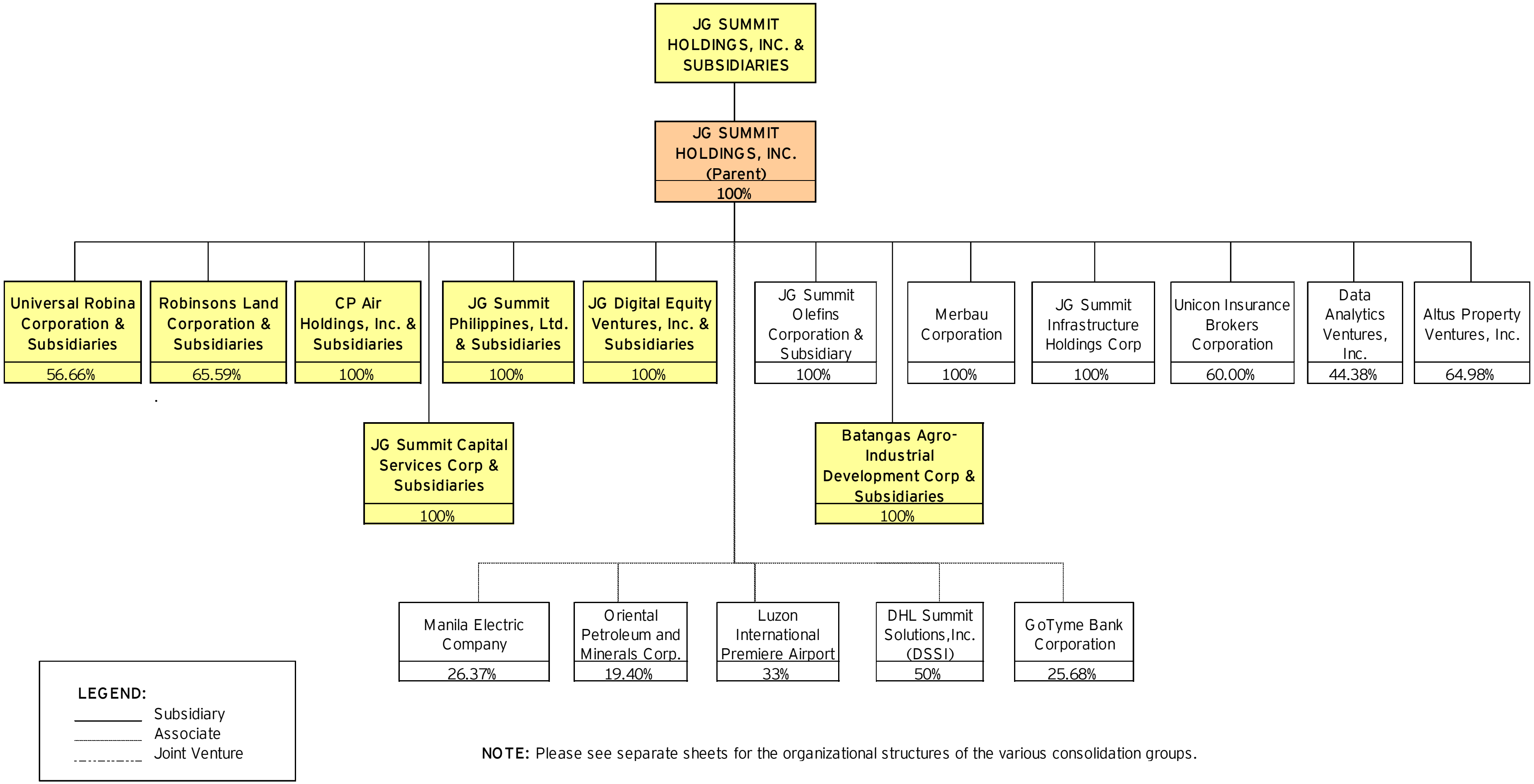
- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
## SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

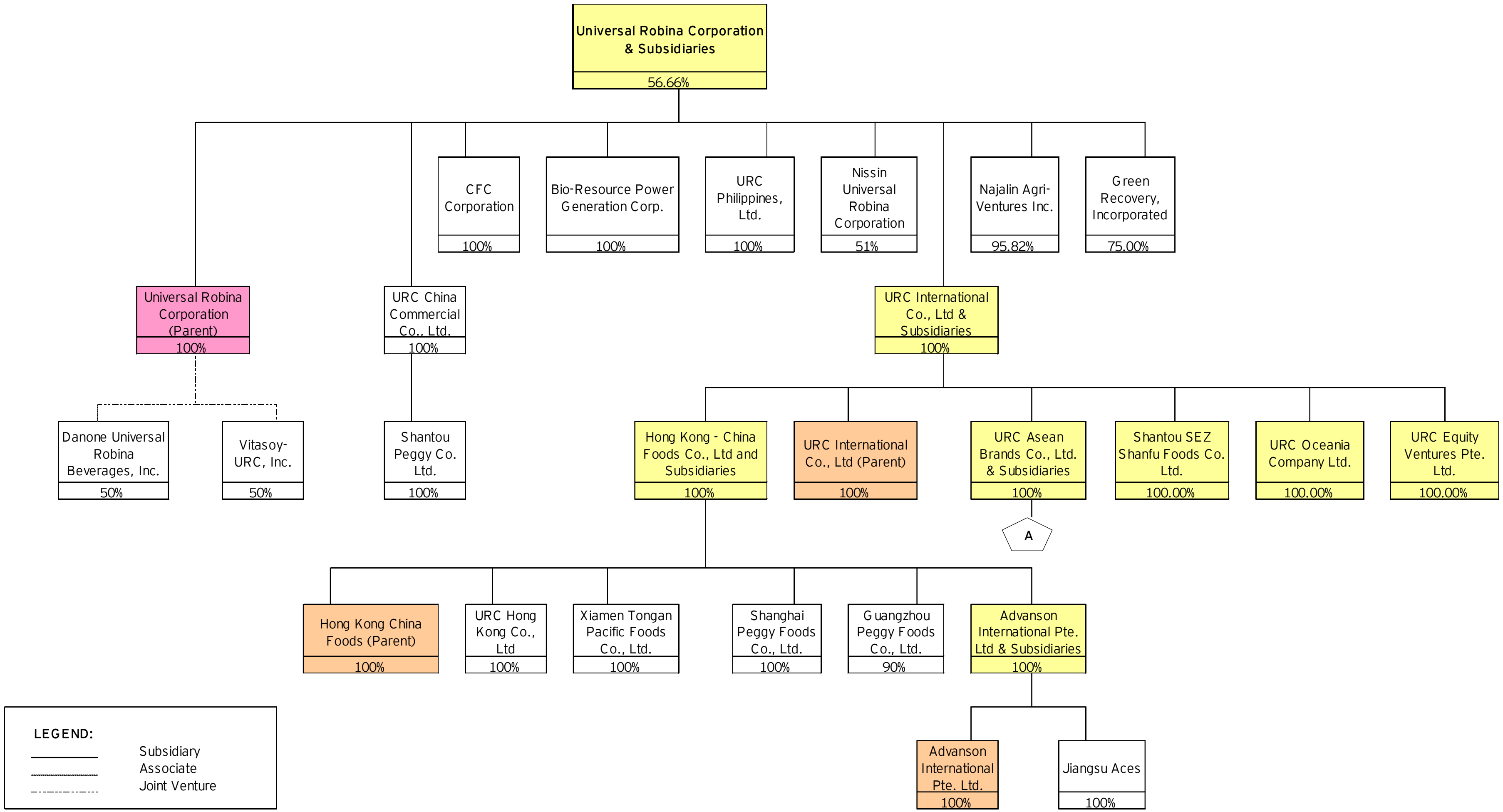
The table below presents the retained earnings available for dividend declaration as at December 31, 2024:

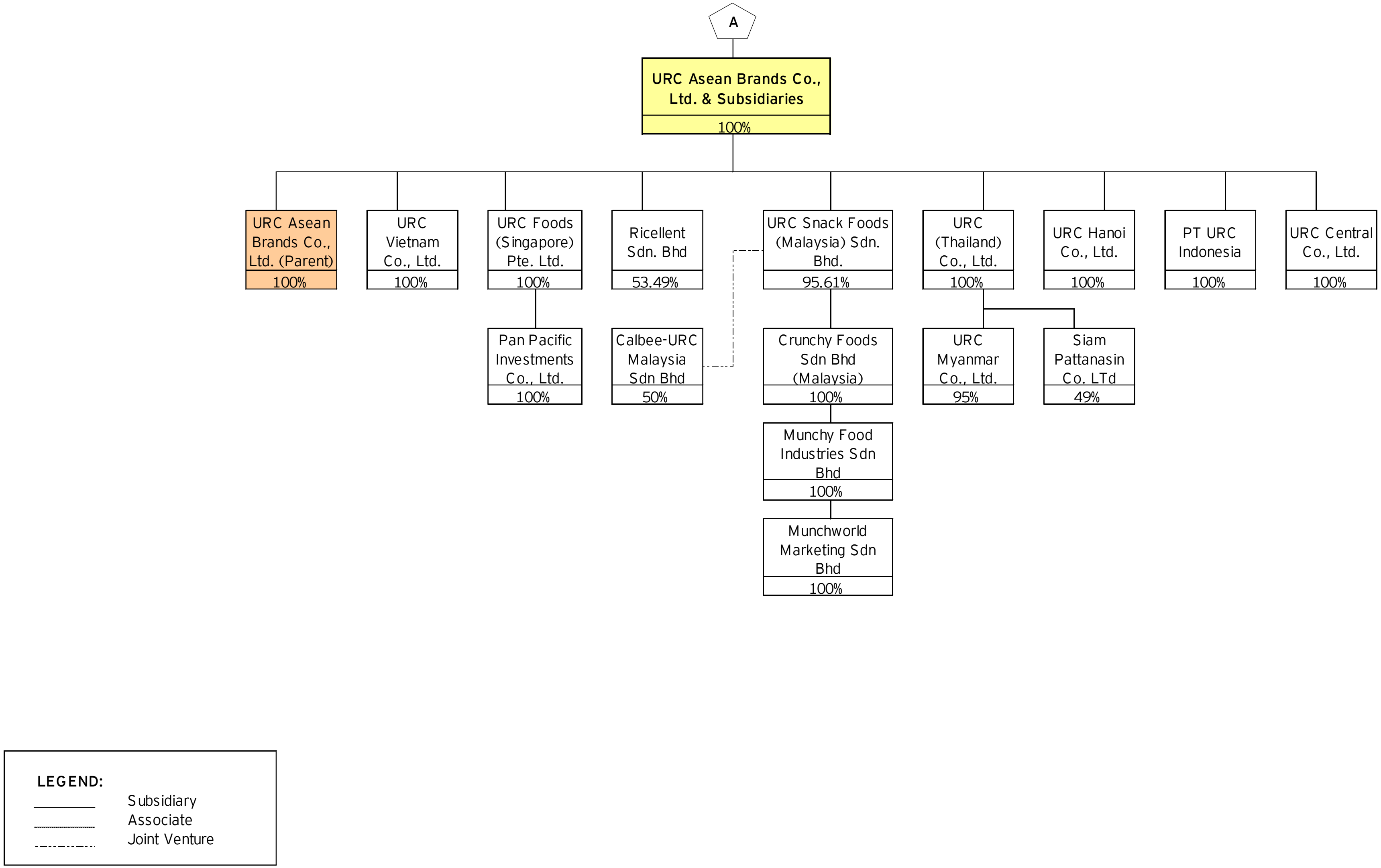
| | | |
|---|---|---|
| **Unappropriated Retained Earnings, beginning of reporting period** | | **₱11,159,276,826** |
| **Less: Category B: Items that are directly debited to Unappropriated Retained Earnings** | | |
| Dividend declaration during the reporting period | | **8,230,734,366** |
| **Unappropriated Retained Earnings, as adjusted** | | **2,928,542,460** |
| **Add/Less: Net Income (Loss) for the current year** | | **11,124,095,618** |
| **Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)** | | |
| Fair value adjustment on financial asset at FVTPL | 130,483,593 | |
| Gain arising from changes in fair value less estimated cost to sell of swine stocks | 6,732,142 | **137,215,735** |
| **Add: Category C.3: Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)** | | |
| Gain arising from changes in fair value less estimated cost to sell of swine stocks reversal | | **233,620** |
| **Adjusted Net Income/Loss** | | **10,987,113,503** |
| **Add/ (Less): Category F: Other items that should be excluded from the determination of the amount available for dividends distribution** | | |
| Net movement of treasury shares (except for reacquisition of redeemable shares) | (2,737,634,030) | |
| Net movement in deferred tax asset not considered in the reconciling items under the previous categories | (143,108,256) | **(2,880,742,286)** |
| **Total Retained Earnings, end of the reporting period available for dividend** | | **₱11,034,913,677** |

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP




**NOTE:** Please see separate sheets for the organizational structures of the various consolidation groups.


Universal Robina Corporation & Subsidiaries
56.66%
CFC Corporation
100%
Bio-Resource Power Generation Corp.
100%
URC Philippines, Ltd.
100%
Nissin Universal Robina Corporation
51%
Najalin Agri-Ventures Inc.
95.82%
Green Recovery, Incorporated
75.00%
Universal Robina Corporation (Parent)
100%
URC China Commercial Co., Ltd.
100%
URC International Co., Ltd & Subsidiaries
100%
Danone Universal Robina Beverages, Inc.
50%
Vitasoy-URC, Inc.
50%
Shantou Peggy Co. Ltd.
100%
Hong Kong - China Foods Co., Ltd and Subsidiaries
100%
URC International Co., Ltd (Parent)
100%
URC Asean Brands Co., Ltd. & Subsidiaries
100%
Shantou SEZ Shanfu Foods Co. Ltd.
100.00%
URC Oceania Company Ltd.
100.00%
URC Equity Ventures Pte. Ltd.
100.00%
A
Hong Kong China Foods (Parent)
100%
URC Hong Kong Co., Ltd
100%
Xiamen Tongan Pacific Foods Co., Ltd.
100%
Shanghai Peggy Foods Co., Ltd.
100%
Guangzhou Peggy Foods Co., Ltd.
90%
Advanson International Pte. Ltd & Subsidiaries
100%
Advanson International Pte. Ltd.
100%
Jiangsu Aces
100%
LEGEND:
Subsidiary
Associate
Joint Venture


A
URC Asean Brands Co., Ltd. & Subsidiaries
100%
URC Asean Brands Co., Ltd. (Parent)
100%
URC Vietnam Co., Ltd.
100%
URC Foods (Singapore) Pte. Ltd.
100%
Ricellent Sdn. Bhd
53.49%
URC Snack Foods (Malaysia) Sdn. Bhd.
95.61%
URC (Thailand) Co., Ltd.
100%
URC Hanoi Co., Ltd.
100%
PT URC Indonesia
100%
URC Central Co., Ltd.
100%
Pan Pacific Investments Co., Ltd.
100%
Calbee-URC Malaysia Sdn Bhd
50%
Crunchy Foods Sdn Bhd (Malaysia)
100%
URC Myanmar Co., Ltd.
95%
Siam Pattanasin Co. LTd
49%
Munchy Food Industries Sdn Bhd
100%
Munchworld Marketing Sdn Bhd
100%
LEGEND:
Subsidiary
Associate
Joint Venture

**Universal Robina Corporation and Subsidiaries**
**Schedule A - Financial Assets**
**December 31, 2024**

| Name of Issuing Entity and Description of Each Issue | Number of Shares or Principal Amount of Bonds and Notes | Amount Shown in the Balance Sheet/ Notes | Valued Based on Market Quotations at Balance Sheet Date | Income Received and Accrued (including Dividends Received) |
|---|---|---|---|---|
| Various/Equity Securities | | ₱1,080,645,488 | ₱1,080,645,488 | ₱44,782,323 |

See Note 8 of the Consolidated Financial Statements.

**Universal Robina Corporation and Subsidiaries**
**Schedule B - Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)**
**December 31, 2024**

| Name of Debtor | Balance at Beginning of Period | Additions | Collections | Balance at End of Period | | |
|---|---|---|---|---|---|---|
| | | | | Current | Noncurrent | Total |
| Various employees | ₱80,999,088 | ₱15,506,458 | ₱– | ₱96,505,546 | ₱– | ₱96,505,546 |

See Note 9 of the Consolidated Financial Statements.

**Universal Robina Corporation and Subsidiaries**
**Schedule C - Amounts Receivable from Related Parties Which are Eliminated During the Consolidation of Financial Statements**
**December 31, 2024**

| Name and Designation of Debtor | Balance at Beginning of Period | Additions | Amounts Collected | Others | Amounts Written Off | Balance at End of Period | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | Current | Noncurrent | Total |
| URC Snack Ventures, Inc. | ₱158,843,788 | ₱– | ₱– | ₱168 | ₱– | ₱158,843,956 | ₱– | ₱158,843,956 |
| URC Beverage Ventures, Inc. | 112,069 | – | – | 168 | – | 112,237 | – | 112,237 |
| CFC Corporation | 187,624,213 | – | – | – | – | 187,624,213 | – | 187,624,213 |
| Nissin - Universal Robina Corporation | 641,489,455 | – | 641,489,455 | – | – | – | – | – |
| Green Recovery, Inc. | – | 1,611,600 | – | – | – | 1,611,600 | – | 1,611,600 |
| | ₱988,069,525 | ₱1,611,600 | ₱641,489,455 | ₱336 | ₱– | ₱348,192,006 | ₱– | ₱348,192,006 |

**Universal Robina Corporation and Subsidiaries**
**Schedule D - Long-Term Debt**
**December 31, 2024**

| Name of Issuer and Type of Obligation | Amount Authorized By Indenture | Amount Shown as Current | Amount Shown as Long-term | Total |
|---|---|---|---|---|

**NONE TO REPORT**

**Universal Robina Corporation and Subsidiaries**
**Schedule E - Indebtedness to Related Parties (Long-Term Loans from Related Companies)**
**December 31, 2024**

| Name of Related Party | Balance at Beginning of Period | Balance at End of Period |
| --- | --- | --- |

**NONE TO REPORT**

**Universal Robina Corporation and Subsidiaries**
**Schedule F - Guarantees of Securities and Other Issuers**
**December 31, 2024**

| Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed | Title of Issue of Each Class of Securities Guaranteed | Total Amount Guaranteed and Outstanding | Amount Owned by Person for which this Statement is Filed | Nature of Guarantee |
|---|---|---|---|---|

**NONE TO REPORT**

**Universal Robina Corporation and Subsidiaries**
**Schedule G - Capital Stock**
**December 31, 2024**

| Title of Issue | Number of Shares Authorized | Number of Shares Issued and Outstanding (Net of Treasury Shares) | Number of Shares Reserved for Options, Warrants, Conversions and Other Rights | Number of Shares Held by | | |
|---|---|---|---|---|---|---|
| | | | | Affiliates | Directors, Officers and Employees | Others |
| Preferred stock<br>- ₱1 par value | 2,000,000 | None | – | – | – | – |
| Common stock<br>- ₱1 par value | 2,998,000,000 | 2,149,196,818 | – | 1,217,841,260 | 3,543,171 | 927,812,387 |

See Note 19 of the Consolidated Financial Statements.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
sgv.ph



**INDEPENDENT AUDITOR'S REPORT**
**ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Universal Robina Corporation
8th Floor, Tera Tower, Bridgetowne
E. Rodriguez, Jr. Avenue (C5 Road)
Ugong Norte, Quezon City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the financial statements of Universal Robina Corporation and Subsidiaries (the Group) as at December 31, 2024 and for each of the three years in the period ended December 31, 2024, and have issued our report thereon dated March 31, 2025. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's financial statements as at December 31, 2024 and for each of the three years in the period ended December 31, 2024 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Juan Carlo Maminta

Juan Carlo B. Maminta
Partner
CPA Certificate No. 115260
Tax Identification No. 210-320-399
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-132-2023, September 12, 2023, valid until September 11, 2026
PTR No. 10465333, January 2, 2025, Makati City

March 31, 2025

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
## SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
### AS OF DECEMBER 31, 2024 AND 2023

| Financial Ratios | Formula | 2024 | 2023 |
|---|---|---|---|
| Current ratio | Current assets / Current liabilities | 1.58 | 1.57 |
| Gearing ratio | Total financial debt (short-term debt, trust receipts payable and long-term debt, including current portion) / Total equity (equity holders + non-controlling interests) | 0.17 | 0.23 |
| Debt-to-equity ratio | Total liabilities (current + noncurrent) / Total equity (equity holders + non-controlling interests) | 0.47 | 0.52 |
| Asset-to-equity ratio | Total assets (current + noncurrent) / Total equity (equity holders + non-controlling interests) | 1.47 | 1.52 |
| Operating margin | Operating income / Sale of goods and services | 10.3% | 11.0% |
| Earnings per share | Net income attributable to equity holders of the Parent Company / Weighted average number of common shares | 5.39 | 5.55 |
| Interest coverage ratio | Operating income plus depreciation and amortization / Finance costs | 13.22 | 14.96 |

## UNIVERSAL ROBINA CORPORATION AND SUBSIDIARIES
## SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
### As of December 31, 2024 and 2023

The table below presents the external auditor fee-related information as of December 31, 2024 and 2023.

| Description | **2024** | 2023 |
|---|---|---|
| **Total audit fees** | **₱26,283,668** | ₱27,906,680 |
| **Non-audit service fees:** | | |
| Other assurance services | – | – |
| Tax services | – | 3,535,000 |
| All other services | **1,490,000** | 40,000 |
| **Total non-audit fees** | **1,490,000** | 3,575,000 |
| **Total audit and non-audit fees** | **₱27,773,668** | ₱31,481,680 |

# SUSTAINABILITY REPORT

## Contextual Information

| **Company Details** | |
|---|---|
| Name of Organization | **Universal Robina Corporation** |
| Location of Headquarters | Tera Tower, Bridgetowne, E. Rodriguez, Jr. Avenue (C5 Road), Ugong Norte, Quezon City, Metro Manila |
| Location of Operations | Philippines, Myanmar, Vietnam, Thailand, Malaysia, Indonesia |
| Report Boundary: Legal entities (eg. subsidiaries) included in this report | The economic section covers total URC, including Branded Consumer Foods (BCF) and Agro-Industrial and Commodities (AIC) business. There are some limitations on the coverage under the environment and social sections which will be mentioned in each segment. As the company continues in its sustainability journey, the coverage of the disclosure will be expanded. |
| Business Model, including Primary Activities, Brands, Products, and Services | The business of URC is segmented into two main groups, the Branded Consumer Foods (BCF) and the Agro-industrial and Commodities (AIC).<br><br>BCF forms majority of the business segment of URC. It is comprised of strong household brands from the snack foods and beverages. Snack foods is further segmented into savory snack chips, candies, chocolates, biscuits, cakes and noodles. Beverages is divided into powdered and ready-to-drink segments.<br><br>AIC is composed of the Agro-Industrial Group, Sugar & Renewables Division, Flour Division<br><br>The Agro-Industrial Group (AIG) consists of Farms, Feeds, Food Services, and Drugs & Disinfectant business segments.<br><br>Sugar & Renewables Division produces raw sugar, refined sugar, molasses, bioethanol, power export, liquid $CO_2$, extra neutral alcohol and rectified spirit.<br><br>The Flour Division produces hard and soft wheat flour for both commercial and institutional markets, and offers flour by-products such as wheat germ, bran, and pollard. |
| Reporting Period | **January 1, 2024 to December 31, 2024** |
| Highest Ranking Person responsible for this report | David J. Lim Jr.<br>Chief Supply Chain and Sustainability Officer |

# Materiality Process

URC's materiality process, aligned with Global Reporting Initiative (GRI), began in 2016. This consists of four main steps:

1. **Identification & Stakeholder Engagement**
   In this process, URC has identified potential sustainability issues and topics relevant to the company's operations and the broader industry it belongs to. This was done through peer benchmarking across the food & beverage sector, in addition to a comprehensive review of the different sustainability-related frameworks/standards.

   A series of engagements, survey testing, and focus group discussions were conducted with key internal (senior leadership team and employees from the Philippines and across the Region) and external (consumers, suppliers, local community partners, regulators, and key institutional investors) stakeholders.

2. **Prioritization & Strategic Design**
   Following the identification of material issues through stakeholder engagement, the items were further categorized based on management's level of control. This classification considered key principles such as business relevance, control, completeness, stakeholder inclusiveness, materiality and possible risks & opportunities.

   The materiality areas were divided into 2 phases for baselining and prioritization of key actions: Phase 1 covered Natural Resources, People & Product; while Phase 2 focused on Supply Chain, and Economic Performance.

   PHASE 1

   **Natural Resources**

   The natural resources materiality is based on how the company plans to embed resource efficiency principles, which would allow the company to optimize its use of energy and water in its operations while reducing resultant wastes.

   **People**

   This material area encompasses both internal and external stakeholders. It looks at people engagement, health & safety, and capability building of its employees and how these can contribute to the success of the business' operations. It also explores corporate initiatives & programs focused on fostering development and positive social impact in communities where we operate in.

   **Products**

   This includes food safety & quality, product innovation, and portfolio conformity to the company's internal criteria on nutritional quality known as wellness criteria.

PHASE 2

**Supply Chain**

The supply chain management materiality promotes good, long-term supplier relationships across the business units. This covers how the company influences its suppliers in transforming their processes towards traceability, and responsible sourcing & practices.

**Economic Performance**

This materiality is anchored to the company's values towards shared success and inclusive growth with its stakeholders. This includes embracing business practices that protect and enhance its people and the natural resources thus ensuring that the business including its people, consumer base, and the local communities where it operates in will continue to thrive with a sustainable future.

### 3. Review & Feedback

The identified materiality areas aligned with UN SDGs were approved by the sustainability steering committee of URC and cascaded during the JG Leadership Summit in the 4th quarter of 2017, attended by the top 400 leaders of the group including the senior leaders of URC.

This marked the beginning of URC's Purposeful Transformation.

### 4. Evaluation & Continuous Improvement

The company continues to review, improve, and achieve significant milestones in its Sustainability Journey, as highlighted in the key activities below:

<u>2018</u>: Conduct of baseline exercises and awareness campaign for Phase 1 in BCFG PH

<u>2019</u>: Development and alignment of Key Performance Indicators (KPIs), creation of Long-term strategies, and expansion of baseline scope to cover BCFG International

<u>2020</u>: Renewal of 3-year strategies and key actions, expansion of baseline scope to include Flour, and acceleration of Phase 2 by developing goals and actions to promote responsible sourcing of key ingredients (e.g. palm olein, potato, corn, cocoa, tea and coffee beans)

<u>2021</u>: Establishment of the Six (6) Sustainability Focus Areas (People & Communities, Climate Action, Water, Product, Sourcing, Packaging), support to TCFD recommendations, and inclusion of SURE, AIG, Head Offices, and Distribution Centers in scope of disclosure

<u>2022</u>: Review of materiality areas in consultation with S&P Global Trucost which provided a better view on prioritizing resource allocation, and identification of opportunities for improvement based on current state versus committed targets. Establishment of the Sustainability Transformation Office (STO) and review of the Corporate Governance Committee's mandate to include sustainability which was then aptly renamed to the Corporate Governance and Sustainability Committee.

2023: Quarterly performance review of sustainability & ESG with the STO covering refresh of targets for water and wellness criteria, and focused discussions on Packaging & Climate Action programs

2024: Refinement of the Live Sustainability Live URC framework and proceeded with the transition of STO to Sustainability Steering Committee (SSC)

**URC Live Sustainability, Live URC Framework**

| | | |
|---|---|---|
| **Live Up:** Uplift People's Lives | People | *Occupational Health & Safety* |
| | | *Employee Training* |
| | Communities | *Corporate Social Responsibility* |
| **Live Right:** Robust Portfolio | Responsible Sourcing | *RSPO Certification* |
| | | *GAP Certification* |
| | Product | *FSSC Certification* |
| | | *Nutritional Quality* |
| | Packaging | *Plastic Footprint* |
| | | *Recycle-ready Design* |
| **Live Clean:** Care for the Planet | Climate Action | *Energy Efficiency* |
| | | *GHG Emissions* |
| | Water Management | *Water Efficiency* |
| | Waste Management | *Solid Waste Reduction* |
| | | *Plastic Waste Diversion* |

# Economic Performance

## Direct Economic Value Generated and Distributed

| Disclosure | Quantity | Units |
|---|---|---|
| **Direct economic value generated (revenue)** | 162,626 | In million PHP |
| **Direct economic value distributed:** | 159,567 | In million PHP |
| a. Employee wages and benefits | 18,300 | In million PHP |
| b. Payments to suppliers, other operating costs | 125,592 | In million PHP |
| c. Dividends given to stockholders and interest payments to loan providers | 9,965 | In million PHP |
| d. Taxes given to government | 5,699 | In million PHP |
| e. Investments to community (e.g., donations & CSR) | 12 | In million PHP |

*Notes:*

- *Employee wages and benefits include salaries and wages, other employee benefits, pension expense, direct labor under cost of goods sold (COGS) and contracted services*
- *Payments to suppliers and other operating costs include cost of sales, operating expense (excluding personnel cost, direct labor under COGS, contracted services, licenses and taxes), net foreign exchange gains (losses), market valuation loss on financial assets and liabilities at fair value through profit or loss – net, other income (expense)*
- *Dividends given to stockholders and interest payments to loan providers include dividends paid and finance cost*
- *Taxes given to government include provision for income tax and payments to government (taxes and licenses)*
- *Investment to community include key significant community engagement initiatives conducted by the company within the year*
- *Gross revenue includes sale from goods and services, and finance revenues*

### Impacts and Management Approach

**Impacts:** About 98% of our revenue flows back to society. The remaining 2% is reinvested in the organization given that we are on the path to growth based on our 5-year strategy.

**Stakeholders:** Shareholders, employees, regulators, consumers, communities where we operate in, suppliers, and customers.

URC continues to ensure financial stability through operational improvements such as upgrading processes, performing regular reviews and follow ups for accounts receivables, retraining of employees, conducting regular audits, streamlining billing processes and communicating changes to third party service providers, mitigating declining market value of assets, efficient sourcing of input materials, and foreign exchange risk mitigation, among many others.

### Risks and Management Approach

The key business risks identified by the company and its subsidiaries are as follows:

**1. Competition**

URC and its subsidiaries face competition in all segments of its businesses both in the Philippine market and in international markets where it operates. The Philippine food industry in general is highly competitive.

Although the degree of competition and principal competitive factors vary among the different food industry segments in which the company participates, it believes that the principal competitive factors include price, product quality, brand awareness and loyalty, distribution network, proximity of distribution outlets to customers, product variations, and new product introductions.

The company's ability to compete effectively is due to continuous efforts in sales and marketing of its existing products, development of new products and cost rationalization.

**2. Financial Market**

The company has foreign exchange exposure primarily associated with fluctuations in the value of the Philippine Peso against the US dollar and other foreign currencies. Majority of the company's revenues are denominated in Pesos, while certain of its expenses, including debt services and raw material costs, are denominated in US dollars or based on prices determined in US dollars. In addition, portion of the company's debt is denominated in foreign currencies. Prudent fund management is employed to minimize effects of fluctuations in interest and currency rates.

**3. Raw Materials**

The company's production operations depend upon obtaining adequate supplies of raw materials on a timely basis. In addition, its profitability depends in part on the prices of raw materials since a portion of the company's raw material requirements is imported, including packaging materials. To mitigate these risks, alternative sources of raw materials are used in the company's operations and pricing initiative are taken.

**4. Food Safety Concerns**

The company's business could be adversely affected by the actual or alleged contamination or deterioration of certain of its flagship products, or of similar products produced by third parties. The risk of contamination or deterioration of its food products exists at each stage of the production cycle, including the purchase and delivery of food raw materials, the processing and packaging of food products, the stocking and delivery of the finished products to its customers, and the storage and display of finished products at the points of final sale. The company conducts extensive research and development for new products, line extensions for existing products and for improved production, quality control and packaging as well as customizing products to meet the local needs and tastes in the international markets for its food business. For its agro-industrial business, its researchers are continually exploring advancements in breeding and farming technology. The company regularly conducts market research and farm-test for all of its products. Moreover, the company ensures that the products are safe for human consumption and that the company conforms to standards and quality measures prescribed by regulatory bodies such as Bureau of Food and Drugs (BFAD), Sugar Regulatory Administration (SRA), Bureau of Animal Industry (BAI), and the Department of Agriculture (DA).

**5. Mortalities**

The company's agro-industrial business is subject to risks of outbreaks of various diseases. The company faces the risk of outbreaks of foot and mouth disease and African Swine Fever (ASF), which is highly contagious and destructive to susceptible livestock such as hogs, and Avian Influenza (AI) or bird flu for its chicken farming business. These diseases and many other types could result in mortality losses. Disease control measures are adopted by the Company to minimize and manage this risk.

**6. Intellectual Property Rights**

Approximately 68.3% of the Company's sale of goods and services were from its BCF segment. The company has put considerable efforts to protect the portfolio of intellectual property rights, including trademark registrations. Security measures are continuously taken to protect its patents, licenses and proprietary formulae against infringement and misappropriation.

**7. Weather and Catastrophe**

Severe weather conditions may have an impact on some aspects of the company's business, such as its sugar cane milling operations due to reduced availability of sugar cane. Weather conditions may also affect the Company's ability to obtain raw materials and the cost of those raw materials. Moreover, the Philippines has experienced a number of major natural catastrophes over the years including typhoons, droughts, volcanic eruptions, and earthquakes. The company and its subsidiaries continually maintain sufficient inventory level to neutralize any shortfall of raw materials from major suppliers whether local or imported.

**8. Environmental Laws and Other Regulations**

The company is subject to numerous environmental laws and regulations relating to the protection of the environment and human health and safety, among others. The nature of the company's operations will continue to subject it to increasingly stringent environmental laws and regulations that may increase the costs of operating its facilities above currently projected levels and may require future capital expenditures. The company is continually complying with environmental laws and regulations, such as the wastewater treatment plants as required by the Department of Environment and Natural Resources, to lessen the effect of these risks.

The company shall continue to adopt what it considers conservative financial and operational policies and controls to manage the various business risks it faces.

**9. Cybersecurity Risks**

As cybersecurity threats continue to evolve, the company faces potential threats that could impact data security, system availability and business operations. Evolving threats such as malware, ransomware, AI-enhanced malicious codes and phishing, combined with regulatory demands like the Data Privacy Act, necessitate a robust cybersecurity strategy, effective incident response and business continuity plans. The company is investing in advanced cybersecurity measures, cloud security, software security and vulnerability management, threat intelligence and regulatory compliance, including initiatives enhancing risk awareness culture through employee training and regular risk assessments to build resilience against these challenges.

## Opportunities and Management Approach

URC recognizes that both financial and non-financial risks could grossly impact its bottom line, affecting its economic value distribution.

In light of this, a more comprehensive approach at consolidating and understanding these risks will be made in the short- to mid-term horizon as part of its overall sustainability strategy.

# Climate-Related Risks and Opportunities

## Governance, Strategy, Risks, Metrics and Targets

### Governance

The Corporate Governance and Sustainability Committee (CGSC), currently composed of 3 independent directors, oversees the development and implementation of corporate governance principles and policies and perform oversight functions on the Economic, Environment, Social and Governance (EESG) aspects of sustainability. Its responsibilities include:

- Providing guidance and oversight on policy-making of the Company's sustainability strategies, programs, initiatives and reports;
- Ensuring overall Company support and alignment with appropriate standards and best practices on EESG and sustainable development; and
- Reviewing and recommending to the Board for approval, the issuance and filing of URC's Sustainability Report to the SEC and other government agencies

On the management level, the Sustainability Steering Committee (SSC) led by the President & CEO drives the sustainability strategies of the company. The SSC's responsibilities include:

- Providing strategic guidance and directions on sustainability issues and initiatives
- Reviewing of sustainability performance, targets, and sustainability risks and opportunities; and
- Overseeing the communication to all key stakeholders.

Sustainability and climate-related topics are presented by the Chief Supply Chain and Sustainability Officer during meetings of the CGSC. Furthermore, any high risks associated with sustainability and climate-related issues would be addressed in discussions with the Board Risk Oversight Committee.

### Strategy

Climate action is embedded under the "People and Planet Friendly Culture" strategy to ensure utmost priority across the organization. As the company progresses in its sustainability journey, it will continuously develop climate mitigation and adaptation strategies aligned with Task Force on Climate-related Financial Disclosure (TCFD) recommendations.

In 2023, Deloitte Philippines conducted Climate Scenario Analysis across the Gokongwei Group. Specific to URC, SONEDCO was identified as the pilot site and the framework will be replicated across applicable sites. The project results are presented below which contains the climate-related risks and opportunities identified, its potential implications, and the recommended adaptation and mitigation plans and actions.

**Climate-Related Risks**

| Risk Category | Climate Hazard | Potential Implications | Recommended Adaptation Plans & Actions |
|---|---|---|---|
| Acute | **Tropical Cyclones** *(RCP 4.5 and 8.5)** | • Potential damages to the plant equipment and assets specifically those that are vulnerable to extreme winds<br>• Potential disruptions to operations, especially outdoor field activities for safety<br>• Potential power outages affecting production<br>• Shifts in peak hit months could impact the schedules of plant preventive maintenance potentially affecting production schedules | • Continue enhancing the business continuity plan by incorporating climate risks and meteorological forecasts into emergency protocols<br>• Implement measures to ensure the continuity of operations and the safety of staff<br>• Conduct regular climate risk related drills and training sessions for personnel to enhance preparedness for climate related emergencies, such as typhoons<br>• Utilize accurate weather information and forecasting systems to provide timely alerts in preparation for approaching tropical cyclones, to enhance resilience<br>• Install backup power supply systems to ensure that the production process continues<br>• Upgrade facilities to withstand higher wind speeds, focusing on critical structures like powerhouses and warehouses<br>• Regularly conduct preventive maintenance measures and inspect the plant for any wear, tear, or damage and address promptly especially the parts that are likely to loosen<br>• Adjust the timing of preventive maintenance and supply chain deliveries to align with the shift of peak cyclone months to mitigate potential disruptions in production |
| Acute | **Flooding** | • Operational disruptions due to flooding inside the warehouse, leading to production halts and delays | • Continuously monitor nearby river for potential inundation by utilizing water gauges, recording the data, and analyzing trends |

**Representative Concentration Pathway (RCP) 4.5 is described by the Intergovernmental Panel on Climate Change (IPCC) as a moderate scenario in which emissions peak around 2040 and then decline. RCP 8.5 is the highest baseline emissions scenario in which emissions continue to rise throughout the twenty-first century.*

| | | | |
|---|---|---|---|
| | | • Floods along the access roads to the warehouse may disrupt transportation and affect supply chain logistics. | • Proactively communicate with local authorities regarding the condition of nearby river and weather forecasts to enhance climate resilience<br>• Conduct regular maintenance and inspections of drainage systems, access roads, and other critical infrastructure to identify and address potential vulnerabilities<br>• Regularly update the comprehensive emergency response plans and identify potential alternative routes to the plant that are less susceptible to flooding<br>• Ensure that all staff are trained on evacuation procedures and emergency protocols in the event of rising floodwaters<br>• Constantly assess and test the business continuity and emergency response for different flooding scenarios in walkways, access roads, and process areas |
| Chronic | **Extreme temperature and heat stress** | • Inconvenience and discomfort of personnel working, especially works inside the production area, leading to lower productivity rate.<br>• Potential increase in energy consumption for cooling systems | • Implement policies encouraging regular fluid intake for all personnel, and designate cooling stations or areas with shading to provide relief for personnel during extreme heat events.<br>• Maintain optimal temperatures for heat-sensitive products and adjust the thermostat for non-heat-sensitive products.<br>• Consistently monitor and analyze weather information and climate trends to enhance long-term planning for adapting to changing conditions. This may involve the installation of monitoring devices to provide real-time data on temperature, humidity, and other relevant factors. |

**Climate-related Opportunities**

| Opportunity Category | Climate-related opportunities | Horizon | Potential financial impact |
|---|---|---|---|
| Resource Efficiency | **Continue transitioning and using more energy-efficient and reliable utility equipment.**<br><br>**Utilize more efficient mode of transport of distribution or procurement processes.** | Short-term to Medium-term | Reduced operating costs due to higher efficiency.<br><br>Potential increase in revenue and investment growth through sustainable practices. |
| Energy Source | **Continue moving towards a low-carbon economy by optimizing the utilization of renewable energy.** | Medium-term to Long-term | Reduced operating costs Reduced vulnerability to fluctuations in fossil fuel prices.<br><br>Enhanced organizational reputation and strengthened competitive advantage through energy cost savings and alignment with customer preferences |
| Resilience | **Invest in monitoring systems for local weather information, conditions, and river levels in the vicinity** | Short-term to Medium-term | Increased supply chain reliability and operational resilience under diverse conditions.<br><br>Enhanced organizational reputation, potentially leading to increased revenue and investment growth through sustainable practices. |

**Risk Management**

The Enterprise Risk Management (ERM) team ensures that a robust and adaptive ERM framework is in place to proactively identify, monitor, assess, and mitigate key business risks, including climate-related and ESG risks.

The ERM team evaluates the likelihood and impact of these risks, incorporating them into the company's comprehensive risk register. The severity of Each risk is assessed by the risk owner and reported to the ERM, and the progress of mitigation plans is reviewed quarterly. The risk register is reviewed by the Chief Risk Officer and reported to the Chief Executive Officer and Chief Financial Officer before presenting it to the Board of Directors, ensuring strong governance, risk oversight, and strategic alignment.

This structured risk management process not only safeguards business resilience but also informs long-term corporate strategy, enhances sustainability initiatives, and supports the company's ability to adapt to emerging environmental, regulatory, and market challenges.

This risk management framework guides the URC Board of Directors in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

**Metrics and Targets**

URC commits to a low-carbon economy, aiming for a 30% improvement in Energy Use Ratio (EUR) by 2030 vs its 2020 baseline and achieve net zero carbon emissions by 2050. EUR is the measurement of energy consumption in relation to the total production volume, which covers all energy sources used by the company. Measuring and understanding its GHG emissions will serve as the foundation to make data-driven decisions as the company continuously evaluates its Net Zero target.

In 2024, the Company revisited and conducted the following activities:

- Review and recalculation of Scope 1 & 2 data, taking into account structural and methodological changes
- External engagement with PwC Philippines - Isla Lipana & Co, baselining the company's GHG Scope 3 Category 1 (purchased goods & services) emissions for BCF-PH using 2023 data

# Procurement Practices

## Proportion of Spending on Local Suppliers

| Disclosure | Units | 2023 | 2024 |
|---|---|---|---|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | % | 55 | 65 |

*Note: Data covers BCF-PH and BCF-INT which composed of direct materials (raw material and packaging material) only*

| Impact, Stakeholders, and Risks |
|---|

**Impact**
As a food and beverage business, procurement process plays a significant role within the value chain. The company recognizes that implementing an efficient and effective procurement process can provide timely and tangible cost improvements thereby increasing margin, ensuring safety and quality of goods purchased from suppliers, and keeping the company informed of supply chain issues and incidents.

The procurement policies have set parameters on quality, traceability, and compliance. The company will make sure that it involves the quality management team in the procurement process to ensure safety and quality from the source. Implementing efficient and effective procurement practices can provide timely and tangible cost improvements to the company.

**Stakeholders**
Suppliers, employees, customers, farmers, and local communities where it operates in

**Risks**
**Physical Risks:** As part of business continuity, the company recognizes that the risks in severe weather conditions may have an impact on some aspects of the Company's business, such as raw materials sourcing that will impact the cost of goods. As a food and beverage company, URC uses significant input materials to sustain its production. The availability of these raw materials can be affected by the changes in climate, especially climate-sensitive critical raw materials such as coffee, cocoa, potato, sugar and corn.

These changes can affect the livelihood of the farmers where the company sources out its material requirements from and can result lower yield and quality of the harvest. On top of this, crisis situations such as a pandemic, geopolitics, war, and supply chain disruptions can pose serious risks in sourcing of raw materials, packaging, essential services, and spare parts.

**Currency Devaluation:** 45% of raw and packaging input materials from domestic and international business (excluding Myanmar, Hong Kong and Singapore business units) are imported. If the Peso experiences devaluation especially against the US dollar, it may impact profitability.

**Breach**: The company recognizes the risk once a supplier fails to deliver their commitments in the agreed-upon contract. This will potentially cause delays and production disturbances in the company.

## Management Approach to Impact & Risks

The procurement practices are aligned with the company's commitment to ensure the quality of products. Through the years, the company ensures that the finest sources of materials are utilized through stringent material, supplier accreditation and supplier management. It also shares best practices in terms of sourcing amongst its strategic partners like Danone of France, Nissin of Japan and Vitasoy of Hong Kong, where there are synergistic opportunities and learnings.

Given that the company operates in different regions, and produces high-quality products, the input materials are sourced both locally and abroad. For the top materials (based on spending and the number of products that utilizes them), the company ensures that there are three different sources from different locations for business continuity. For other materials that may have less than three alternative sources, it has established an ongoing risk management program like alternative supplier qualification and alternative site qualification to support the process. As for its procurement process, the Company centralizes its procurement function where negotiations are done in the headquarters to leverage scale, harmonize quality specifications, provide corporate visibility, and ensure alignment to URC's policy.

### Physical Hedging

The company does forward contracts or physical hedging on specific raw materials that it believes will have material changes in price and/or face possible supply constraints.

### Vertical Integration

The sugar and flour milling operations of URC give the benefits in sourcing in terms of availability and quality management, especially since sugar and flour are part of the top 10 input materials in BCFG. On top of sugar and flour, the company has its own packaging division through URC Flexible Packaging.

### Supplier Accreditation Policy and Process

URC oversees its procurement and sourcing processes, encompassing supplier accreditation, requirement identification, sourcing, contracting, and order fulfillment. This comprehensive approach ensures that the company consistently meets the needs of its stakeholders by engaging accredited suppliers and securing products at the right time, in the appropriate quality and quantity, and at the most competitive prices.

Specific to food processing sector, URC emphasizes the importance of traceability for raw materials and production inputs. This commitment serves to uphold stringent food safety standards, reflecting the company's dedication to delivering products of the highest quality. Prioritizing proper procurement practices is integral to URC's strategy, preventing any lapses in achieving targets and objectives.

To uphold these standards, URC adheres to its Supplier Accreditation Policy, detailed in Annex 3. This policy ensures that suppliers and contractors align with the company's stringent criteria for supply agreements. Suppliers and contractors undergo a meticulous accreditation process and receive orientation on URC's policies.

URC follows group-wide policies on managing procurement, which is implemented through the Business Supplier Accreditation Team (BUSAT), supervised by each Business Unit's Procurement team.

**Supplier Code of Conduct**

URC established a set of standards to enable the company to pursue long-term business relationships with its partners based on responsible practices, transparency, and trust. The Supplier Code of Conduct which contains requirements on Business Integrity, Social, and Environment is communicated to all suppliers of URC for compliance. If non-compliance is raised and validated, suppliers are expected to resolve the issues and take necessary corrective actions promptly. Failure of suppliers to implement the recommended corrective actions in a timely manner gives URC the right to suspend or terminate business relationship until the corrective actions have been executed.

**Food Safety and Quality Management Systems across the Value Chain**

URC's passion for quality is anchored on the vision of providing its customers with brands of exceptional quality and value. Compliance to URC's Food Safety and Quality Management System standards are strictly implemented within and quality at the source is heavily promoted to supplier partners.

Supplier Food Safety and Quality Management System (FSQMS) Audits are conducted based on supplier risk assessment and supplier prioritization criteria to ensure the quality and safety of goods supplied to the company.

**Sustainable Procurement**

To promote responsible sourcing of raw and packaging materials, demonstrate environmental stewardship, and enable sustainable development of communities where the company operates, the company launched the Sustainable Procurement Program to revolutionize and lead the transformation towards the sustainable supply chain through the integration of 7 core subjects: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues and community involvement in developing a holistic procurement and sourcing strategy.

**Responsible Sourcing**

60% of the palm olein procured and used by the company in its operations in 2024 was RSPO Certified, ensuring the implementation of the highest standards and industry practices in the sourcing of palm olein and its derivatives. Also, 100% of the company's chipping potatoes were sourced from GAP-certified suppliers. The AIG business unit has been continuously using soybeans with the Sustainable US Soy Seal, receiving recognition from the US Soybean Export Council as the first company to use this in Southeast Asia in 2022.

**Sustainable Farming**

The Company continuously helps the local farmers increase their yield and scale-up productivity by providing high quality table potato seeds as farm inputs to selected potato farming communities in Benguet, Bukidnon, and Davao del Sur through the Sustainable Potato Program.

Project Salig was also continuously implemented supporting the sugar cane farmers in Negros, and Batangas, in partnership with the local government. Further details are discussed under Relationship with Community section.

**Supplier Management Program**

To further strengthen its supplier network, the company established a robust supplier management process aimed at becoming the preferred business partner. This involves effectively managing a growing supplier base through supplier performance evaluations, leveraging supplier relationship management, and assessing and mitigating supplier risks.

**URPartner Supplier Excellence Awards**
URC held its annual URPartner Global Supplier Excellence Awards on April 15, 2024, recognizing outstanding supplier performance and contributions to the company's success. The event aims to enable suppliers to commit to continuously improve and be sustainable, recognize the exemplary performance of the organization's suppliers and acknowledge those who made a difference and undoubtedly contributed to the success of URC in delighting everyone with good food choices. Thirty-four (34) suppliers were awarded with the following categories: Appreciation Award, Extra Mile Award, Collaboration Award, Sustainability Award, Supply Reliability Excellence Award, Quality Excellence and Supplier of the Year Award.

URC's supplier recognition programs demonstrate the company's endless commitment to improving and acknowledging efforts and contributions that strengthen and set up the company for success.

These programs and activities contribute to the promotion of UN Sustainable Development Goals (SDG) 8 (Decent Work & Economic Growth), SDG 9 (Industry, Innovation & Infrastructure) & SDG 11 (Sustainable Cities & Communities).

## Opportunities, Stakeholders, Management Approach

The following are key opportunities in URC's strategy towards a more sustainable sourcing:

**1. Influence URC's Suppliers Towards Responsible Sourcing and Traceability -** As the company focuses more on sustainable operations, it is critical for URC's raw and input materials to be traceable and responsibly-sourced, thereby ensuring that it upholds the highest food safety standards. For example, palm olein, one of the critical raw materials, is already being sourced from Roundtable on Sustainable Palm Oil (RSPO)-certified suppliers like Cargill, Oleo Fats & Tap Oil. Moving forward, given that Supply Chain is part of its materiality, it endeavors to continuously influence the suppliers towards responsible sourcing through its accreditation process and implementation of the Responsible Sourcing Policy and Supplier Code of Conduct.

**2. Strategic Partnerships and Programs –** The company drives its sustainable sourcing on tea, potato, and corn with its signature and significant programs. It further increases its scale across markets where the company operates as it embeds sustainability in its international business strategy, ensuring inclusive growth and quality from the source.

**3. Partnership with Suppliers for Innovation –** The company started doing partnerships with some suppliers that will drive its competitive advantage. Operating on the belief that innovation can also be sourced from the company's partners, this is an excellent opportunity to strengthen its sourcing practices further as it becomes more hands-on and involved with the suppliers in their respective operations.

**4. Enhance Supplier Accreditation –** The company continues to update the supplier accreditation process based on best-in-class practices on the input materials. Audit and management should cover tier 1 to tier 2 level of suppliers to ensure responsible sourcing.

# Anti-Corruption

## Training on Anti-Corruption Policies and Procedures

| Disclosure | Quantity | Units |
|---|---|---|
| Percentage of employees to whom the organization's anticorruption policies and procedures have been communicated to[1] | 100 | % |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to[2] | 100 | % |
| Number of directors and management that have received anti-corruption training | 100 | % |
| Percentage of employees that have received anti-corruption training | 100 | % |

Note:
[1] 100% of new employees undergo onboarding training. The Code of Business Conduct and Offenses Subject to Disciplinary Action are part of the onboarding presentation. These policies and programs are also made available online for easy access to the rest of the employees for their reference and guidance.
[2] This accounts for total suppliers to whom the Code of Business Conduct, the Code of Discipline, and related Offenses Subject to Disciplinary Actions (OSDA) have been communicated to during the onboarding and orientation processes.

Upon onboarding, the board of directors (BOD) undergo an orientation on URC's Code of Conduct which includes the Anti-Graft Corruption Policy. The Company is committed to promoting transparency and fairness to all stakeholders. The BOD sets the tone and makes a stand against corrupt practices by adopting an Anti-Corruption Policy and program. Some of the Company's anti-corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, and OSDA, among others.

The anti-corruption policies and programs are made available online for easy access to all employees in the organization. An eModule on the Code of Business Conduct is also available in the Company's training platform where all the employees are required to complete to gauge their comprehension and retention of the Company policies and guidelines.

The Company also has URvoice, a digital platform where employees and stakeholders can freely and securely share their observations and concerns on adherence to company purpose, values and policies including Anti-Corruption.

Last September 10, 2024, a Corporate Governance training including sessions on anti-corruption and anti-money laundering was attended and completed by the following members of the Board of Directors:

1. James L. Go
2. Lance Y. Gokongwei
3. Johnson Robert G. Go, Jr.
4. Patrick Henry C. Go
5. Irwin C. Lee
6. Christine Marie B. Angco
7. Rizalina G. Mantaring
8. Cesar V. Purisima
9. Antonio Jose U. Periquet, Jr.

## Incidents of Corruption

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

### Impacts and Risks

**Impacts:** Corruption undermines URC's ability to equitably distribute economic value to the right stakeholders. If rampant, it could erode a culture of integrity, transparency and trust that is necessary in ensuring collaboration between employees, innovation, and synergy between business units.

**Stakeholder:** Employees, Management

**Risks:** The company recognizes the risks associated with incidents of corruption, such as government penalties and reputational damage, which could subsequently result in plummeting of stock market price.

### Management Approach for Impacts and Risks

Anchored on JG Summit's anti-corruption program, URC is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting an Anti-Corruption Policy and program. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, and OSDA, among others.

The same are disseminated to all employees across the Company through trainings to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Further, all concerned employees are required to comply with the Self-Disclosure Activity on an annual basis, to disclose potential conflicts of interest.

The Company also has an established suitable framework for whistleblowing and ensures its enforcement to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices without fear of retaliation, and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

**Conflict of Interest**
The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations such that his/her judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.

**Conduct of Business and Fair Dealings**
The Company's employees that recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict-of-interest situation in transactions that they are involved in.

**Receipt of Gifts from Third Parties**
The Company allows the acceptance of gifts only during the Christmas Season. There is no restriction in the value of the gift accepted. However, accepted gifts with an estimated value of over PHP 2,000 must be disclosed to the Conflicts of Interest Committee.

**Compliance with Laws and Regulations**
The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.

**Respect for Trade Secrets / Use of Non-Public Information**
The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.

**Use of Company Funds, Assets, and Information**
Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.

**Employment and Labor Laws and Policies**
The Company's Human Resources Unit ensures compliance with employment policies and labor laws.

**Disciplinary Actions**
Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that result from the employee's actions. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

**Whistle Blower**
Any employee may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee (CICOM). Reports or disclosures can be made in writing or by e-mail. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM.

**Conflict Resolution**
The CICOM submits recommendations on courses of action to be taken on conflicts of interest situations. Decision is made by the Executive Committee. Integral to URC’s Purpose, Values, and Ambition (PVA), which employs a four-pronged approach to cultivating trust within the organization, the Open-Door Policy is a management commitment to leave the proverbial door open to all employees and cultivate trust across all levels in the chain of command.

**Opportunities & Management Approach**

URC sees an opportunity in developing platforms where updates in anti-corruption policies can be cascaded internally, through retraining and via the Company's numerous communication channels. There is also an opportunity to evaluate the effectiveness of the policies covering anti-corruption, especially the channels through which complaints may be filed.

# ENVIRONMENT

## Resource Management

### Energy Consumption within the Organization

| Disclosure | Units | 2023[4] | 2024 |
|---|---|---|---|
| Energy consumption (Renewable sources)[1] | GJ | 1,750,194 | 1,569,015 |
| | % | 24 | 22 |
| Energy consumption (Electricity from non-renewable) | GJ | 822,726 | 827,580 |
| | % | 11 | 12 |
| Energy consumption (Fossil fuel)[2] | GJ | 4,764,013 | 4,595,754 |
| | % | 65 | 66 |
| Energy consumption (Total) | GJ | 7,336,934 | 6,992,349 |
| Energy Use Ratio (EUR) [3] | GJ/MT | 2.7 | 2.63 |
| Energy Intensity | GJ/MnPHP | 46.93 | 43.49 |

*Note:*
*Data covers information of total URC (BCF-PH, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines, BCF-INT excl. China)*
*[1]Renewable sources include on-site generation of solar power, biomass and biogas utilization, and purchased electricity from renewable sources through Retail Electricity Contracts*
*[2] Fossil fuel includes diesel, bunker, LPG, LNG, CNG used in operations, and gasoline for company-owned vehicles*
*[3] EUR is the measurement of energy consumption in relation to production volume*
*[4]Reinstated 2023 numbers to reflect exclusion of China operations*

### Impact, Stakeholders, and Risks

**Impact:** The company recognizes that energy costs are among the major operating expenses in our production operations, affecting per-unit production costs and margins.
Additionally, higher energy consumption from non-renewable sources can potentially impact air quality and contribute to increased GHG emissions resulting to increased global temperature and climate change. The company can also be exposed to energy regulations such as the Energy Efficiency and Conservation Act.

**Stakeholders:** Employees, regulators, and local communities where it operates in

**Risks:** The company recognizes the risks to energy security due to increased competing demands from energy intensive sectors, including domestic consumption. The company also recognizes that energy generation from traditional sources can create a negative impact to air quality, health, and contribute to climate change. Overdependence on fossil fuels also exposes the country to fluctuations in energy prices, which has financial implications to the business.

- **Physical Risks:** The energy-dependent nature of URC's operations presents risks brought about by the changing climate. The Philippines has experienced several typhoons, flooding and drought that have a direct impact to the entire supply chain operations. Power outages resulting from fluctuating energy supply from the grid during peak season adds risks in disruption of operations, affecting production efficiencies and costs.
- **Regulatory Risks:** URC acknowledges the presence of regulatory risks in all markets where the company operates, and how this can affect operations. The company uses different types of fuel to generate energy, such as diesel, bunker, liquified petroleum gas

(LPG), coal, compressed natural gas (CNG), and liquefied natural gas (LNG). Compliance is always followed in the handling, storage, use and disposal of these fuels. Annual energy reports are submitted to the Department of Energy.

- **Capital Market Risks:** As investors are becoming more conscious in responsible investing, sustainability has become a critical value driver aside from financials, with climate becoming a more common parameter in their negative screening process. URC's investors have started to request more action towards climate risk as they demand a more deliberate climate action strategy, actionable plans, progress, and transparency.
- **Market Risks due to Price Competitiveness:** Higher energy can affect cost to produce which will give less room to manage prices if there's a significant inflation in the input materials.

## Management Approach on Risks and Impact

The company is committed to substantially improve the energy efficiency of its facilities as demonstrated by its target to decrease the Energy Use Ratio (EUR) by 30% in 2030 versus a 2020 baseline. EUR is defined as the measurement of energy consumption per volume produced. This covers all energy sources of the company.

URC is committed to achieving its target and has made progress, surpassing 2023 levels taking into account the additional scope of the business. The company continues to enhance efficiencies, reduce wastages, and increase the share of renewables in its energy mix, as demonstrated by the 2% decrease in EUR from 2023.

As incorporated in its Environment Policy, the company commits to:

- Reduce environmental impact by implementing initiatives in climate action and resource management
- Move towards a low carbon economy by reducing greenhouse gas emissions by switching to cleaner fuels, maximizing energy usage, and investing in renewable energy sources

To drive this commitment, URC unceasingly tracks its energy consumption performance, and develops energy conservation programs and practices across all of its facilities and business units.

**Energy Efficiency Improvement in Operations**

Over the years, project teams called "agile squads" were formed through the Sustainability Transformation Office (STO) to conduct feasibility studies and continuously implement energy efficiency improvements. These projects focused on areas such as electricity conservation, reduction of fuel consumption (coal, diesel, LPG), solar, and biofuels as alternatives. In 2024, these projects have evolved to focus on improving the operation of boilers through the Project BOPIES (Boiler Optimization: Improvement of Efficiency and Standardization of Processes).

Implemented across the Branded Consumer Foods facilities in the Philippines, BOPIES aims to improve and ensure cost-effective operations by focusing on improving boiler efficiencies, religious execution of preventive maintenance, and conduct of audits. The project also focuses on the capability building aspect where operating procedures and work instructions are reviewed and standardized. Boiler operators are trained and qualified to ensure highly-skilled personnel and best-in-class boiler operations.

In 2024, BOPIES has delivered substantial improvements, reducing the business unit's energy consumption by 15% and 3%, from coal and diesel respectively. Boiler efficiencies improved by 13% compared to 2023 numbers, contributing a PHP 73 million cost avoidance for boiler fuel usages.

**Utilization of Biomass & Biogas as Fuel Displacers**
URC ensures cost-effective energy consumption through the use of biomass and biogas as fuel fed to boilers to generate steam and electricity used in its operations. These are commonly by-products or wastes from the manufacturing process which are redirected as fuel alternatives, displacing some of the fossil fuels such as coal and diesel.

- Sugar & Renewables (SURE): Bagasse, a by-product of sugarcane milling, is used as fuel for the boilers in the SURE plants, producing steam and electricity. In its Distilleries, another by-product called spent wash is used as fuel to boilers while a portion undergoes bio-methanation process producing biogas.
- Agro-Industrial Group (AIG): In our farms business, discarded animal wastes are converted into biogas and is used to generate electricity.
- Branded Consumer Foods (BCFG): Coffee spent grounds, spent tea leaves, and sludge are some of the by-products utilized by our plants in San Pedro, Calamba, and Vietnam.

Through these initiatives, URC generated 659,694 GJ of energy from its by-products displacing 9.5% of its total energy consumption.

**Project JAGUAR**
Project JAGUAR (Journey in Achieving Sustainability Goals through Utilities and Assets Renewal) was introduced in 2020 with the aim to generate energy savings and improve utility equipment reliability through the renewal of utility assets and equipment. 18 out of 21 projects planned with an estimated investment of 1,003 million PHP, JAGUAR has generated 78,760 GJ of energy savings with an equivalent to 216.9 million PHP in annual cost savings.

**Environment Recognition Programs**
The company established an internal Sustainability Awards to recognize the URC plants and facilities and individuals in their pursuit of sustainability excellence and their contributions in driving URC towards its ambition of becoming a Sustainable Global Enterprise, specifically in the aspects of Quality, Efficient Resource Management, and Safety, Health, and Well-being.

The GREEN Excellence in Environment is awarded to a URC facility/plant and PCO with high optimization and responsible resource management in terms of energy and water consumption, waste management and environmental compliance. The company also recognizes best in class facilities in Government and Legal Compliance, Resources Optimization (Waste Minimization), Efficient Water Use, Energy Efficiency and Nature Protection. In 2024, the GREEN Excellence Award was given to URC Vietnam Plant 2, including the category award for Best in Energy Efficiency Management.

The energy initiatives of the company mentioned above contributes positively to SDG 7 (Affordable & Clean Energy), SDG 9 (Industry, Innovation, and Infrastructure) & SDG 13 (Climate Action).

## Opportunities and Management Approach

### Opportunities

**Operating Efficiencies**

As the threat of climate change increases, companies like URC are looking for opportunities to increase the efficiency of existing processes and cultivate the growth in renewable resource practices within the system. Improvement of processes can eliminate wastages, delivering financial savings.

**Technology**

The rise of artificial intelligence and machine learning across the world has demonstrated efficiencies in different industries. This is seen as a great opportunity to save in both financial and natural resources as well as improve operating efficiency. Installation of sensors will give operations a more agile approach in addressing problems quickly as well as effectively measure what can be improved.

### Management Approach

**Continuous Improvement Mindset**

The company embeds continuous improvement (CI) principles through the use of tools & techniques. The CI mindset enabled savings piloted in Calamba and replicated in other plants. The CI mindset enabled the organization to be more responsive towards addressing issues raised by operations, who are now enabled by upskilling of appropriate capabilities via training and education, immersion on the job and use of available analytical tools and techniques.

**Renewable Sources**

URC sees great opportunity in utilizing renewable sources of energy available in the sites. The sustainable energy utilization initiatives reduce URC’s reliance on fossil fuels and purchased electricity by utilizing readily available materials in the plants, such as bagasse, biomass, and solar power generated from solar rooftop installations.

URC has invested resources to upgrade the plants by making them adaptive to renewable sources of energy. The company has put up biogas digesters, biomass-fed boilers, and solar panel systems; to generate renewable sources of energy for its use and intends to increase its capacity in the coming years. At the same time, the company exports excess power to the grid.

URC’s goal is to have all the plants maximize opportunities to utilize electricity from 100% renewable sources by 2025.

URC commits to sustainable practices, investing in renewables, reducing emissions, and building a culture of environmental responsibility. Continuous improvement and alignment with global sustainability goals drive URC's journey towards a more eco-friendly and resilient future.

## Water Consumption within the Organization

| Disclosure | Units | 2023[5] | 2024 |
|---|---|---|---|
| Water withdrawal[1] | Cubic meters | 18,122,829 | 14,535,765 |
| Water consumption[2] | Cubic meters | 10,831,247 | 7,569,606 |
| Water recycled and reused[3] | Cubic meters | 936,929 | 672,021 |
| Water intensity | Cubic meters / MnPHP | 69 | 47 |
| Water Use Ratio (WUR)[4] | Cubic meters / tonnes | 6.82 | 5.58 |

Note:
*Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)*
*[1] Water withdrawal is the volume of water extracted from ground water, surface water, sea water and third-party water*
*[2] Water consumption is computed as the difference between water withdrawal vs water discharge (found in effluents section)*
*[3] Water recycled and re-used is the volume of water from wastewater and rainwater recovery*
*[4] WUR is the measurement of water consumption in relation to production volume*
*[5] Restated to reflect exclusion of China operations*

### Impact, Stakeholders, and Risks

**Impact:** Water consumption plays a critical role in every stage of the business operation of URC. It influences long-term water supply, financial performance, and regulatory compliance. Inefficient water use can lead to increased operational costs, potential regulatory penalties, and heightened business risks due to resource scarcity or disruptions in the supply chain.

**Stakeholders:** Employees, regulators, and local communities where it operates in

**Risks:** URC faces risk associated with water consumption, including potential supply shortages, increased operational costs, regulatory non-compliance, and resource depletion. Dependence on water-intensive processes exposes the business directly to climate-related risks such as droughts, changing regulations, and heightened scrutiny from stakeholders. Failure to implement effective water management strategies could indirectly affect the company by production disruptions, financial penalties, and reputational damage. Consequently, assessing the supply chain in their readiness to operate in such circumstances is a necessary step for URC to take to ensure the continuity of its own operations.

### Management Approach for Impact and Risks

#### Management Approach

Recognizing the significance of sustainability throughout its value creation chain, URC has committed to implementing essential measures to protect its resources. For the management of water resources, the company monitors its Water Use Ratio (WUR) annually and tracks progress toward its enhanced goal of a 40% reduction by 2030, based on the 2020 baseline. The WUR reflects the amount of water consumed relative to net production volume, ensuring a data-driven approach to conservation of water resource.

In 2024, the company has reduced its WUR by approximately 38% against the 2020 baseline data.

The progress achieved compared to the baseline was through URC's various water conservation initiatives implemented over the past year. These efforts focused on three key principles, reducing, reusing, and recycling water to enhance the WUR.

The company is dedicated to environmental protection by upholding responsible water stewardship, enhancing water use efficiency, and safeguarding watersheds. These commitments are integral to its Environment, Health, and Safety Policy.

URC extracts from multiple sources of water, from groundwater through deep wells, surface water, and municipal water. Notably, URC SURE being the main driver of reduction vs prior year, used recycled water in its operations through its closed-loop system project, treated wastewater reuse, and rainwater harvesting. AIG has also contributed to overall water use reduction by repairing leaks and replacing leaking underground pipes at Robina Farms. Other water conservation initiatives of URC's business units which involve installation of engineering controls such as tap nozzles in all faucets and hoses in Bagumbayan to reduce the volume of water flow while maintaining the same pressure, reuse of treated water from wastewater treatment plant and recovered water from cooling tower blowdowns in Biñan plant. Facility line upgrades were also implemented to improve recovery of water from processes in Nissin-URC and Pampanga (PPG) 1 plants.

In addition to monitoring its progress towards its commitments, URC also adheres to the limits set by the National Water Resources Board (NWRB), monitoring its water withdrawal and ensuring its extraction rate is kept within the allowable threshold. The company's sites have flowmeters that track and monitor its water withdrawals from surface water sources and water bills from utility companies. The total water withdrawn per month is then reported to the sustainability data platform.

**Reduction Initiatives**

As part of the company's ongoing efforts to reduce water consumption, URC installed rainwater harvesting units to continuously collect rainwater as an alternative source of water for basic utility cleaning activities in various sites across URC. In 2024, a total of 6,652.46 cubic meters of rainwater was harvested. The company also increased its water efficiency through its continued use of level controllers and automatic shut off valves for feed water tanks in a number of Agro-Industrial Commodities (AIC) group sites. Additional actions around process improvements have significantly improved water usage like utilizing recycled water, eliminating wastage, optimizing water intensive cleaning activities, reducing frequent changeovers, to name a few. Leak detection and correction were also carried out in various sites across all business units, such as the underground pipe repair and replacement projects at Robina Farms and the rehabilitation of CMC water system in Flour Division.

The WaterCon projects for AIC were launched to help achieve year-over-year reductions which include several initiatives aimed at improving water management across different facilities. In Balayan, efforts focus on recovering cooling water, installing sub-meters in the factory, reusing treated wastewater for wet scrubbers, and implementing rainwater harvesting. At Robina Farm (RF), ongoing work includes repairing and replacing leaking underground pipes. The La Carlota Distillery (LCD) facility has resumed spent wash recycling, installed water meter, and corrected water line leaks. Meanwhile, at SONEDCO, leak detection and repair efforts are underway in both the mill and raw areas, along with repairing dilapidated roofing in these sections. Additionally, dry cleaning is conducted when necessary to optimize water use. Flour Davao has also installed high-level sensors in water tanks to automatically shut off the water pump when the tanks reach full capacity.

**Re-Using Initiatives**
To facilitate water reuse in its operations, URC has implemented steam recovery systems, including the construction of condensate lagoons and recovery lines for projects and make-up water at select sites. This process allows condensate to be returned and used for pre-heating boiler feed water. Additionally, Cleaning-in-Place (CIP) rinse water reuse and Reverse Osmosis (RO) reject water recovery systems have been established. Beyond these initiatives, the company also repurposes water for daily activities such as cleaning pallets, watering greenery, and flushing toilets.

**Recycling Initiatives**
Several URC sites minimize water wastage by utilizing treated wastewater in spray ponds and wet scrubbers and reusing the same for cooling tower systems. This practice is being implemented in SURE plants such as CARSUMCO, Balayan, Passi, SONEDCO, URSUMCO, La Carlota Sugar Mill, and La Carlota Distillery. Flour Pasig also utilizes barge ballast water to augment its water sources. The company also recycles water by using used water for the initial washing of key raw materials, such as unpeeled potatoes, one of the most water-intensive processes in its value chain. Additionally, wastewater effluent is repurposed as top-up water for cooling towers.

URC remains steadfast in enhancing and expanding its water conservation programs, reinforcing its commitment to achieving its water consumption targets.

**Continuous Improvement Mindset**
The company embeds continuous improvement (CI) principles through the use of tools & techniques. Given that each facility encounters unique yet comparable challenges, this approach allows the company to address issues in a way that aligns with the specific realities of each plant. By incorporating insights from those directly involved in operations, URC ensures that solutions are both practical and effective.

The CI mindset enabled savings piloted in Calamba and replicated in other plants. The CI mindset enabled the organization to be more responsive towards addressing issues raised by operations, who are now enabled by upskilling of appropriate capabilities via training and education, immersion on the job and use of available analytical tools and techniques.

**Environment Recognition Programs**
In 2024, AIG UCP Bulacan was recognized by DENR for its active participation in the Adopt-A-Waterbody for Meycauayan Watershed Program in partnership with DENR Environmental Management Bureau Region 3.

Moreover, under the Green Award which is the internal sustainability recognition of URC, the category winner for Best in Water Management was awarded to PPG 2 Plant for its water usage reduction and recycling programs.

The UN SDG 6 (Clean water sanitation) and SDG 15 (Life on land) are favorably impacted by these projects and activities.

## Opportunities

URC is committed to achieving its Water Use Ratio (WUR) reduction target of 40% by 2030 compared to the 2020 baseline by integrating innovative processes that optimize water consumption. Through continuous evaluation and adaptation of plant water usage, the company aims to enhance efficiency by maximizing the use of recycled water while minimizing reliance on virgin water. By staying informed on best practices and tailoring them to the specific needs of its facilities, URC will drive further progress in WUR reduction.

Investments in water-related technologies and programs are carefully considered during financial planning to ensure sustainable resource management. Additionally, URC plans to conduct Source Water Vulnerability Assessments in the coming years and leverage existing studies on critical water areas in the country. This will help determine if a portion of the company's water withdrawals occur in water-stressed regions, guiding future conservation strategies.

## Materials used by the Organization

| Disclosure | Units | 2023 | 2024 |
|---|---|---|---|
| Materials used by weight or volume | | | |
| • Renewable[1] | tonnes | 6,834,098 | 5,589,427 |
| • Non-Renewable | tonnes | 38,817 | 38,935 |
| Percentage of recycled input materials used to manufacture the organization's primary products and services[2] | % | 0.58% | 0.61% |

*Note:*
*Covers available data on raw materials and packaging materials used by the organization. Scope includes BCFG-PH, AIG, FLOUR and SURE (sugarcane).*
*[1] Renewable material pertain to raw materials of agricultural origin and cartons for packaging.*
*[2] Percentage of recycled input materials is computed as the amount of re-grind PET used as feedstock divided by the total input for packaging materials. Scope includes BCFG-PH.*

### Impact, Stakeholders and Risks

**Impact:** Effective use of these materials reduces costs, resource depletion, GHG emissions associated with production, and production wastes which goes to landfills.

**Stakeholder:** Employees, regulators, suppliers and local communities where it operates in

**Risks:** The company acknowledges that through the unchecked use of non-renewable resources, there is the risk of over extracting limited natural resources for activities such as expansion of facilities and producing primary products.

### Management Approach for Impact and Risks

URC prioritizes actions leading towards seamless and efficient operations. The responsible use of natural resources — intrinsic to the business — entails that the company minimizes its environmental impact and optimize synergies where possible, whether in the careful sourcing of raw materials from select suppliers, or in the proper use, reuse, or disposal of these same materials and the material by-products generated from the operations.

URC's commitment to quality usually entails rejecting packaging materials that do not pass inspection, however small the blemish or dent. Added to which, scrap plastics remain after the materials have been cut and folded or shaped into the desired packaging. Rather than dispose of these materials in a landfill, URC has found ways to reincorporate them into new products. For instance, URC's industrial scrap polyethylene terephthalate (PET) material – including bottle rejects – are reprocessed into ground PET flakes and mixed with virgin PET resin to create new containers. The company only upcycles materials within the system to ensure that the products are clean and do not impose a threat towards safety and quality.

### Opportunities and Management Approach

There are opportunities to increase the use of recycled materials that URC can take advantage of by ensuring that the company keeps abreast of the latest information and applying them across business units when ready. PET is currently recyclable; it can look for ways to recycle other packaging materials such as films by converting multi-layer films into mono materials.

**Ecosystems and Biodiversity** (whether in upland/watershed or coastal/marine)

| Disclosure | Quantity | Units | Boundaries |
|---|---|---|---|
| Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 12.548 | Ha | CMC Davao Flour Mill is located in Sasa Davao City, Davao del Sur situated on the gulf's west coast. Davao city is among the four provinces that surrounds Davao Gulf which is conserved as Key Biodiversity Area.<br>Davao Gulf situated in the southeastern part of Mindanao is one of the priority conservation areas of the Sulu-Sulawesi Marine Ecoregion. It is a breeding and nursery ground for small and large species, with frequent sightings of whale sharks, dugongs and leatherback turtles, among the list of species cited in the Convention on the International Trade of Endangered Species.[1] |
| Habitats protected or restored | 11,376 | Seedlings | URC-wide tree planting and nurturing activities were conducted across different sites. |
| IUCN Red List species and national conservation list species with habitats in areas affected by operations | 0 | # | The company has no operations affecting the habitats of species listed in IUCN Red list species and national conservation list species. |

*Note: Data covers information of total URC (BCF-PH, BCF-INT, Flour, SURE, AIG, and external distribution centers in the Philippines*); [1]*Based on World Wide Fund for Nature*

**Impact, Stakeholders, and Risks**

**Impact:** Every component of the day-to-day operations interact with the environment such as the extraction of water and raw materials, usage of electricity, effluent discharges, generation of waste, and air emissions. These can potentially impact (directly and indirectly) the biodiversity and ecosystem of the areas including the boundaries where the businesses are located. If these environmental aspects were not managed effectively, it might lead to adverse impacts such as water, air and land-based pollution, contribution to climate change, and scarcity of food and material.

**Stakeholder:** Employees, Local Communities, Local Government Units (LGUs), and DENR

**Risks:** URC recognizes that changes in the biodiversity and ecosystems can pose significant threats to the flora, fauna and the people which might result in notable risks such as habitat loss, displacement of species, coral bleaching, and development of diseases in the local communities due to disturbances in the ecosystem. This might also affect business operations in various ways where day-to-day activities might be delayed and halted.

## Management Approach for Impact and Risks

URC acknowledges that the business has an impact on the biodiversity and surrounding ecosystem. Therefore, embedded in the company's environment policy, it is committed in preserving and protecting the environment by using resources sustainably in the communities where it operates. The company acknowledged its responsibility to comply with all the environmental laws to ensure that employees, surrounding communities, and the environment, are not exposed to any unnecessary amount of hazard due to the business operations. In addition, it is the company's corporate social responsibility to conduct programs and activities that support conservation efforts, biodiversity preservation, and ecosystems protection. URC conducts company-wide environmental stewardship initiatives such as reforestation programs, coastal, river, and drainage clean-up drives, and mangrove planting activities.

In support to the Expanded National Greening Program (NGP) stated in Executive Order 193, SURE URSUMCO and PASSI have signed MOA with DENR CENRO to Adopt-a-Forest of 3 Ha in Tanglad, Manjuyod, Negros Oriental and 5 Ha in San Enrique, Iloilo. This partnership will rehabilitate the forest/watershed identified by DENR through establishment of seedling and plantation nursery as well as conducting maintenance and protection activities in 3 years. In 2024, a total of 2,500 seedlings were planted through this program. In addition, ESMO continuously conducted activities in its commitment to the adopt-a-creek program in partnership with their respective LGUs and MENRO/CENRO.

In 2024, collaborative efforts with various stakeholders resulted in the successful planting of 11,376 seedlings, consisting of various endemic species of trees and mangroves, fostering environmental sustainability.

**Environment Recognition Programs**
In 2024, the Canlubang Plant was awarded Best in Nature Protection under the Green Award in Environment Category during the URC Sustainability Awards. This award is given to the plant who has exemplified admirable efforts and initiative in protecting our finite natural resources. Through its initiatives and efforts, the Canlubang Plant demonstrated a strong commitment to environmental stewardship and conservation, contributing positively to the protection of natural habitats and ecosystems.

As part of URC's sustainability promise, the company plans to expand its adopt-a-watershed project by protecting nearby watersheds and forests near sites where URC operates in partnership with its stakeholders contributing positively to SDGs 12 and 15.

## Opportunities & Management Approach

URC recognizes that there is a need to integrate biodiversity and ecosystems management into business policies, strategies, and operational processes. In addition, there is still a need to expand the company's conservation efforts and improve the programs and activities that promote biodiversity and ecosystems protection. These will raise awareness among the employees through shared activities to protect the ecosystems. There is also the chance to build a strong relationship and camaraderie with the local communities, government agencies, and LGUs.

# Environmental Impact Management

## Greenhouse Gas Emissions

| Disclosure | Units | 2023 | 2024 |
|---|---|---|---|
| Direct (Scope 1) GHG Emissions | Tonnes $CO_2e$ | 433,700 | 408,227 |
| Fugitive Emissions[1] | Tonnes $CO_2e$ | 31,166 | 25,902 |
| Energy Indirect (Scope 2) GHG Emissions[2] | Tonnes $CO_2e$ | 156,990 | 154,180 |
| Total (Scope 1 + Scope 2) GHG Emissions | Tonnes $CO_2e$ | 590,690 | 562,339 |
| GHG Intensity | Tonnes $CO_2e$/MnPHP | 3.77 | 3.50 |

*Note:*

- *GHG Emissions cover information of total URC (BCF-PH, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines, BCF-INT excl. China). This includes fugitive emissions.*
- *Emissions from biomass are considered biogenic emissions and should be tracked separately as per the GHG Protocol and are thus, not included in the overall GHG emissions inventory.*
- *2023 numbers have been reinstated due to changes in structure (acquisitions & divestments) and methodology improvements (improved emission factors).*

*[1] Fugitive emissions include emissions from refrigerants consumed by the plants which include R22 / Freon, R134a, R404, R407, R410, R507, R141B, R417, R32. Calculations only include Kyoto-protocol products. R22 will be phased out consistent with the phase-out schedule set by DENR Administrative Order (DAO) 2013-25.*

*[2] Computation of Scope 2 emissions used the market-based approach using emission factors provided by Retail Electricity Suppliers.*

### Impact, Stakeholders and Risks

**Impact:** URC's greenhouse gas emissions are greatly linked to its energy consumption. Greenhouse gases resulting from anthropogenic activities is the single most significant driver of climate change. The company recognizes that managing its GHG emissions will positively impact the organization and the environment. This extends beyond regulatory compliance, encompassing tangible benefits such as decreased production costs, and substantial savings on operational expenditures (OPEX). In prioritizing the mitigation of GHG emissions, URC not only aligns with environmental responsibility but also strengthens its operational resilience and economic sustainability.

**Stakeholder:** Employees, regulators, investors, suppliers, and local communities where it operates in

**Risks:** URC recognizes the numerous risks associated with climate change such as increased temperature and droughts, stronger typhoons, reduced water aquifers, and agricultural yields. These impact the operational activities of the company in various ways. Measuring and tracking its GHG emissions help the company better understand its contribution to climate change which also affects the assessment of its climate-related risks. Managing its energy consumption through efficient use of electricity and fuel reduces operational costs for all business units.

### Management Approach for Impact and Risks

URC's strong commitment towards Climate Action is to move towards a low-carbon economy by increasing the use of renewable energy and explore offset mechanisms.

As incorporated in its Environment Policy, the company commits to:

- Reduce environmental impact by implementing initiatives in climate action and resource management.
- Move towards a low carbon economy by reducing greenhouse gas emissions by switching to cleaner fuels, maximizing energy usage, and investing in renewable energy sources

Along with the target to reduce energy consumption, URC is also gearing towards achieving net zero carbon emissions by 2050. URC's strategy towards achieving Net Zero by 2050 is anchored on four pillars namely (1) measuring emissions, (2) setting sound targets, (3) implementing reductions, and (4) exploring offset opportunities.

In 2024, URC started to measure its Scope 3 emissions focusing on key ingredients. Moreover, the company reviewed and recalculated its baseline data from 2020 and succeeding years until 2023. Reasons for the recalculation involve applying consistent data coverage in consideration of acquisitions and divestments across the years. Methodological improvements were also applied with the availability of better data quality and emission factors. Measuring and understanding URC's GHG emissions will serve as the foundation to make data-driven decisions as the company continuously evaluates its Net Zero target.

**Climate Action Program**

The Climate Action Program is URC's mechanism to facilitate GHG reduction efforts geared towards identifying initiatives to reduce Scope 1 & 2 emissions. Kicked off in 2024, key functions across all URC business units globally were trained on GHG fundamentals such as inventory and accounting, and key decarbonization levers. Business units were onboarded on URC's Climate Action priorities, goals, and key activities. The Climate Action Program streamlined energy-savings and RE adoption projects in the pipeline to measure its contribution to GHG reduction for URC, grouping them into decarbonization levers, providing a baseline view of the impact of future projects.

Since 2020, URC has seen reductions in its GHG emissions. These reductions are attributed to the mentioned initiatives under the Energy consumption portion. In addition, adoption and increase of renewable energy in the company's energy mix remains to be one of the key strategies to reduce emissions.

**On-Site Generation of Power through Solar Panel Installations**

Since 2019, on-site generation of electricity through solar panels have been a part of URC's strategy. To date, twelve of URC's facilities have solar panel installations with a combined capacity of 18.1 MWp. Three solar projects were added this year located in Myanmar, Malaysia, and the Philippines. One of URC's landmark projects in solar is the installation of a 1 MW ground-mounted solar farm in the La Carlota Distillery Plant in Negros Occidental.

All of these investments on solar energy contributed 63,173 GJ to URC's total energy usage in 2024, avoiding 6,217 t-$CO_2$e in GHG emissions if the same quantity was purchased from the grid.

**Purchased Electricity from Renewable Energy Sources**

Boosting the company's transition to renewable energy sources, the company has signed agreements with Retail Electricity Suppliers to supply 21 of the local facilities with electricity generated from solar and geothermal energy. In addition, URC's operations in Vietnam formed a Power Purchase Agreement (PPA) that provides one of its plants with electricity generated from solar energy, bought at a lower rate compared to average market price. PPA mechanisms are continuously explored to increase RE share, and is expected to be replicated to 5 more facilities by 2025.

URC will continue to maximize opportunities to utilize renewable energy in purchased electricity for all of its plants. As a sign of progress towards this goal, 51% of electricity the company purchased came from renewable energy sources.

**Biomass Power Generation**
In addition to using biomass by-products as alternative fuel in operations, URC SURE exports power to the grid which is generated through its Bagasse-fired Power Plant in Kabankalan; further strengthening the company's commitment to renewable energy.

**Nationwide-tree planting initiatives across One URC**
Collaborative efforts with various stakeholders resulted in the successful planting of 11,376 seedlings, consisting of various endemic species of trees and mangroves, fostering environmental sustainability.

**Ozone Depleting Substances (ODS) Management**
In line with the management of ODS, the company continues to monitor the inventory and usage of approved alternative refrigerants. This is aligned with the Revised Regulations on the Chemical Control Order of ODS in the Philippines. The company supports global endeavours aimed at eliminating or mitigating the use of hazardous substances, which present risks to both human health and the environment.
The programs and initiatives mentioned above are aligned to the SDG targets 7, 9 and 13.

## Opportunities & Management Approach

Gearing towards achieving 100% renewable energy in purchased electricity and Net Zero by 2050, project teams will continuously conduct feasibility studies, trials and implementation plans to increase utilization form renewable sources and explore other green fuel technologies and sustainable technologies to reduce coal consumption. URC will continuously explore opportunities and evaluate options to offset its GHG emissions.

Furthermore, URC recognizes the link between GHG emissions, its operations' energy dependence, production efficiencies, and cost savings.

## Air Pollutants

| Disclosure[1] | Units | 2023* | 2024 |
|---|---|---|---|
| NOx | tonnes | 168.14 | 410.6 |
| SOx | tonnes | 151.46 | 141.0 |
| Persistent organic pollutants (POPs) | tonnes | n/a | n/a |
| Volatile organic compounds (VOCs) | tonnes | n/a | n/a |
| Hazardous air pollutants (HAPs) | tonnes | n/a | n/a |
| Particulate matter (PM) | tonnes | 99.6 | 174.7 |
| | | | |
| Data Coverage | | *BCF-PH* | *BCF-PH, BCF-INT, Flour, SURE, AIG* |

*The scope of disclosure for 2024 has expanded to include BCF-International, AIG, FLOUR, and SURE business units.*

Note:
- *Data covers information from air pollution sources equipment (APSE) such as boilers, generator sets, ovens, and chimneys of URC with air emission test results in 2024 conducted by a DENR Accredited Laboratory (PH operations).*
- *Per National Emission Standards for Source Specific Air Pollutants, all the emission test results in PH operations (expressed in mg/Nm3) were within the standards set by the DENR-EMB.*
- *URC's boilers, generator sets and company-owned vehicles undergo mandatory emission testing as mandated by the DENR and Land Transportation Office.*

### Impact, Stakeholders and Risks

**Impact:** URC's operations generate air pollutants from food production and transportation and agricultural activities. The company acknowledges that air pollutants from Air Pollution Source Equipment (APSE) may result to environmental and long-term health effects of the employees and general public particularly if emissions do not meet the National Emission Standards and Ambient Air Quality Standards stipulated thru Republic Act No. 8749, otherwise known as the Philippine Clean Air Act of 1999.

**Stakeholder:** Employees, regulators, local communities where it operates in, and general public

**Risks:** The company recognizes that air pollutants pose risks to environment, public health and employees which would result in grievances and complaints from regulators, labor unions, the general public, and environmental activists.

### Management Approach for Impact and Risks

URC recognizes the negative impacts of air pollutants to the environment, and the harmful effects to human health. To reduce these impacts, the company ensures it fully complies with the Clean Air Act and its implementing rules and regulations through periodic emission tests, proper and regular maintenance of APSEs, installation of appropriate air pollution control devices *(e.g. scrubbers, cyclone collectors, dry & wet filter systems, and continuous emission monitoring systems or CEMS in our operations in Vietnam)*, and constant monitoring of compliance through internal audits and validation in the facilities.

The company ensures to minimize the release of air pollutants by improving air pollution control installations and by transitioning to cleaner fuel such as switching from bunker to diesel for the fuel used in our boilers. We have also installed high efficiency boilers that contributes to lessened air pollutant emissions. URC continuously evaluates current practices and determines appropriate improvements in the monitoring process, in alignment with the Clean

Air Act of the Philippines. The company supports SDG 11(Sustainable Cities & Communities) through these initiatives.

# Solid and Hazardous Waste

## Solid Waste

| Disclosure | Units | 2023 | 2024 |
|---|---|---|---|
| Total solid waste generated | Tonnes | 2,454,320 | 1,726,786 |
| Recyclable (Biodegradables[1] and Non-Biodegradables[2]) | Tonnes | 616,317 | 357,729 |
| Incinerated | Tonnes | 0 | 0 |
| Residual/Landfilled[3] | Tonnes | 24,057 | 20,885 |
| Renewable[4] | Tonnes | 1,813,946 | 1,348,172 |

*Note:*
*Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)*
*[1] Biodegradable waste originated from plant or animal sources which may be broken down by other living organisms*
*[2] Non-biodegradable wastes were sold as scrap or returned to the recycling stream (e.g.: plastic containers, rubber, and metal)*
*[3] Residual/Landfilled – non-potential and non-recoverable waste that are disposed to sanitary landfill.*
*[4] Renewable are waste materials used as alternative fuel to generate the company's own energy (e.g.: Coffee Spent Grounds used as alternative fuel to boiler to produce steam for the production)*
*[*] 2023 numbers have been reinstated to excl China*

## Hazardous Waste

| Disclosure | Units | 2023[3] | 2024 |
|---|---|---|---|
| Total weight of hazardous waste generated[1] | Tonnes | 618 | 641 |
| Total weight of hazardous waste transported[2] | Tonnes | 375 | 372 |

*Note:*
*[1] Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)*
*[2] The difference in the quantity of hazardous waste generated and transported are stored onsite in DENR-prescribed hazardous waste storage areas while waiting for schedule of transport and treatment.*
*[3] 2023 numbers have been reinstated to excl China*

**Impact, Stakeholder and Risk**

**Impact:** The company understands that improper waste management poses significant environmental and public health risks, including marine degradation, water and air pollution, and potential harm to communities. Committed to minimizing its environmental footprint, the company implements strict waste management protocols to ensure responsible disposal, recycling, and treatment. By prioritizing sustainable waste practices, it aims to protect ecosystems, safeguard human health, and contribute to a cleaner and healthier environment for future generations.

**Stakeholder**: Employees, the communities in which it operates in, regulatory authorities, and local government units.

**Risk**: URC recognizes that inefficiencies or leakages in its waste management system pose significant risks, including potential health hazards, environmental contamination, and regulatory non-compliance. Improper handling or unlawful discharge of hazardous waste into land and water bodies can lead to water table pollution compromising the drinking water supply of surrounding communities.

Additionally, non-compliant waste disposal by third-party contractors may result in legal and financial penalties, along with reputational damage for the company. These risks extend to various stakeholders, including regulatory authorities, waste management personnel, waste aggregators, and exposed communities, underscoring the critical need for stringent waste management protocols, continuous monitoring, and strict compliance enforcement.

## Management Approach for Impact and Risks

Waste management is an integral part of the company's operations, ensuring compliance with local government regulations and fulfilling its social responsibility to the communities it serves.

### Solid Waste Management

URC systematically collected comprehensive data on the composition and volume of solid waste generated across its operations on a monthly basis. Solid waste was categorized in accordance with the Ecological Solid Waste Management Act of 2000 (RA 9003) to ensure proper classification and handling. Waste profiling played a crucial role in maximizing the value of waste and ensuring its proper management.

The company recognizes the importance of a circular economy in its waste management approach, emphasizing waste reduction and the continuous use of resources. By actively implementing and supporting waste management initiatives, URC aimed to minimize waste generation and prevent its disposal in landfills, waterways, and oceans—addressing a critical environmental issue on a global scale.

As part of its commitment to reducing waste and achieving its zero-waste-to-landfill goal, URC continuously implemented several sustainability initiatives focused on effective waste management with some notable programs below:

- Segregation at Source – Waste segregation was actively practiced in URC facilities to enhance proper waste disposal and recycling efforts.
- Scrap Recovery – A standard practice was established to sell high-value waste materials to verified scrap buyers, ensuring their reintegration into the recycling stream.
- Use of Biomass and Discarded Animal Waste as Alternative Fuel – Biomass and bagasse were utilized as alternative fuel sources in operations, contributing to sustainable energy practices.
  - Sugar & Renewables (SURE): Bagasse, a by-product of sugarcane milling, is used as fuel for the boilers in the SURE plants, producing steam and electricity. In its Distilleries, another by-product called spent wash is used as fuel to boilers while a portion undergoes bio-methanation process producing biogas.
  - Agro-Industrial Group (AIG): In our farms business, discarded animal wastes are converted into biogas and is used to generate electricity.
  - Branded Consumer Foods (BCFG): Coffee spent grounds, spent tea leaves, and sludge are some of the by-products utilized by our plants in San Pedro, Calamba, and Vietnam.

These initiatives reinforced URC's commitment to sustainability and resource efficiency while supporting the company's long-term environmental objectives.

Meanwhile in 2022, the Extended Producer Responsibility Act lapsed into law in the Philippines. With its published DAO-2023-02: Implementing Rules and Regulation of the RA11898, obliged enterprises such as URC is required to recover and divert 40% of its plastic footprint in the 2nd year of its implementation.
URC together with all the subsidiaries under the JGSHI and RRHI complied with the EPR requirements as a Collective. The company being the lead enterprise developed an end-to-end EPR strategy that includes packaging circularity, societal engagement, collection, and diversion to ensure compliance and sustainability of the programs.

**Packaging Circularity**
The company has ongoing efforts in reducing its plastic packaging footprint by:

- Redesigning packaging of its coffee mixes wrapper to be recycle-ready
- Reducing trim waste of total print width by incorporating tonal scales in wrapper design
- Reducing cut length of Great Taste Premium and Granule sticks
- Reducing the thickness of shrink wrap used for C2
- Light weighting of C2 bottles

URC also undertook initiatives to lightweight its Refresh water bottles, reducing plastic usage while maintaining product integrity. The Refresh 330 mL bottle, originally weighing 13 grams, was replaced with a 350 mL version weighing only 7.85 grams. Similarly, the Refresh 500 mL bottle was reduced from 16 grams to 8.85 grams. These efforts aligned with URC's commitment to sustainability by minimizing plastic consumption and promoting resource efficiency in packaging.

S**ocietal Engagement and Collection Programs**

URC recognizes that community engagements is essential to leverage ecosystem support and shared environmental goals. It also worked local government units and communities to create programs on plastic waste management. The company also actively collects and recovers post-consumer plastic waste through programs like 'Juan Goal for Plastic, leveraging the Gokongwei Group ecosystem for its collection hubs.

**Juan Goal for Plastic Program**
URC initiated this program in 2022 to support the company's contribution to address marine pollution. Its primary objectives include establishing plastic waste collection programs in selected pilot communities and developing a communication and training manual that other Strategic Business Units (SBUs) can use to launch their plastic waste collection projects. The key outcomes and positive impacts of these environmental initiatives include:

- Raising awareness and knowledge about plastic waste recycling in communities and providing long-term solutions to address the issue.
- Engaging communities and fostering partnerships with Local Government Units and Environment and Natural Resources Office partners.
- Increasing employee engagement and volunteerism within the JGSHI and RRHI
- Supporting compliance with the Extended Producer Responsibility (EPR) required by law.

- These initiatives have gradually made a positive impact, influencing thousands of Filipino citizens to become more environmentally conscious, contributing to a happier and healthier environment step by step.

In 2024, URC collected 36 metric tonnes of plastic waste, demonstrating its commitment to environmental sustainability. This initiative saw active participation from various business units, including BCFG, SURE, AIG, Flour, and Packaging, with over 30 collection sites activated across URC's facilities and its partner communities.

Aside from the regular collection activities held across the facilities, a special collection activity in celebration of Earth Day was held across the business units. These activities underscore the collaborative efforts and positive partnerships forged with external organizations. URC is unwavering in upholding integrity and credibility.

With a strong sense of camaraderie both internally and externally, the company remains dedicated to its mission as part of one of the largest conglomerates in the country. URC continuously develops programs and initiatives that promise long-term benefits for its organization, employees, and the communities it serves.

**Waste Management Partnership with Holcim**

URC recognizes that addressing plastic pollution requires a comprehensive, circular approach, which can only be achieved through collaboration with organizations, private sector partners, institutions, communities, and local government units (LGUs). Through this shared understanding, URC continues to work with one of its existing partners, Holcim Philippines, as they endeavor to achieve this.

URC, particularly the ESMO Plant, and Holcim Philippines have been in partnership in the management of the plant's industrial waste wherein Holcim oversees the pre-processing and co-processing of waste material from the plant's operations. This partnership enables URC ESMO Plant to divert their waste from the landfill and concurrently ensures its compliance to the LGU's directive prohibiting landfill disposals.

Building on this existing partnership, URC and Holcim ventured into an enhanced waste management partnership, partnering with Local Government Units, to work together on a program to support and incentivize waste workers in its partner communities to improve the efficiency of segregation of municipal solid waste.

Through the tripartite partnership between URC, Holcim, and the LGUs, each player plays a role in the implementation of proper plastic waste management. This collaboration is a key component of the company's strategy to manage plastic waste sustainably as well as fulfill its EPR Compliance. In 2024, URC and Holcim partners with LGUs in Obando, Bulacan, El Salvador City and Sto Tomas Pampanga.
These partnerships positively impacted more than 100 waste workers across 3 LGUs benefiting from the program.

**Diversion Initiatives**

As part of URC's EPR strategy, the collected plastic waste from partner LGUs was processed through Holcim's waste management arm – Geocycle. Using cement kiln co-processing, the plastic waste was converted into alternative fuels for Holcim's cement kilns, integrating waste into industrial processes.

Through these collaborative efforts, URC continues to advance its commitment to sustainable waste management, landfill diversion, and circularity, demonstrating the power of strategic partnerships in creating a lasting environmental impact.

**Food Waste Management**

URC also acknowledges the importance **of** addressing food loss and waste to ensure that those suffering from hunger and malnutrition have access to nutritious food. URC remains committed to minimizing food waste while uplifting society through enhanced food accessibility.

**Partnership with SOS Philippines**

In 2024, the company continues to partner with Scholars of Sustenance Philippines (SOS PH), a food rescue and environmental foundation dedicated to recovering surplus food and redistributing it to vulnerable communities. Through initiatives such as food collection for community partners and Rescue Kitchen programs, where volunteers prepare and distribute meals, URC actively contributes to reducing food waste. In celebration of World Food Day, its volunteers participated in a Rescue Kitchen program, reinforcing the company's dedication to sustainable food management and social responsibility.

**Hazardous Waste Management**

Effective hazardous waste management is essential to ensuring environmental safety and regulatory compliance. URC is committed to handling hazardous waste responsibly by implementing strict protocols for waste storage, monitoring, and disposal while adhering to national and international regulations.

All hazardous waste haulers undergo a rigorous screening and accreditation process by the Department of Environment and Natural Resources (DENR) before being engaged by the company. This ensures that only qualified and compliant service providers handle hazardous waste disposal.

Trained personnel, including accredited Pollution Control Officers (PCOs) and key employees, oversee hazardous waste management across all facilities. Waste is securely stored and monitored until transport to a DENR-accredited Treatment, Storage, and Disposal (TSD) facility, where it undergoes proper treatment. Until the scheduled transport, all waste remains secured within company premises, ensuring compliance with environmental and safety standards.

Recognizing that hazardous waste classifications vary by country, URC primarily follows Philippine regulations, particularly DAO 2013-22: Revised Procedures and Standards for the Management of Hazardous Wastes, as most of its facilities are based in the Philippines.

By upholding these stringent hazardous waste management protocols, URC reinforces its commitment to environmental responsibility, workplace safety, and regulatory compliance in all its operations

**Environment Recognition Programs**

To celebrate these efforts, the company conducted internal Sustainability Awards to recognize facilities that has significant contributions in waste reduction, environmental protection, and community engagement.

In 2024, URC Thailand Plant 3 was honored under the Green Award – Best Waste Management category for its successful waste reduction initiatives and commitment to sustainable waste management practices.

Beyond internal awards, the company also received external recognitions for its efforts in waste management. URC Sugar and Renewables-Passi was recognized at the Gawad Environmental Management Bureau (EMB) Awards, presented by the Department of Environment and Natural Resources (DENR). The award, given on June 27, 2024, acknowledges organizations that have made significant contributions to waste management, local environmental conservation, and community-driven sustainability efforts.

This recognition reaffirms URC's dedication to environmental excellence, showcasing its role as a leader in sustainability and responsible business practices.

## Opportunities and Management Approach

In alignment with its goal of achieving Plastic Neutrality by 2030, URC will enhance the integration of sustainability initiatives aimed at addressing waste management challenges through the adoption of Agile Project Management. The company will continuously assess its waste management systems to identify opportunities for optimizing segregation and recovery processes, ensuring more efficient resource utilization. URC will further explore various plastic diversion technologies to assess their feasibility in terms of business viability and long-term sustainability. Additionally, the company aims to establish collaborative waste management projects involving community participation and partnerships with local recyclers, creating opportunities to scale up engagement with key stakeholders.

Recognizing the importance of multi-sectoral collaboration, URC will actively engage with local government units, academic institutions, and civic organizations to develop holistic and impactful solutions for plastic waste management. The company will prioritize the development of long-term programs with these partners while also exploring green financing mechanisms to support the continuity and expansion of plastic collection and diversion efforts.

All initiatives will be strategically aligned with United Nations Sustainable Development Goal UN SDG 12 reinforcing URC's commitment to Responsible Consumption and Production.

## Effluents

| Disclosure | Units | 2023 | 2024 |
|---|---|---|---|
| Total volume of water discharges | Cubic meters | 7,291,582 | 6,966,159 |
| Percent of wastewater recycled[1] | % | 13% | 10% |

*Note:*
*Data covers information of total URC (BCF-PH, Flour, SURE, AIG, and BCF-INT excl. China)*
*[1] Percent of wastewater recycled is computed as the total volume of water recycled and reused over the total volume of water discharges.*

### Impact, Stakeholders and Risks

**Impact:** URC acknowledges the environmental challenges posed by wastewater from its food production and agricultural operations. With high levels of nutrients, suspended solids, and biochemical oxygen demand, this wastewater is among the most difficult and costly to manage. To prevent potential contamination of nearby water bodies, URC is dedicated to implementing effective wastewater treatment processes and ensuring compliance with the Water Quality Guidelines and General Effluent Standards outlined in DENR Administrative Order 2016-08. Through these efforts, the company reinforces its commitment to protecting water resources and promoting sustainable environmental practices.

**Stakeholder:** The stakeholders of URC include its employees, the communities in which it operates, regulatory authorities, and local government units.

**Risks**: Water is a critical resource for URC's long-term sustainability as a food and beverage company. However, the discharge of contaminated wastewater poses substantial risks, including potential harm to communities and other stakeholders. Inadequate wastewater management may result in regulatory non-compliance, reputational damage, and challenges to maintaining the company's social license to operate.

### Management Approach for Impact and Risks

As outlined in its Environmental Policy, the company remains committed to responsible water stewardship by continuously enhancing water use efficiency and protecting vital watersheds.

Waste management, including the proper handling of effluents and other production waste, is an integral part of its operations, ensuring compliance with local regulations and fulfilling its social responsibility to surrounding communities. The company strictly monitors key pollutants in its effluents before discharge, including Biochemical Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Total Suspended Solids (TSS), color, pH, oil and grease, temperature rise, nitrates, ammonia, fecal coliform, surfactants, and phosphates.

To maintain compliance with the Water Quality Guidelines and General Effluent Standards, the company has implemented various programs and initiatives. These include additional chemical treatments at specific sites to reduce phosphates, standardized chlorine dosing across all BCF-PH facilities, improved tools and processes for wastewater monitoring, and upgrades to wastewater treatment plants to accommodate increased production and reduce ammonia, phosphates, and nitrates.

Furthermore, standardized dry cleaning procedures have replaced wet cleaning in certain production areas, and leak corrections have been carried out, leading to reduced water consumption and discharge. Some sites are also being assessed for their potential to reuse treated effluent for non-potable purposes, such as toilet flushing and gardening.

In recent years, the company has invested in advanced technologies, including electrocoagulation in its Tarlac facility to remove phosphates, TSS, BOD, and COD, as well as dissolved-air flotation at the Vitasoy plant to minimize oil and grease levels. Additionally, heat exchangers have been installed in select confectionery production lines to recover and recirculate vacuum pump discharge, further reducing water usage and waste.

## Opportunities & Management Approach

Recognizing the complexities associated with effluent management, the company aims to optimize wastewater utilization through the identification and implementation of reuse and recycling processes. By assessing operational workflows, the company can integrate treated effluents into non-potable applications such as cooling systems, equipment cleaning, and irrigation, thereby reducing freshwater dependency and minimizing environmental impact. The adoption of advanced treatment technologies and process enhancements will ensure that recycled water meets regulatory and quality standards. This initiative aligns with the company's commitment to improving water efficiency, regulatory compliance, and sustainable resource management.

## Non-compliance with Environmental Laws and Regulations

| Disclosure | Quantity | Units |
|---|---|---|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | No material fines or penalties | PHP |
| No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations | | # |
| No. of cases resolved through dispute resolution mechanism | | # |

*Note: The company or any of its subsidiaries is not a party to, and its properties are not the subject of, any material pending legal proceedings involving fines or non-monetary sanctions that could be expected to have a material adverse effect on the Company's financial position or results of operations.*

### Impact, Stakeholders and Risks

**Impact:** URC acknowledges that strict environmental compliance is crucial in protecting stakeholders including employees, surrounding communities, and the environment from unnecessary hazards caused by business operations. Upholding compliance not only ensures safety but also reinforces responsible resource management, aligning with the company's materiality priorities and 2030 commitments. By adhering to environmental regulations, URC strengthens its social license to operate, fostering trust and long-term sustainability.

**Stakeholder:** The stakeholders of URC include its employees, management, communities in which it operates, regulatory authorities, and local government units.

**Risks:** URC acknowledges the ongoing risk of sanctions, fines, and operational disruptions due to non-compliance with local and national regulations, as well as standards set by permit authorities. Failure to effectively monitor and manage business activities could result in legal penalties, reputational damage, and potential restrictions on operations. To mitigate this risk, the company prioritizes strict regulatory adherence, proactive compliance monitoring, and continuous engagement with regulatory bodies.

### Management Approach for Impacts and Risks

The company has continuously enhanced its environmental compliance framework by implementing structured strategic cadences. Led by URC's compliance and legal team, this initiative ensures that all facilities maintain strict adherence to environmental regulations. This adherence is a fundamental component of the company's cross-functional business continuity strategy, reinforcing operational resilience and regulatory compliance across all sites.

As a publicly listed company, the company's commitment to compliance extends to the regulations of the countries where it operates and sells products, as well as meeting specific conditions outlined by its customers. At the local level, the company ensures regulatory compliance by monitoring adherence to the mandates of governing bodies such as DENR, Laguna Lake Development Authority (LLDA), NWRB, and relevant City or CENRO/MENRO offices. Furthermore, it actively works to fulfil the requirements set by energy regulatory agencies, including the DOE and ERC.

Environmental compliance is meticulously evaluated, guided by governing laws and requirements set by Environmental Management Bureau, including acts such as the Republic

Act (RA) No. 9275 Philippine Clean Water Act of 2004, R.A. No. 8749 Philippine Clean Air Act of 1999, R.A. No. 9003 Ecological Solid Waste Management Act of 2000, R.A. No. 11898 Extended Producers Responsibility Act of 2022, R.A. No. 6969 Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990, R.A. No. 3931, as amended by Presidential Decree (P.D.) 984 Pollution Control Law, P.D. 1586 Environmental Impact Statement System. Moreover, other laws mandated by environmental governing body such as LLDA Act of 1966 is also being monitored for compliance.

The company's compliance is further reinforced by Environmental Compliance Certificates (ECCs), meeting the requirements of P.D. No. 1586 under DENR Administrative Order No. 2003-30. As a company generating renewable energy and selling excess power, adherence to the Renewable Energy Act and the Electric Power Industry Reform Act is ensured. Each facility is equipped with a DENR-Accredited Managing Head and PCO responsible for managing environmental aspects and impacts of operations. Environment, Health, and Safety (EHS) Compliance Officers, working in coordination with Corporate EHS Managers, conduct Compliance Assessments across all URC sites, ensuring compliance with regulatory requirements, particularly at new operating sites.

The compliance assessment focuses on revalidating facilities' adherence to permit acquisitions and conditions. The company sustains the output through monthly management of URC sites' permits and licenses, ensuring continuous tracking of compliance status. The Integrated Environmental, Health, and Safety Assessment (IEHSA) confirms the status of plant EHS implementation, guiding the achievement of EHS goals and the reduction of risks and impacts. A robust mechanism is in place to track the closure of actions addressing concerns raised in IEHSA, ensuring ongoing progress in compliance. Moreover, the EHS Compliance and IEHSA programs were expanded to include URC International sites through a 3-phase program outline to assess the plant’s compliance to permits and licenses and the conditions stipulated therein as required by their governing laws.

**Opportunities & Management Approach**

The company has established a systematic and comprehensive framework for developing an Environmental Management System (EMS) designed to achieve ambitious sustainability objectives. To ensure regulatory alignment, it will actively engage with policymakers and relevant stakeholders, integrating emerging laws and regulations into its environmental strategies.

# Employee Management

## Employee Data

| Disclosure | Quantity | Units |
|---|---|---|
| **Total number of employees** | 13,952 | # |
| By Gender | | |
| a. Number of female employees | 4,397 | # |
| b. Number of male employees | 9,555 | # |
| By Age Group | | |
| a. 26 and below | 3,098 | # |
| b. 27-41 | 7,291 | # |
| c. 42-56 | 3,363 | # |
| d. 57 and up | 200 | # |
| By Contract Type | | |
| a. Regular | 12,405 | # |
| b. Consultant, FTE & Project based | 787 | # |
| c. Probationary | 760 | # |
| By Length of Tenure | | |
| a. < 1 years | 1,507 | # |
| b. 1-3 years | 3,153 | # |
| c. 3-5 years | 1,512 | # |
| d. 5-7 years | 1,545 | # |
| e. 7+ years | 6,235 | # |
| By Rank | | |
| a. Executive/Senior Management | 78 | # |
| b. Rank & File | 8,285 | # |
| c. Supervisor | 1,737 | # |
| d. Manager | 1,167 | # |
| e. Seasonal | 368 | # |
| f. Professional / Technical | 2,317 | # |
| By Business Unit | | |
| a. BCF PH | 4,061 | # |
| b. BCF International | 5,437 | # |
| c. AIG | 669 | # |
| d. Flour | 455 | # |
| e. SURE | 2,246 | # |
| f. Main | 486 | # |
| g. Packaging | 598 | |
| Attrition rate[1] | 9.2 | % |
| Ratio of lowest paid employee against minimum wage[2] | 1:1 | Ratio |

*Note: Data covers the total number of URC regular employees as of December 31, 2024*

[1]*Attrition rate is the total voluntary turnover of current year over average total no. of employees of current year (including new hires for the year)*

[2] *The ratio is based on the comparison between the wage of the lowest paid employee (base fare) and the minimum wage on the specific region. URC is compliant with the minimum wage requirement. Other compensation provided to regular employees are indicated in the table below.*

| Disclosure | Quantity | Units |
|---|---|---|
| **Data for New Hires** | | |
| By Gender | | |
| a. Number of female employees | 546 | # |
| b. Number of male employees | 998 | # |
| By Age Group | | |
| a. 26 and below | 925 | # |
| b. 27-41 | 516 | # |
| c. 42-56 | 74 | # |
| d. 57 and up[3] | 29 | # |
| By Contract Type | | |
| a. Permanent or indefinite | 1,336 | # |
| b. Temporary or Fixed Term | 208 | # |

*Note: Data covers the total number of URC regular employees as of December 31, 2024*

| Disclosure | Quantity | Units |
|---|---|---|
| **Turnover** | | |
| By Permanent Employees | | |
| a. Female | 447 | # |
| b. Male | 774 | # |
| By Age Group | | |
| a. 26 and below | 524 | # |
| b. 27-41 | 554 | # |
| c. 42-56 | 128 | # |
| d. 57 and up[3] | 15 | # |
| By Rank | | |
| a. Executives / Senior Management | 3 | # |
| b. Middle Managers and Supervisors | 251 | # |
| c. Rank-and-file permanent | 634 | # |
| d. Seasonal | 11 | |
| e. Professional / Technical | 322 | # |
| By Contract Type | | |
| a. Voluntary | 1,221 | # |
| b. Involuntary | 474 | # |

*Note: Data covers the total number of URC regular employees as of December 31, 2024,*
*The breakdown of turn-over data by permanent employees, age group and rank cover voluntary only.*

## Employee Benefits

| List of Benefits[1] | | Y/N | % of Employees covered | | % of Employees availed | |
|---|---|---|---|---|---|---|
| | | | Female | Male | Female | Male |
| SSS | Salary Loan | Y | 100% | 100% | 20% | 24% |
| | Maternity Benefit | | 100% | n/a | 5% | n/a |
| | Sickness Benefit | | 100% | 100% | 2% | 3% |
| PhilHealth | | Y | 100% | 100% | 7% | 2% |
| Pag-IBIG | MPL | | 100% | 100% | 15% | 24% |
| | Calamity Loan | | 100% | 100% | 3% | 6% |
| Paternity Leave | | Y | n/a | 22% | n/a | 3% |
| Solo Parent Leave | | Y | 3% | 0% | 3% | 0% |
| Vacation leaves | | Y | 100% | 100% | 36% | 38% |
| Sick leaves | | Y | 100% | 100% | 33% | 40% |
| Medical benefits (aside from PhilHealth) | | Y | 100% | 100% | 100% | 100% |
| Housing assistance/ Provision for Staff Houses (aside from Pag-IBIG)[2] | | Y | 100% | 100% | 18% | 7% |
| Retirement fund (aside from SSS)[3] | | Y | 100% | 100% | 1% | 1% |
| Further education support (company loans for education) | | Y | 100% | 100% | 2% | 1% |
| Company stock options | | N | | | | |
| Telecommuting[4] | | Y | 100% | 100% | 100% | 100% |
| Flexible-working Hours[4] | | Y | 100% | 100% | 11% | 2% |
| **Others** | | | | | | |
| Group Life Insurance | | Y | 100% | 100% | 100% | 100% |
| Christmas Package | | Y | 100% | 100% | 100% | 100% |
| Subsidies for motivational programs such as company outing, Christmas party, sports fest, and family day | | Y | 100% | 100% | 100% | 100% |
| Company Loans for Emergencies | | Y | 100% | 100% | 100% | 100% |
| Special Leaves such as Emergency and Nuptial Leave | | Y | 100% | 100% | 100% | 100% |

*Note:*
*[1] The information covers the total number of URC PH regular employees*
*[2] Data scope on housing assistance are only applicable to AIG, and SURE employees*
*[3] Data scope includes Early Retirement, Mandatory Retirement, and Retrenchment/Redundancy for CY2024*
*[4]Applicable to employees working in the head office*

## Impact, Stakeholders, and Risks

**Impact**: Employees are the cornerstone of the company's value creation, with each generation contributing to the ongoing success of URC through their passion for delighting consumers.

By offering competitive benefits and hiring practices, URC empowers its employees to better manage their cost of living, balance personal and professional responsibilities, enhance their quality of life, and build long-lasting careers with the company.

**Stakeholders:** Management, Employees

**Risks**: URC acknowledges the challenges associated with organizational restructuring, emphasizing the importance of smooth employee integration into new departmental structures to minimize disruptions and uphold high morale.

## Management Approach for Impact and Risks

URC is committed to engaging and empowering employees to drive high performance and foster continuous growth. The company strengthens its workforce by providing the tools and skills necessary to navigate change, seize new opportunities, and address business challenges. The Company not only meets, but consistently exceeds, government-mandated benefits and wage orders. To stay ahead of the evolving nature of work, URC regularly benchmarks market trends to ensure that the dynamic needs of its employees are met.

To enhance talent management, URC has introduced initiatives like an AI-assisted chatbot, which provides real-time support for employee inquiries and eliminates delays typically associated with traditional HR processes. Additionally, the Company's partnership with GoTyme, a digital bank, offers programs designed to address employees' immediate financial needs. These efforts are tailored to adapt to the changing demands of its workforce, ensuring that URC remains a top choice for exceptional talent. Furthermore, URC is committed to continuously streamline and digitalize HR processes to provide the best possible employee experience.

## Opportunities & Management Approach

URC recognizes a unique opportunity to differentiate itself as an employer of choice among the country's leading companies. To enhance employee engagement, the Company is focused on offering more interactive onsite activities that inspire excitement and motivation for employees to come to work. Additionally, Pulse Surveys are conducted annually to provide employees with a platform to voice their concerns and share feedback. The insights gathered from these surveys are invaluable in shaping future initiatives and strategies.

## Employee Training and Development

| Disclosure | Quantity | Units |
|---|---|---|
| Total training hours provided to employees | 422,362.54 | hours |
| Average training hours provided to employees | 30.27 | hours/employee |

*Note: Data covers the total number of URC regular employees who underwent training in 2024.*

### Impact, Stakeholders and Risks

**Impact:** The continuity of learning and professional education is valued by the Company. It assures employees that their learning and development is prioritized in the organization.

It creates an interconnected benefit for the individual employee as well as for the company. Employees are able to develop new skills valuable for progression and career development; and in the efficient performance of their function. The organization benefits as it increases the possibility of attracting highly capable employees, improving employee retention, loyalty, satisfaction and performance standards as well as discovering areas for improvement.

**Stakeholder:** Employees

**Risks:** Inadequate training and career growth opportunities will negatively impact workforce productivity and quality of service. On the other hand, employees may also choose to leave and seek better opportunities elsewhere after getting sufficient training.

### Management Approach for Impact and Risks

Learning Interventions for 2024 has been aggressive compared to 2023 across the organization (corporate and plant level). This is generally due to well- defined development needs of employees identified through the Advanced Planning process (for the executives) and the agreed Individual Development Plan as specified in the Year-End Performance Evaluation of employees in the previous year.

**Leadership, Agile, and Commercial Programs**

On the Leadership programs, 3 batches of the New Leaders Program were rolled out for newly appointed people leaders. This is essential for them to be equipped and given the mindset of how to be an effective people leader coming from an Individual Contributor role. Apart from this, more Leadership Programs for senior level executives were participated in both from the offerings of Gokongwei Group L&D and internal URC offerings. A total of 94 training runs covering Leadership/Commercial Courses were completed this year covering 1,849 participants. This translates to a 16% increase in training hours for Leadership and Commercial courses alone. Agile Courses, on the other hand, provided Agile Coaches and Product Owners a total of more than 5,000 hours this year.

**Technical / Function Programs**

Similar to Leadership and Commercial Programs, all the plants (BCFG, AIG, Flour and SURE) including international counterparts – Malaysia, Vietnam, Thailand, Indonesia, and Myanmar, have all been able to render more time to address the development needs of its employees. An average of 15% increase has been posted compared to 2023 learning hours.

**Learning Management System (LMS**)

Another key development for 2024 is the wide offering of digital content offered by the Company's LMS Platform which essentially drives self-paced development. Digital contents from the various established academies in the LMS has been uploaded while some old ones have been revisited and updated. This year also ushered in the creation of interactive in-house developed e-learning modules making the learning experience more meaningful. A total of 7,000 hours has been contributed by the LMS platform. This is a promising figure considering all of the e-learning modules were only launched second half of the year. We are looking forward to a more heightened use of the LMS Portal for self-paced development this year.

**External Recognitions for Total URC Human Resources (HR)**

URC's impact extends beyond internal benefits, as multiple external recognitions in 2024 validated its success. Achievements such as the Best Places to Work, HR Innovation Awards, and Employer Branding recognitions highlight URC's commitment to creating an outstanding employee experience. In contrast to traditional HR models that function independently, URC's efforts showcase a unified, people-centered approach that blends technology, engagement, and cultural excellence.

**URC Honors Outstanding Projects at Annual UR Choice Awards**

URChoice Awards recognizes outstanding efforts and contributions of teams and business units across the organization. In 2024, 16 awards were presented across categories such as Business Excellence, Game Changer, Organizational Transformation, and People Focus.
The event served as a testament to the dedication and commitment of URC employees, who consistently uphold the company's core values in their daily work. From innovative projects to transformative initiatives, each finalist demonstrated exemplary performance, making the selection process both challenging and rewarding. The accomplishments celebrated at the URChoice Awards serve as a reminder to continue pushing boundaries, embracing change, and maintaining an unwavering commitment to excellence.

As a result of all the efforts put in this year, our average learning hours per employee has improved by 13% from last year's 26.7 hours to this year's 30.3 hours which is 26% higher than our year-end target of 24 hours.

**Opportunities & Management Approach**

URC has continued to develop and give priority to the professional development and growth of its employees as evidenced by the varied programs and learning tools made available. It will always provide newer ways for effective education and training. Self-paced learning will be actively encouraged through the available platform, providing employees with flexible development opportunities. Agile@Scale will remain a key differentiator in the way of working, continuously reinforced through bootcamps, masterclasses, and academies designed for Product Owners, Chapter Leads, and Coaches.

With the full integration of URLearning to Darwinbox, performance management will be directly linked to the learning platform which can feed training data into the assessment and at the same time, the specific training courses available that can complete the career planning process. Progress of IDP implementation will also be available and be readily viewed.

**Labor-Management Relations**

| Disclosure | Quantity | Units |
|---|---|---|
| % of employees covered with Collective Bargaining Agreements | 38 | % |
| *Number of consultations conducted with employees concerning employee-related policies[2]* | *0* | *#* |

*Note:*
*The information covers the total number of URC regular employees*

## Impact, Stakeholders, and Risks

**Impact:** The management communicates with employee unions on employee governance and compensation, benefits and company policies and all other matters relevant to the bargaining unit. URC is also able to effectively gather employee concerns through its dialogue and partnership with the employees.

**Stakeholder:** CBA-covered employees, Labor Union, Management, Government

**Risks:** If labor unions and URC do not reach an agreement, labor unrest may happen, disrupting the company's operations and overall productivity. Issues that remain unaddressed may cause employee dissatisfaction and could ultimately result in Department of Labor and Employment (DOLE) exposures and National Labor Relations Commission (NLRC) cases.

## Management Approach for Impacts and Risks

URC proactively and continually listens to employee concerns during negotiations in order to reach practicable agreements. In 2024, 13 collective bargaining agreements were signed with labor unions:

**BCFG-PH**

1. URC Labor Union Independent
2. United Labor Union of Universal Robina Corporation ESMO Plant – BCFG Rank and File Employees
3. Cebu Industrial Management Corporation Employees Union - Workers' Solidarity Network
4. Universal Robina Corporation Workers Union (Canlubang Plant 2) PTGWO
5. Independent Labor Alliance of Workers
6. Kilusan sa Pakikibaka sa Universal Robina Corporation - ALU-TUCP
7. Universal Robina Corporation Binan Workers Union - PTGWO
8. Universal Robina Corporation Workers Union San Pedro 1 Plant - PTGWO

**SURE**

9. SONEDCO Workers Free Labor Union (SWOFLU)

**FLOUR**

10. Continental Milling Company Monthly Employees' Union (CMC MEU)

**AIG**

11. Universal Corn Products' Workers Union's (UCPWU)
12. Universal Corn Products Technical Office Staff Employees Association (UCPTOSEA)

13. Universal Robina Corp Employees' Union Farm Division - ANGLO KMU

Some activities conducted with the union in BCFG include Kapihan with Plant Manager, Union Salu-salo with Plant Mancom, DOLE LMC National/Regional Convention, and Annual Yearend Thanksgiving. For Flour, activities are Seminar/orientation cum Capability building, Safety Training, LMC meetings and the participation to CSR programs, Year-end parties and salu-salo. For SURE, there are Management and Union meeting (Talakayan) at least once a month, First Monday Flag ceremonies and General assembly meetings, and participation to ER and CSR activities. For AIG, there are Monthly Kabalikat LMC meeting, AIG LMC Council StratPlan, AIG LMC Council Year End Assessment, AIG People and CSR Programs, NCMB Conventions - National and Regionals.

## Opportunities & Management Approach

URC will continue to provide a platform to foster good levels of communication with its CBA covered employees through formal and informal meetings. URC will create a more systematic approach to address concerns raised by its CBA covered employees.

## Diversity and Equal Opportunity

| Disclosure | Quantity | Units |
|---|---|---|
| % of female workers in the workforce | 32 | % |
| % of male workers in the workforce | 68 | % |
| Number of employees from indigenous communities and/or Sector | *Currently not tracked* | # |

*Note: Data covers the total number of URC regular employees*

### Impact, Stakeholders, and Risk

**Impact:** A diverse workforce is beneficial to the success of business. By gathering employees with different backgrounds, the company also creates a large pool of strengths, ideas, and perspectives that can provide better innovative solutions which can also cater to a wider range of market.

**Stakeholder/s:** Employees

**Risks:** Having a homogeneous group, instead of diverse workforce, will cause URC to miss opportunities to gain a competitive advantage over other companies.

### Management Approach for Impact and Risks

URC is committed to diversity and fairness—key elements in empowering women and ensuring their success in the workplace. The organization believes that respect for women drives meaningful contributions from them. URC upholds a strict merit-based hiring process, ensuring that all candidates are evaluated solely on their competencies, without discrimination based on race, color, religion, sexual orientation, or disability. Its commitment to equal opportunity is reinforced through our steadfast adherence to our anti-discrimination policy.
The company prioritizes fair labor practices while fostering workforce diversity and inclusion. HR continuously monitors societal trends shaping the workforce and actively engages in discussions on enhancing competency-based hiring with complementary initiatives.

In 2024, URC launched two key initiatives to advance Diversity, Equity, and Inclusion (DEI):
1. **E-Learning Module** – Employees participated in interactive training on DEI and unconscious bias via our LMS portal.
2. **Monthly Podcasts** – Launched in October 2024 and running through December 2025, these podcasts feature URC employees and leaders from various functions, promoting continuous learning and dialogue on DEI.

These initiatives strengthen URC's culture, enhance collaboration, and reinforce its position as a leader in fostering a diverse and inclusive work environment.

### Opportunities & Management Approach

URC can provide reasonable, preferential hiring to the vulnerable sector, staying true to its commitment of empowering the organization through its People and Planet Friendly Culture initiatives.

# Workplace Conditions, Labor Standards, and Human Rights

## Occupational Health and Safety

| Disclosure | 2023 | 2024 | Units |
|---|---|---|---|
| Total Man-Hours[1] | 73,815,426 | 74,988,084 | Man-hours |
| No. of work-related injuries[2] | 286 | 231 | # |
| No. of work-related fatalities | 3 | 1 | # |
| No. of work-related ill-health | - | - | # |
| No. of safety drills | 130 | 159 | # |
| LTIFR | 1.02 | 0.67 | [3] |
| AIFR | 3.87 | 3.08 | [4] |

*Note: Data covers information of total URC (BCF-PH, Flour, SURE, AIG, head offices, and external distribution centers in the Philippines and BCF-INT excl China)*

*[1] Total man-hours is the number of hours worked in the reporting period. These includes regular employees and third-party employees that are performing work in the workplace that is controlled by the organization*

*[2] Number of work-related injuries include First-Aid Treatment Injury (FTI), Medical Treatment Injury (MTI), and Lost-time*

*[3] Lost Time Injury Frequency Rate (LTIFR) is measured as the total number of work-related lost time injury cases occurring at the workplace across the whole Organization over the past month reported as an average for each 1,000,000 hours worked.*

### Impact, Stakeholders and Risks

**Impact**: An effective Occupational Health and Safety system promotes a healthy and safe working environment which increases workplace satisfaction and productivity among employees. Understanding the high-risk and labor-intensive nature of its domestic and international operations, occupational health and safety is crucial to promote employee wellness, prevent work-related accidents, and maintain full compliance with regulatory requirements and industry standards.

**Stakeholder/s**: Employees

**Risks**: An ineffective occupational health and safety system could potentially lead to injuries, put lives at risks, damage to properties, and lessen workforce productivity. Furthermore, failure to comply with health and safety standards could cause penalties from regulators and pose negative impacts on its employee retention and customer reputation.

### Management Approach for Impact and Risks

Anchored on the values of Putting People First, the company is committed to ensuring a safe and healthy work environment for all employees. Occupational health and safety are integrated into corporate governance structures, ensuring accountability and alignment at all levels of the organization.

Safety is a priority at the highest level of leadership. Annually, occupational health & safety incidents, and program management, together with other sustainability metrics and performance are reported up to the level of Corporate Governance and Sustainability Committee by the Chief Supply Chain and Sustainability Officer. This ensures that safety is embedded in the company's strategic direction and decision-making processes.

**Commitment to a Safe Workplace**

Integrated in the company's Safety Policy, the organization commits to maintaining a Safe Workplace for everyone by:

- Encouraging proactive participation in identifying, assessing, and managing risks to achieve an accident-free work environment.
- Supporting employees' mental well-being by changing workplace perceptions and actions towards mental health.
- Integrating Occupational Health and Safety (OHS) and Environmental Protection into the design, management, and operation of company facilities to safeguard employees and stakeholders.

To reinforce this commitment, the Safety and Labor Relations Council was established in 2024, composed of representatives from Human Resources, Corporate Legal, Global Environment, Health & Safety, Global Sustainability Office, and Chief Executive Office. This council focuses on addressing safety issues and concerns across the entire URC operations, with monthly cadences dedicated to reviewing workplace incidents, discussing preventive measures and strategies, and ensuring compliance with safety regulations.

**Reinforce Safety Programs**

The company protects its employees from workplace hazards and promotes well-being through the Reinforce Safety Program, developed by the Global Environment, Health & Safety (EHS) Team in 2022. The program aims to address the safety issues encountered in the past year by strengthening safety awareness and capability, building ownership and enforcing accountability across all employees. These initiatives are aimed at building the culture of safety excellence in the workplace.

1. **Strengthening Safety Awareness & Capability**

   Recognizing the gaps on safety awareness, an impactful briefing on various safety topics called "safety moments" were introduced across the organization. Started in 2023, these safety moments were shared and cascaded at the start of meetings and activities to instill safety as a top priority in all the work being done by employees. This practice has been reinforced in 2024 where 180 safety moment materials were developed by the Global EHS Team together with Plant EHS, and disseminated across One URC.

   Additionally, 8-hour mandatory training modules were reviewed and customized for URC-specific operations and translated to Tagalog-English versions and re-cascaded by the Third-Party Service Providers to their employees for better comprehension enhancing awareness. An EHS Summit was also organized, having invited external expert to share best practices and innovations on safety and environmental issues and trends.

2. **Building Ownership**

   To reinforce a culture of safety, BCFG Philippines established additional EHS roles, enhancing oversight and proactive risk management. Simplified Supervisor Safety Routines were also implemented to improve efficiency, ensure compliance, and integrate safety into daily operations. Further extending responsibility beyond internal teams, the EHS checklist was introduced in 2023 as a key requirement for accrediting new suppliers. This initiative was strengthened in 2024 by reinforcing compliance expectations among existing suppliers, fostering a broader commitment to safety across the supply chain.

3. **Strengthening Accountability**
   To reinforce a culture of responsibility and compliance, BCFG Philippines has implemented stricter incident response protocols, disciplinary measures, and recognition programs aimed at fostering accountability at all levels.

   - Incident Response & Disciplinary Measures: A total of 249 Notices to Explain (NTEs) were issued due to safety violations identified through accidents and routine inspections. NTEs were also extended to truckers and contractors operating within company facilities, ensuring third-party compliance with safety standards.

   - Establishing Clear Safety Disciplinary Policies: The Safety Offenses Subject to Disciplinary Action (OSDA) - Implementing Rules and Regulations (IRR) were introduced to provide structured, transparent guidelines for handling safety-related violations among regular employees. Safety offenses were categorized into specific, clearly defined levels to ensure fair and consistent enforcement across all business units.

   - Third-Party Compliance & Accountability: Strengthened collaboration with Third-Party Management Service providers to ensure all external personnel adhere to company safety protocols. Regular audits and compliance monitoring were reinforced to maintain alignment with company safety policies.

   - Safety Rewards & Recognition: Launched incentive programs to acknowledge employees and teams demonstrating exceptional safety performance. The company believes that recognition initiatives encourage proactive safety engagement and reinforce positive behavior, fostering a workplace culture where safety is a shared responsibility.

   By enhancing accountability across employees, contractors, and third-party partners, BCFG Philippines ensures a safer, more disciplined work environment aligned with its commitment to operational excellence and workplace safety.

4. **Integrating Process Safety Management**

As URC continues to strengthen its drive to mature its organizational environment, health, and safety (EHS) culture, Process Safety Management was introduced in 2024 to prevent and mitigate possible catastrophic incidents that are common in manufacturing industry, such as fires, explosions, and toxic releases.

To identify gaps and opportunities for improvement, a structured baseline study was piloted for BCFG Philippines. The assessment analyzed major hazards and their potential impacts, including significant loss of life, irreversible damage to community and environment, and substantial financial and asset losses. This study led to the identification of critical risks, their causal factors, and failure modes, driving the development and implementation of immediate corrective actions and management system improvements to enhance safety across all business operations. This study will also be done in the future to other business units to understand their specific process safety challenges and needs.

As part of capability building, 11 on-site coaching sessions and inspections, and 4 awareness trainings were also conducted across various plants this year. Best practices in risk management, derived from these activities, and learnings from past incidents, are continuously being shared across the organization to further enhance overall EHS performance.

**Occupational Health**

Occupational Health is another facet of the over-all OSH Program where the company protects the physical, mental and social wellbeing of employees. Through proactive determination of health hazards, identifying trends on the types of illnesses reported by employees, URC prevents acute and chronic diseases. This is well documented with the development of new mandatory policies and review of the existing ones to check for adequacy given the operations of URC. These include:

To promote employee well-being, existing occupational health policies were reviewed and standardized, while additional policies were developed. These include:

- HIV and AIDS Policy
- Hepatitis B in the Workplace Policy
- Mental Health Policy
- Cancer Prevention in the Workplace Policy
- Ergonomics Guidelines
- Drug-Free Workplace Guidelines
- Pregnancy Risk Assessment
- Breastfeeding in the Workplace Policy
- Tuberculosis (TB) Prevention and Control in the Workplace
- Family Welfare Guidelines

**Health & Wellness Caravans**

As part of its proactive approach to workplace wellness, URC Philippines launched Health & Wellness Caravans—a program designed to support employees' physical, mental, emotional, professional, and spiritual well-being. These caravans promote health education, personal health management, and proactive healthcare practices to encourage a healthier workforce.

Each caravan offers free health services, including:

- Demonstrations and free samples of medicines, medical supplies, and equipment
- Therapeutic massages
- Face and body care treatments
- Medical tests such as:
- Eye refraction tests
- Bone density assessments
- Kidney and prostate ultrasound screenings
- Ear checkups

The caravan travels from one plant to another, ensuring employees across different locations have access to above services. In 2024, 17 Health & Wellness Caravans were conducted across URC Philippines, reinforcing the company's commitment to employee health and well-being.

**Safety Recognition Program**

The company established the One URC Sustainability Awards to recognize the triumphs of individuals, facilities, and plants in their pursuit of sustainability excellence and their contributions in driving URC towards its ambition of becoming a Sustainable Global Enterprise, specifically in the aspects of Quality, Efficient Resource Management, and Safety, Health, and Well-being.

For safety, the facility and its safety officer that had achieved an exemplary performance is awarded with LIFE Excellence in Safety. The company also recognizes best in class facilities in Leadership and People Engagement, Information, Education and Communication, Facilities and Infrastructure Safety Improvement, and Effective Safety Processes and Systems. In 2024, the winners for the LIFE Excellence Awards and its categories were:

**LIFE Excellence in Safety Award**

Thailand Plant 3

**Best Safety Officer Award**

Siriporn Somchinda

**Category Awards**

Best in Leadership and People Engagement: Thailand Plant 3
Best in Information, Education and Communication: Pampanga 1
Best in Facilities and Infrastructure Safety Improvement: Thailand Plant 3
Best in Effective Safety Processes and Systems: Thailand Plant 3

Through these programs, the company observed a decrease in the total number of incidents in the workplace from 286 in 2023 to 231 in the current year. These programs also contribute to the UN SDGs 3 (Good Health & Wellbeing) and 8 (Decent Work & Economic Growth).

## Opportunities & Management Approach

URC seeks to improve its integrated EHS management system focusing on leadership and culture, infrastructure improvement, systems harmonization and capability building.

The company will continuously implement Reinforce Safety, BBS and QRP, Compliance of safety permits and licenses, standardization of Occupational Controls Programs, and driving recognition thru LIFE Awards. URC will continuously promote the establishment of the EHS Committee, implementation of the EHS Policy and strengthening contractor management and partnership. The company has an opportunity to transition from person-based safety to process safety.

**Labor Laws and Human Rights**

| Disclosure | Quantity | Units |
|---|---|---|
| No. of legal actions or employee grievances involving forced or child labor | 0 | # |

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

| Topic | Y/N | If Yes, cite reference in the company policy |
|---|---|---|
| Forced labor | Y | Compliance with labor laws is incorporated by reference in Code of Discipline |
| Child labor | Y | |
| Human Rights | Y | • Policy on Sexual Harassment<br>• Policy on Health, Safety and Welfare<br>• Corporate Environment, Health and Safety Policy<br>• Drug-Free Workplace Policy<br>• Workplace Policy on Prevention Control of HIV and AIDS, Hepatitis B and Tuberculosis<br>• Special Benefits for Women/Magna Carta for Women<br>• Solo-Parent Leave Policy<br>• Whistleblowing Policy<br>• Data Privacy Policy |

| Impact and Risks: Where they occur, URC's involvement, stakeholders affected |
|---|
| **Impact:** URC respects and follows labor and human rights regulations in the workplace as stipulated by law. Non-compliance or violation of these rights will affect overall sustainability, impact URC productivity, employee retention, and employee engagement.<br><br>**Stakeholder:** Employees, Management, Government<br><br>**Risks:** Violation of the rights of the employees will put URC at risk of being penalized, and increase<br>employee turnover |
| **Management Approach for Impact and Risks** |
| URC duly follows the Labor Code of the Philippines and enforces internal policies and the guidelines with respect to labor unions. These policies include the Code of Discipline, and other guidelines on confidentiality, corporate governance, information technology (IT) security, non-competition, special leave benefits for women (per Republic Act No. 9710, or the Magna Carta of Women), sexual harassment (per Republic Act. No. 7877), and maintaining a drug-free workplace (per Republic Act No. 9165). |
| **Opportunities & Management Approach** |
| URC will continue to adhere to highest ethical and lawful conduct in the way it handles its employees. |

# Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:
**URC follows the Supplier Accreditation Policy of JG Summit Holdings Inc. (See Annex 3)**

**Do you consider the following sustainability topics when accrediting suppliers?**

| Topic | Y/N | If Yes, cite reference in the supplier policy |
|---|---|---|
| Environmental performance | Y | Procurement employees are trained on Responsible Sourcing to ensure compliance with the Company's Policies as well as government rules and regulations. |
| Forced labor | Y | |
| Child labor | Y | |
| Human rights | Y | |
| Bribery and corruption | Y | |

**Impact, Stakeholders, & Management Approach**

**Impact:** As a food and beverage manufacturer, supply chain management is part of the company's materiality. The impact of supply chain management affects the entire operations and also its corporate reputation. The company recognizes the effect towards its ESG status if the practice involves child labor, unfair practice in employment, forced labor, corruption, and negative environmental impacts such as deforestation.

**Stakeholders:** Smallholder farmers, traders, direct suppliers, shareholders and employees URC works with suppliers that have a strong commitment to sustainability and leverage regional procurement as it continues to improve its overall supplier management. For the past three years, the company has promoted and built the foundation of sustainable agriculture for its stakeholders:

Integrated in its Environment policy, the company commits to:

- Build a portfolio of responsibly sourced materials and services that is compliant to health and safety, social, environmental and business integrity requirements.

**Supplier Accreditation Policy and Process**
URC oversees its procurement and sourcing processes, encompassing supplier accreditation, requirement identification, sourcing, contracting, and order fulfillment. This comprehensive approach ensures that the company consistently meets the needs of its stakeholders by engaging accredited suppliers, securing products at the right time, in the appropriate quality and quantity, and at the most competitive prices.

Specific to food processing sector, URC emphasizes the importance on traceability for raw materials and production inputs. This commitment serves to uphold stringent food safety standards, reflecting the company's dedication to delivering products of the highest quality. Prioritizing proper procurement practices is integral to URC's strategy, preventing any lapses in achieving targets and objectives.

To uphold these standards, URC adheres to its Supplier Accreditation Policy, detailed in Annex 3. This policy ensures that suppliers and contractors align with the company's stringent criteria for supply agreements. Suppliers and contractors undergo a meticulous accreditation process and receive orientation on URC's policies.

URC follows group-wide policies on managing procurement, which is implemented through the

Business Supplier Accreditation Team (BUSAT), supervised by each Business Unit's Procurement team.

**Supplier Code of Conduct**
URC established a set of standards to enable the company to pursue long-term business relationships with its partners based on responsible practices, transparency, and trust. The Supplier Code of conduct which contains requirements on Business Integrity, Social, and Environment was communicated to all suppliers of URC for compliance. If non-compliance is raised and validated, suppliers are expected to resolve the issues and take necessary corrective actions promptly. Failure of suppliers to implement the recommended corrective actions in a timely manner, gives URC the right to suspend or terminate business relationship until the corrective actions have been executed.

**Food Safety and Quality Management Systems across the Value Chain**
URC's passion for quality is anchored on the vision of providing its customers with brands of exceptional quality and value. Good manufacturing practices are strictly implemented in its facilities and Quality at the source is heavily promoted, starting with supplier partners.
Supplier Audits were conducted based on supplier risk assessment and supplier prioritization criteria to ensure the quality of goods and services supplied to the company.

**Sustainable Procurement**
To promote responsible sourcing of raw and packaging materials, demonstrate environmental stewardship, and enable sustainable development of communities where the company operates, the company launched the Sustainable Procurement program to revolutionize and lead the transformation towards the sustainable supply chain through the integration of 7 core subjects: organizational governance, human rights, labor practices, environment, fair operating practices, consumer issues and community involvement in developing a holistic procurement and sourcing strategy.

Responsible sourcing: 60% of the palm olein procured and used by the company in its operations in 2024 was RSPO Certified, ensuring the implementation of the highest standards and industry practices in the sourcing of palm olein and its derivatives. Also, 100% of the company's chipping potatoes were sourced from GAP-certified suppliers. The AIG business unit has been continuously using soybeans with the Sustainable US Soy Seal, receiving recognition from the US Soybean Export Council as the first company to use this in Southeast Asia in 2022.

Sustainable farming: The company continuously helps the local farmers increase their yield and scale-up productivity by providing high quality table potato seeds as farm inputs to selected potato farming communities in Benguet, Bukidnon, and Davao del Sur through Sustainable Potato Program.

Project Salig was also continuously implemented supporting the sugar cane farmers in Negros, and Batangas, in partnership with the local government. Further details regarding is discussed under Relationship with Community section.

**Supplier Management Program**
To build a stronger supplier network by establishing a robust supplier management process in succeeding to become preferred business partner through managing a growing supplier base effectively, supplier performance evaluations, leveraging supplier relationship management, assessing, and mitigating supplier risk.

**Supplier Awards**

URC held its annual URPartner Global Supplier Excellence Awards on April 15, 2024, recognizing outstanding supplier performance and contributions to the company's success. The event aims to enable suppliers to commit to continuously improve and be sustainable, recognize the exemplary performance of the organization's suppliers and acknowledge those who made a difference and undoubtedly contributed to the success of URC in delighting everyone with good food choices. Thirty-four (34) suppliers were awarded with the following categories: Appreciation Award, Extra Mile Award, Collaboration Award, Sustainability Award, Supply Reliability Excellence Award, Quality Excellence and Supplier of the Year Award.

URC's supplier recognition programs demonstrate the company's endless commitment to improving and acknowledging efforts and contributions that strengthen and set up the company for success.

These programs and activities contribute to the promotion of UN Sustainable Development Goals (SDG) 8 (Decent Work & Economic Growth), SDG 9 (Industry, Innovation & Infrastructure) & SDG 11 (Sustainable Cities & Communities).

## Risks, Opportunities, and Management Approach

**Risks:** Reputation Risks, Regulatory Risks, Supply Chain Risks, Market Risks, and Governance Risks

URC commits to the highest standards of legal, environmental, ethical and social responsibility. The company commits to promote responsible sourcing of raw and packaging materials, demonstrate environmental stewardship and enable sustainable development of communities where the company operates. The company aims to create and contribute shared success with its stakeholders. Towards this goal, the approach will be a collaboration with suppliers to continuously improve its sourcing activities. By 2030, the company's vision is to 100% responsibly-sourced key ingredients such as palm oil and chipping potato and 50% responsibly-sourced for coffee beans and cocoa.

URC will transform towards a sustainable value chain through sustainable raw materials, sustainable supply chain, sustainable farming and climate protection programs. The company integrates responsible sourcing into the corporate sourcing strategy, business practices and Supplier Code of Conduct and leverage other sourcing functions to drive responsible sourcing practices. It will conduct formal risk and materiality assessment to identify and prioritize risks and impacts in the supply chains.
The company aims to positively contributes to the UN SDGs 8, 9, & 11 through the programs and activities mentioned above.

# Relationship with Community

## Significant Impacts on Local Communities

Operations with significant impact on local communities**: AIG Kabalikat Program**

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

AIG's Kabalikat Program, which started in June 2014 with the Uno+ Kabalikat Farms (Kfarms), provides farmers, especially hog raisers, knowledge on the latest farming technology and management practices. The program hinges on the principles of being a "kabalikat" (partner), both to consumers through the promise of "kalidad" (quality), and to partner farmers through "kita" (profit). Through the Kabalikat Program, the company demonstrates that AIG is not just an ordinary supplier of quality feeds and veterinary medicine, it is also a "kabalikat sa pag-unlad" (partner in progress).

Managed by the Marketing Team of AIG, the program was initially conceptualized as a brand-building program which, through community engagement, created positive learning experiences for the farmers and their local communities. Through their testimonials, the company's partner farmers themselves became AIG's brand ambassadors. The company also teaches its partner farmers bio-security systems so that they can protect their animals against diseases or harmful biological agents; this, in turn, also ensures that their meat products are clean and safe for human consumption.

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

Since 2022, amidst persisting threats on biosecurity affecting the hogs and poultry industry, AIG heightened its Kabalikat services to partner farms, raisers and end-users through its latest **Protect Kabalikat program** – a specialized technical initiative latched on biosecurity drive, matched with various customer engagement and technical support programs. A pioneering team led by veterinarians called the Kabalikat Protect Team was also developed to concretize AIG's expertise in customer-oriented technical services.

The creation of Protect Kabalikat as well as the establishment of its team of veterinarians have ensured that AIG proactively supports the needs of customers and urgently provides technical assistance to the partners all over the country.

Nationwide Protect Kabalikat efforts were rolled out, offering technical expertise including free consultation services, as well as Protect Kabalikat e-learning series sharing of skills and knowledge in health, sanitation and overall biosecurity measures. Specialized services were tailor-fitted to specific areas based on their ASF and AI zoning requirements, with rendered assistance such as biosecurity audit, disinfection drive, free vaccination and deworming administration, plus round table seminars to end-users and raisers.

With these continuous support towards biosecurity knowledge and measures, assistance in repopulation, and heightened customer-oriented technical services provided to partner farms, kennels, raisers and end-users nationwide, AIG was able to concretize being the pioneering Kabalikat to all agri-partners and stakeholders.

This program positively contributes to the UN SDGs 4,8,9 and 11.

**Location:** Nationwide
**Vulnerable groups:** Hog Raisers and farmers
**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups
**Community rights and concerns of communities:** The program leverages on AIG's expertise in farming operations to teach locals proper hog raising and other farming practices. It is part of URC's thrust to promote training, lifelong learning, and livelihood opportunities.

**Mitigating Measures:** The program and its execution have no significant negative impact; hence, requires no mitigating measures.

| Operations with significant impact on local communities: **SURE Project Salig** |
|---|

Project Salig is a program of URC SURE that started in 2019 with the aim to develop partnership with sugarcane planters in districts where URC sugar mills operate. "Salig" is a Visayan word for "trust"; hence, the program aims to create partnership based on trust. In order to gain the trust of planters and make URC sugar mills their "mill of choice", the mill endeavors to address major areas of concern for the planters – sugar recovery (LKgTC) and farm yield (tonnes cane per hectare), turn-around of hauling trucks during the milling season and customer service provision.

Project Salig is composed of the following programs:

1. Planter Partnership – entering into a partnership with sugarcane planters. Under this program, the mill will assist planters to improve the overall sugarcane farming practices so that the end result is an improved farm productivity and income. The program includes educating planters on correct farming practices, use of high yielding sugarcane varieties, access to farming resources that includes farm equipment, hauling logistics, fertilizer, etc. In return, the planter commits to support URC by delivering his canes to the mill.
2. Customer-Centric Culture – planters were, in the past, considered as suppliers of canes only; hence, the mindset is to treat planters the way the company treats all suppliers. The program aims to redirect the mindset towards a culture of partnership where the planters are considered partners in the industry.
3. Plant Efficiency and Sugar Recovery – one of the measures of a good sugar miller is the high LKgTC or the high sugar recovery of the mill which planters will likely patronize. The program is about improving plant efficiency and recovery by undergoing good off-season repair of the equipment and machinery, and investing on equipment that will deliver high performance. This will lead to the production of high-quality products that can command good price.

4. Truck Turn-around – faster turn-around means more canes delivered to the mill, faster harvesting, lower cost in transporting canes, and high utilization of cane hauling trucks. Slow turn-around is caused by a lot of factors such as mill breakdown/stoppages and slow milling rate. The program looks into ways and means of improving turn-around of trucks during the milling season by ensuring good off-season repair, eliminating inefficiencies in the system of receiving and accepting cane deliveries, and increasing milling rate by installing new equipment.
5. One Stop Shop (OSS) – this program is designed to create a hassle-free, friendly, value-adding system when planters transact with the mill.

One of the notable initiatives under Project Salig involved the repurposing of spent wash from a distillery plant as a liquid fertilizer for sugarcane fields through the implementation of furrow irrigation. A tanker was used to haul the spent wash from the storage lagoon to the field and was evenly distributed in the furrow with the use of pipes or flat hose.

In 2024, a substantial volume of 455,162 cubic meters of spent wash was delivered, contributing to the effective fertilization of over 53% of the expansive 4,296 hectares of sugarcane farmland, benefiting 108 sugarcane farmers. The quality of the fertilizer was tested to ensure its effectiveness. The sugarcanes harvested from these farms were subsequently transported to our sugarcane mills, completing a sustainable and circular business model.

All of the above leads to one thing – making URC mills the mill of choice of planters.

**Location:** The project was implemented in all URC sugar mills across the country – Negros Occidental, Negros Oriental, Iloilo, Batangas and Cagayan Valley
**Vulnerable groups:** local small/marginal sugarcane farmers, especially the agrarian reform beneficiaries
**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups
**Community rights and concerns of communities:** The project provides technical and, at times, financial assistance to sugarcane planters to improve their farm productivity, increase sugar recovery, and enhanced customer service. This delivers a long-term impact to the lives of the sugarcane farmers. By partnering with the mill, the planter will have access to various assistance programs such as technical seminars on good farming, access to high yielding variety sugarcane, farm equipment and hauling services, and financial loans.
**Mitigating Measures:** The program and its execution have no significant negative impact; hence, requires no mitigating measures.

Operations with significant impact on local communities: **Flour Flourish Pilipinas**

Since 2017, Universal Robina Corporation, through its Flour Division, has empowered aspiring bakers through Flourish Pilipinas, a learning program that aims to foster a nation of baker-entrepreneurs. From educational initiatives and workshops to baking competitions, the program has continuously evolved to recognize, hone, and support the skills, talent, and passion of baker hopefuls.

In its 2023 edition, dubbed Bida Sa Masa, the program focused on equipping community bakers with technical and entrepreneurial skills to turn their passion for baking into a business. The competition held legs in Pasig, Davao, and Sariaya, culminating in a championship round.
Four rounds tested the competitors:

- Phase 1 saw contestants competing in an advanced baking workshop.
- Phase 2 had them pitching business plans to a panel of judges.
- Phase 3 put them in a baking and business plan competition that identified the regional winners.
- Phase 4 brought together Phase 3's champions from the Pasig, Sariaya, and Davao legs. They competed in this final round, which retained the same mechanics as Phase 3.

Prizes at stake were startup capital for a business, baking tools and equipment, ingredients and consumables, plaques, and URC Flour products.

In an interview with the champions, the three shared that their experiences in the 2023 URC Flourish Pilipinas: Bida Sa Masa instilled in them invaluable lessons not just in baking but also in business.

Beyond imparting technical lessons, Bida Sa Masa also offered the champions an opportunity to change their lives.

Months have passed since they won Bida Sa Masa, and all three champions have been busy applying their newfound skills and confidence to putting up their dream businesses.

The company contributes to the UN SDGs 8,9 and 11 through this activity.

**Location:** Baker John Academy
**Vulnerable groups:** Bakers
**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups.
**Community rights and concerns of communities:** The competition supports the country's baking industry and enhance the skills of bakers and future bakers.
**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures.

Operations with significant impact on local communities: **Sustainable Potato Program**

URC and the Department of Agriculture (DA) signed a five-year Memorandum of Agreement (MOA) on July 29, 2024, to expand the Sustainable Potato Program (SPP). The initiative aims to strengthen seed systems, train farmer organizations, and boost productivity and income in key potato-producing regions.

Agriculture Secretary Francisco P. Tiu Laurel, Jr. highlighted SPP's success, prompting URC to scale up efforts in the Cordilleras, Bukidnon, and Davao, in collaboration with the DA and farmer associations.

Since 2019, URC has distributed 506 metric tonnes of high-quality potato seeds across 202 hectares, yielding up to 45 metric tonnes per hectare and generating P920 million in income for 14 farmer groups.

Under the MOA, DA regional offices and URC will identify and select farmers groups that will undergo capacity building, training in good agricultural practices, seed multiplication, pest and disease management, storage, handling and marketing.

The DA Secretary committed additional funding for the production of quality planting materials targeting 2 million pieces of Generation 1 seed, to be used for seed production starting in 44 hectares. After 3 generations, the planting materials are expected to cover at least 12,000 hectares of commercial potato production. In addition, the agri chief committed to provide farmers with nurseries, small machinery, storage, and processing facilities.

This partnership aligns with the UN Sustainable Development Goals, particularly SDG 12 (Responsible Production & Consumption) and SDG 17 (Partnerships for the Goals).

**Location:** Benguet, Mt. Province, Bukidnon and Davao del Sur
**Vulnerable groups:** local small-scale farmers
**Impact on Indigenous peoples:** No particular negative impacts to indigenous groups
**Community rights and concerns of communities:** The program allows the stakeholders to exercise their rights to have access to a means of livelihood. It delivers long-term impact to the lives of the local Potato farmers in different regions and helped the national potato industry. The Program put into action the Conglomerate's mission of "making the Filipino lives better".
**Mitigating Measures:** The operations have no significant negative impact, hence it requires no mitigating measures

# Customer/Consumer Management

## Customer/Consumer Satisfaction

| Disclosure | Score | Did a third party conduct the customer satisfaction study (Y/N)? |
|---|---|---|
| Customer Satisfaction | The company participated in the Advantage Report, which shows the performance of suppliers as evaluated by retailers. In 2024, URC BCF Philippines is part of the top 10 evaluated suppliers, ranking 8th overall among its peers. The survey covers both local and international companies in the consumer goods space. | Y |

*Note: URC defines its customers as the trade (key accounts & distributors)*

**Impact, Stakeholders, and Risk**

**Impact to stakeholders:** Customer management program is fundamental to URC as it shows the ability of the company to deliver delight to customers despite enduring changes. With this program, process improvement initiatives are driven leading to an enhanced internal and end-consumer experience, improved top-line and bottom-line results.

**Customers:** URC's customer management program continuously aims to satisfy its customers by enabling direct interactions - understanding customer profiles, their businesses, shopper needs and satisfaction.  This program empowers the organization, leveraging on positive customer experiences based on relevant and real-time information that is useful and beneficial to the business.

**Sales Volume:** Sales volumes will be affected if trade partners and consumers will cease to patronize URC products should there be any negative or sub-par perceptions on quality, food safety and servicing capabilities.

**Brand reputation:** Brand reputation is more vulnerable due to the ease of posting on social media and using it as a public platform to provide feedback on any brand/product. With URC's vast footprint in the region, any negative perception shall impact not only in a certain country, but across the ASEAN region as well.

**Value Chain Impact**

**Direct Operations:** URC's manufacturing processes directly influence food safety and quality standards. The company remains committed to reinforcing existing controls while driving efficiency and innovation.

**Suppliers:** The quality of input materials from suppliers is critical. URC will continue collaborating with partners to uphold the highest standards and ensure consistent product quality.

**Risks:**

- Increased product complaints from unsatisfied consumers, leading to lower brand loyalty
- Potential decline in product patronage if consumers prefer original formulations over reformulated products designed to meet wellness criteria

## Management Approach for Impact and Risks

**Customer Satisfaction Survey:** URC's sales team performs a regular customer satisfaction survey with its key accounts in the modern trade channel.

In addition, the company participated in the Advantage Report in the Philippines and ranked 8th overall in 2024. The report helps track the company's performance across key metrics, and identify opportunities for improvement, leading to better engagement and collaboration.

**Customer Management:** URC's well-established distribution network and relationships with its accounts ensure that products reach the consumers promptly. The company aims to be a partner of choice for its customers through offering a broad portfolio of products reaching multiple price points, in addition to providing best in class service levels.

The company's distribution channels are grouped between modern trade, traditional trade and digital commerce. Note that this classification may vary in emerging, frontier, and developed markets. Modern trade channels are composed of nationwide chains of convenience stores, supermarkets, modern wholesalers, and some drug stores where the company engages in account management through their national headquarters. It distributes in two ways: (1) directly to the accounts' consolidated warehouses where it will be distributed internally to the accounts' respective channels or outlets and (2) directly serve straight to their outlets.

In traditional trade, the company works with regional distributors who distribute to channels like sari-sari stores (mom and pop stores), market stalls, and smaller chains of mini-marts, groceries and big local supermarkets. The company strategically hand-picks its distributors, ensuring that each has significant coverage and expertise for a seamless flow of goods to trade and to the consumers.

**Innovation and Consumer Insighting:** The company believes that customer focus and continuous product innovation play a crucial role in the future of the business. Consumers today are evolving and are more discerning with the emergence of new global trends in snacking and drinking.

The competitive dynamics have also changed, with both global and domestic players offering a wide range of choices across different product categories and channels. This requires the company to be more proactive and customer-focused on gaining insights that will, in turn, feed into its innovation portfolio management process.

## Opportunities & Management Approach

**Joint business planning with customers** (distributors and accounts)

**Customer Management:** The company is closely working with its distributors and key account partners through joint business planning and regular collaboration to ensure customer satisfaction. URC's planning involves initiatives for the partners to further grow their businesses and continuously get feedback from them to explore opportunities for programs and product innovation aligned with UN SDGs 8 and 9.

## Product Health and Safety

| Disclosure | Quantity | Units |
|---|---|---|
| No. of substantiated complaints on product or service health and safety | 0 | # |
| No. of complaints addressed | 0 | # |

*Note: Information includes data from BCF-PH only*

### Impact, Stakeholders and Risks

**Impact:**
As a food and beverage manufacturer, our vision is to provide brands of exceptional quality and value to our consumers. URC is committed to uphold the quality and food safety of the products to ensure that it will not be compromised. The entire business will be adversely affected should there be a valid quality and food safety concern.

**Stakeholders:** Customers/consumers

**Risks:** The company may be exposed to reputation risks. Given the role of social media in people's lives, URC cannot control posts and online feedback about the products. URC makes sure that complaints are attended to promptly and any dissatisfaction issues are addressed immediately.

### Management Approach for Impact and Risks

**Quality and Food Safety Policy**
URC commits to provide products that are safe and with exceptional quality and value, to delight its customers and consumers by:

- Providing products that consistently conform to quality specification and food safety requirements,
- Meeting or exceeding our mutually-agreed customers, consumers, and our other stakeholders' expectations,
- Complying with applicable statutory and regulatory requirements,
- Building capability, and providing training, tools and resources to employees to ensure competence in food safety
- Cultivating a positive food safety and quality culture with effective communication, training, employee feedback and engagement, and performance measurement.

The company did not face any substantiated product recalls due to product safety issues in 2024. As a company, URC aligns with DTI rules regarding product recalls. The company is continuously upgrading its Quality and Food Safety Standards based on updated global guidelines. URC has an internal measure, Process Conformance Index, that ensures product quality is within the expectations of consumers.

URC ensures that 100% of its products conform to standards and quality measures as prescribed by regulators, including the Philippine Food and Drug Administration (FDA), Department of Health (DOH), among others. As a company, URC adheres closely to the Philippine Food Safety Act (Republic Act or R.A. 10611) which protects consumer health and safety. Regulatory compliance encompasses product registration, sale, inspection, labeling, and marketing.

Across the operations, 100% of product categories undergo a stringent quality assurance process. Equipped with efficient systems and an empowered team, URC follows its Quality and Food Safety Plan at each stage of production to deliver good quality products.

**End-consumer Management**

The company's customer relations policy and procedures ensure that consumers' welfare is protected and concerns are well-addressed. URC has a customer care group dedicated to communicate directly with consumers, and a sales account management team dedicated to respond to the needs and concerns of accounts.

URC has its guidelines and procedures on how to attend and address all types of complaints received from calls, e-mails, social media, and even walk-in complainants. The company makes sure that guidelines are aligned with the Consumer Act of the Philippines. Once a complaint is received, Quality Assurance is immediately notified and an investigation is triggered. The Refiller Management Services team is also notified about complaints that were due to possible deviations in product handling and display guidelines.

Any expression of dissatisfaction is taken, whether valid or not, as an opportunity for the company to further enhance its existing controls.

**Food Safety and Quality Management Commitment**

URC is dedicated to maintaining the highest standards of Quality and Food Safety throughout all facets of its operations. This commitment is aligned with the latest global standards and adheres to internal policies and procedures, ensuring that products meet the expectations of the company's consumers and stakeholders.

To reinforce this commitment, URC is continuously enhancing its initiatives, notably through the implementation of the One GMP (Good Manufacturing Practices) Requirements and the URC Operational Requirements (URCORe) Integrated Quality and Food Safety Standards. URCORe serves as a comprehensive framework for establishing management systems ensuring business continuity through rigorous standards governance, thorough documentation support, and a centralized platform for accessing the Operational Requirements across all URC operations.

The organization's Global Quality and Food Safety Team has made significant strides in evolving systems to further enhance quality and food safety through the following initiatives:

1. **Risk-Based Internal Audit Programs**: The company designed and implemented a robust internal audit programs focused not only on manufacturing facilities but also on material suppliers. Programs like One GMP Audit, Supplier FSQMS Audit and Management System Preparatory Audits are aimed at ensuring compliance with established standards while driving continuous improvement across the company's operations. By identifying potential risks and areas for enhancement, URC can proactively address issues before they impact its processes.

2. **Training and Development Initiatives**: URC developed comprehensive training programs tailored to elevate the skills of its plant internal auditors across different quality and food safety systems. These programs empower plant auditors to

effectively detect systemic issues and enhance the overall effectiveness of management systems. By investing in its team's capabilities, URC ensures a more resilient and responsive quality assurance process.

Through these initiatives, URC reaffirms its commitment to quality and food safety, striving for excellence in every product it delivers.

**Quality Recognition Programs**

Part of the Sustainability Awards is the PEARL Excellence Award, awarded to facility/plant and QA Head that embraces a Quality Culture which resulted in achieving exemplary performance for Quality and Food Safety. Category awards were also given to facilities with exemplary performance in Product Quality and Food Safety, Engaged Quality Practitioners, Actions to improve Infrastructures, Retained Certifications and Laboratory Management. This year's winners are as follows:

**PEARL Excellence in Quality Award**

Vietnam Plant 3

**Category Awards**

Brand Quality Seal Award: Vietnam – San Pablo
Globe Excellence Award: Vietnam – Plant 2
Quality Lens Award: Vietnam Hanoi
Flask Award: Thailand Plant 5

## Opportunities & Management Approach

URC is committed to actively exploring opportunities to strengthen customer relationships and engage with stakeholders. The company's goal is to understand and meet the evolving needs of its consumers, reflecting its dedication to providing high-quality, healthy, and nutritious options. This customer-centric approach is integral to the company's strategy of enhancing product portfolio and ensuring that its offerings align with market demands.

In line with its commitment to excellence, URC is determined to achieve **100% sustained Quality and Food Safety Certifications** for manufacturing sites. This is done by adopting best practices in food safety management systems and pursuing globally recognized certifications schemes such as **Food Safety System Certification (FSSC) 22000** with reputable certifying bodies. Maintaining the highest standards in quality and food safety is essential not only for compliance but also for building consumer trust and loyalty.

**Management Approach**

**Innovation and Consumer Insighting:** URC started a new approach with the Innovation Process Management, covering product developments from ideation to execution. The risk assessment and mitigations associated with quality, regulatory, safety, intellectual property, etc. are covered by this process.

**End-consumer Management:** URC benchmarks best in class end-to-end customer experience management capitalizing on the use of data and digital channels.

## Marketing and Labelling

| Disclosure | Quantity | Units |
|---|---|---|
| No. of substantiated complaints on marketing and labelling | 0 | # |
| No. of complaints addressed | 0 | # |

*Note: Data from BCF-PH only*

### Impact and Risks

**Impact:**
Proper labelling is both a regulatory mandate and a responsibility to the company's consumers. The company has to be transparent with its product label declarations.

**Risk:**
Regulatory mandated product recalls and consumer grievances may pose risks to brand and product reputation.

### Management Approach for Impact and Risks

The company adheres closely to the Philippine Food Safety Act (Republic Act or R.A. 10611) which protects consumer health and safety. Regulatory compliance encompasses product registration, sale, inspection, labeling, and marketing.

URC ensures full compliance with regulatory labeling and product information requirements, implementing the necessary analysis for nutritional facts and claims.


## Opportunities & Management Approach

The company will continue to do benchmarking versus peers and best practices in terms of marketing and labelling of its products.

## Customer/Consumer Privacy

<table>
<tr><th>Disclosure</th><th>Quantity</th><th>Units</th></tr>
<tr><td>No. of substantiated complaints on customer privacy</td><td rowspan="3">In URC, its customers are defined as key accounts and exclusive distributors. It will ensure that the account management process handles account/customer information with strict confidentiality. Therefore, this area is not applicable.</td><td>#</td></tr>
<tr><td>No. of complaints addressed</td><td>#</td></tr>
<tr><td>No. of customers, users and account holders whose information is used for secondary purposes</td><td>#</td></tr>
</table>

### Impacts and Risks

In URC, its customers are defined as key accounts and exclusive distributors.

**Impact:**
Customer information are confidential in both the key account customers in modern trade (e.g., large grocery chains, convenience stores, modern wholesalers) and exclusive regional distributors in traditional trade.

The company interfaces and manages its customer information through a key account manager in modern trade and a regional or area sales manager who manages each of its distributors in traditional trade.

**Risk:** A breach of information may lead to distrust among key accounts or distributors.

### Management Approach for Impact and Risks

The company collaborates closely with its customers, placing great value on its strong working relationships with them, treating them as strategic partners especially throughout the joint business planning process. URC ensures strict confidentiality in handling account and customer information.

### Opportunities & Management Approach

URC can leverage on digitalization, enabling direct integration of customer data into the system for more efficient data handling.

## Data Security

| Disclosure | Quantity | Units |
| --- | --- | --- |
| No. of data breaches, including leaks, thefts and losses of data | 0 | # |

### Impact, Stakeholders and Risks

**Impact:** As URC increasingly adopts digitalization to improve customer experience and increase efficiency in internal operations, there is greater need to invest in securing the network from cyberattacks.

**Stakeholder:** Management, Employee, Customer/Consumer, Supplier/Business Partner

**Risks:** Digitalization of URC transactions put the company at risk of data breaches, IT security issues and unauthorized access of company data. The loss of critical information assets can lead to a loss in the company's competitive advantage, customer confidence and reputation. This can significantly affect the overall status of the business.

### Management Approach for Impact and Risks

Under the JGSHI umbrella, URC implements cyber-security capabilities to increase preventive measures to ensure the security and confidentiality of the company's data. To date, the Data Privacy Policy and Information Security (InfoSec) Policies applicable to the whole conglomerate are in place.

The Company established the Information Security Management Systems (ISMS) Policies that institutionalized information security as part of the conglomerate's enterprise risk management, protect the Company's information assets and reputation, and comply with relevant laws and regulations.

### Opportunities & Management Approach

The ISMS consists of the following:

1. **Core Information Security Policies** drive the primary objectives of the ISMS: establish, maintain, and improve information security
2. **Information Security Policy** aims to establish, maintain, and continuously improve the ISMS to protect information assets, maintaining competitive advantage and increasing stakeholders' confidence.
3. **Information Asset Management Policy** aims to define and classify information assets in both physical and electronic formats and provide guidance on how to appropriately handle information assets according to classification.
4. **Information Security Incident Management Policy** aims to mandate a structured approach in managing incidents that compromise corporate information and personal data of the business units' customers.
5. **Compliance Policy** aims to ensure that Business Units comply with applicable legal, regulatory requirements and contractual obligations, when conducting business activities.

6. **Organizational Policies** aim to establish Information Security organization, roles and responsibilities as well as accountability of those who have access to corporate information
7. **Information Security Internal Organization Policy** aims to establish the appropriate internal organization that ensure security of information assets
8. **Human Resource Security Policy** aims to protect the company's business interests by ensuring that employees and contractors understand and fulfill their roles and responsibilities to preserve information security before, during, and after employment
9. **Supplier Relations Policy** aims to mandate controls that protect information assets exposed to suppliers and preserve the integrity of supplier selection activities
10. **Access and Use Policies** enforce controls for access and authorization, as well as acceptable use of information assets
11. **Access Control Policy** aims to implement adequate measures to regulate access to different information assets and facilities, ensuring that facilities and equipment are only accessed by authorized personnel
12. **Acceptable Use of Assets Policy** aims to ensure that employees understand how corporate assets should and should not be used, ensuring that the business unit gets the most value out of its corporate assets and networks to avoid unintended security breaches
13. **Physical and Environmental Security Policy** aims to protect corporate assets and information by mandating controls that prevent unauthorized physical access to company premises, as well as equipment that support business operations
14. **Mobile Device and Teleworking Policy** aims to establish rules for the use, management and security of all mobile devices that process company information and establish rules for conducting official business outside the work premises
15. **Operational Security Policy** refers to the implementation of technical controls to maintain the target level of security
16. **Cryptographic Controls Policy** aims to apply cryptographic controls (i.e. encryption) on confidential electronic information (e.g. files, databases), to add another layer of protection and prevent unauthorized use or disclosure
17. **Operations Security Policy** aims to apply appropriate controls to ensure that day to day operations are carried out in a controlled and a secure manner
18. **Communications Security Policy** aims to implement measures that will protect information as it moves both within the corporate network and outward
19. **Data Security Policy** aims to implement measures to protect corporate information from possible loss and leakage, avoiding breaches to legal, statutory or contractual obligations
20. **Secure Development Policy** aims to protect corporate information and minimize breaches by ensuring that information security is taken into consideration when developing or acquiring systems and services

Regular and ad hoc exercises ensure the relevant teams practice cyber incident response and breach management procedures.

A 24/7 Security Operations Center (SOC) was established in January 2020 to continuously monitor JGS' information assets including URC's and help protect the enterprise security baseline.

In mid-2024 a malware was detected by the JGS' SOC inside one of the JGS' umbrella companies which started to spread inside JGS 'shared network which URC is a part of. URC was able to isolate itself from the shared network and avoid being affected by the malware because it migrated to its own network leg on the first quarter of 2024. This allowed the company to cut the connection from JGS' shared network and prevent any breach of URC resources.

There was already a plan in 2024 to revamp the SOC to a more advanced Managed Detection and Response (MDR) model where it allows not only to Record and Detect (Traditional SOC) but also to Investigate and Respond (MDR). The MDR project was launched 4th quarter of 2024 with a planned completion by early 2025. This enhances JGS' SOC's capability in responding to potential threats faster reducing time to resolve, reduce risks and provide potential costs savings.

Corporate IT Audit conducts year-on-year assessments on JGS Information Security Office's programs and activities ensuring alignment to corporate policies, statutory and regulatory requirements and enterprise risk management.

# UN SUSTAINABLE DEVELOPMENT GOALS

## Product or Service Contribution to UN SDG

Key products and services and its contribution to sustainable development.

**Key Products and Services**

Branded Snack foods and Beverage

**Societal Value/Contribution to UN SDG**

For more than 65 years, URC has produced high-quality snack foods & beverages with exceptional value. Currently, its portfolio is driven by convenience, on-the-go, ready-to-eat, ready-to-drink, indulgence, and play.

**Snack foods:** URC provided access to high quality and western snacks like real potato chips at a more competitive price. Today, Jack n Jill is a household brand that Filipinos continue to love.

**Noodles:** The noodles business is a joint venture with Nissin of Japan which is currently the #1 cup noodles brand in the market. It provided the working-class meal substitute on-the go, especially workers and millennials in tier 1 cities. The company also has noodles in pouches from its Payless brand, believing that it addresses social issues in hunger, especially in times of calamities, emergencies, pandemic, and financial crisis.

**Coffee:** URC revolutionized the coffee mix market when it launched Great Taste White Coffee and shifted the market significantly from instant to coffee mixes. Today, the coffee mix category has become an integral part of Filipinos lives, especially to the working class, with white coffee as its most significant sub-segment.

**Ready-to-drink Tea:** C2 has been thriving against sodas/carbonated beverages when it was introduced as an alternative to consumers, given that consumers have already started to shift towards better for you choices. C2 is made from real tea leaves that are brewed and bottle the same day.

**Bottled Water:** The bottled water brand Refresh is tagged as one of the basic goods by DTI. Through refresh, URC provides an additional supply of clean drinking water on-the-go, which is essential in times of calamities and emergencies.

**Impacts**

**Regulatory concerns towards wellness**

As a food and beverage manufacturer, we believe that consumers are changing fast due to emerging trends brought by the growing middle-class population in the region.
It was initially thought that the wellness criteria will be achieved 5 to 10 years from now, but it's already happening. As you can see in 2018, the government previously imposed an excise tax on a sweetened beverage while some schools started to ban snacks and some types of

beverages that did not pass the nutrition standards of the Philippines' Department of Education.

**Issues concerning Single-Use Packaging**

Issues towards single-use plastics and ocean waste have been very visible in the last 2-3 years. The public has turned their eyes towards FMCG manufacturers as a source of the problem.

## Management Approach to Negative Impact

In 2021, the URC Wellness Criteria was revised to make it applicable for all countries the company operates in. The Wellness Criteria is an internal guide used to improve the nutritional value of our products. Through this initiative, URC is able to proactively address the possibility of stricter government regulations on sugar, sodium, fat, and other health & wellness components.

It was revised using the WHO guidelines and the nutritional/ health data of ASEAN population. The criteria also reflect the range of the categories we operate in; and in the context that our portfolio is a part of the overall diet of our consumers.

A. Criteria guiding Risk reduction

1. Threshold for Total Fat: No more than 30% of the total energy per serving and no more than 10% SaFa of the total energy *(WHO 2016)*
2. Threshold for Sugar: Less than 6% Added Sugar in Beverages & <10% of Total Kcal per serving for other products *(WHO SSB)*
3. Threshold for Sodium: 1mg Sodium per Kcal per 100g product or per serving *(WHO 2012/2016)*
4. Zero Trans Fat & Zero Cholesterol
5. ≤ 230 calories per serving of snacks and beverages *(WHO 2016)*

B. Criteria guiding Enhanced Wellness

1. Products addressing micronutrient deficiency (Such as: Iron, Iodine, Zinc, Folate, Vitamin A and D as source) *(CDC Micronutrient Facts 2021 / PAHO-WHO 2016 Nutrient Profiling)*
2. Acceptable Macronutrient Distribution Range (AMDR) [Carbohydrate (55-70%), protein (10-15%) and fats (20-30%)] *(National Academy of Science, FNB of the Institute of Medicine 2002/2004)*
3. 100% Natural Ingredients (Recognizable ingredients, naturally sourced, minimally processed. Free from artificial flavors / artificial colors / artificial preservatives / or synthetic additives.)
4. 100% Plant based proteins
5. Products using functional quality ingredients to improve wellness (Such as Protein, Fiber, Bioactives as source)

The company has upgraded its target for wellness criteria to achieve 100% total products passing 3 wellness criteria by 2030.

In 2024, the total URC Wellness Score using the updated criteria, indicated that 100% of total products passed 1 URC Wellness Criterion, 99% passed 2 URC Wellness Criteria, 87%

passed 3 URC Wellness Criteria, 40% passed 4 URC Wellness Criteria and 7% passed 5 Wellness Criteria.

Furthermore, within the product portfolio, a significant number of products meet most of the Risk Reduction Criteria Thresholds. Specifically, 15% of products, fall within the Threshold for Total Fat, 40% meet the criterion for Less than 6% Added Sugar in Beverages but less than 10% of total calories, 99.6% meet the criterion for <230 Calories per serving, 67% meet the criterion for 1mg Sodium per 1 Kcal Product, and 92% meet the criterion for 0 Trans Fat and 0 Cholesterol.

The company continues to innovate its products to offer consumers good food choices in the health and wellness space. For example, VegiGood Breading mix with delicious blend of tasty seasonings, spices, plus real carrots and malunggay was introduced in the Philippines.

In Indonesia and Vietnam, ongoing efforts are being made under the Enhance Wellness criteria, focusing on products that address micronutrient deficiencies, incorporate 100% natural ingredients, and utilize functional quality ingredients.

The company continues to consider further innovations and renovations that prioritizes its wellness criteria. The initiatives entail an exploration of additional avenues to its “enhanced wellness” category.

All these initiatives contribute to the UN SDG 2 (Zero Hunger).

**Annex 1**

| Old Wellness Criteria | |
|---|---|
| **1** | All Green & Yellow Rated Product per DepEd Order 13 s 2017 |
| **2** | Less than 6% Added Sugar in Beverages |
| **3** | Existing Products where sodium is reduced by 25% or more |
| **4** | Products addressing micronutrient deficiency |
| **5** | Less than 100 calories pack |
| **6** | No PHO & SatFat less than 1.5g/serving & Zero TransFat & Zero Cholesterol |
| **7** | 100% Natural |
| **8** | Clean Label |
| **9** | 100% Plant-based proteins |
| **10** | Products using functional quality ingredients to improve wellness |

**Annex 2**

| Updated Wellness Criteria | |
|---|---|
| **1** | Threshold for Total Fat: No more than 30% of the total energy per serving and No more than 10% SaFa of the total energy (WHO 2016) |
| **2** | Threshold for Sugar: Less than 6% Added Sugar in Beverages & $\leq$10% of Total Kcal per serving for other products (WHO SSB 2012) |
| **3** | Threshold for Sodium : 1mg Sodium per Kcal per 100g product or per serving (WHO 2012/2016) |
| **4** | Zero TransFat & Zero Cholesterol |
| **5** | $\leq$ 230 calories per serving of snacks and beverages (WHO 2016) |
| **6** | Products addressing micronutrient deficiency (Such as: Iron, Iodine, Zinc, Folate, Vitamin A and D as source) (CDC Micronutrient Facts 2021 / PAHO-WHO 2016 Nutrient Profiling) |
| **7** | Acceptable Macronutrient Distribution Range (AMDR) [Carbohydrate (55-70%), protein (10-20%) and fats (20-30% but SaFa is less than 10% of total energy)] (National Academy of Science, FNB of the Institute of Medicine 2002/2004) |
| **8** | 100% Natural Ingredients (Recognizable ingredients, naturally sourced, minimally processed, free from artificial flavors, artificial colors, artificial preservatives, or synthetic additives regardless of source) |
| **9** | 100% Plant-based proteins |
| **10** | Products using functional quality ingredients to improve wellness (Such as Protein, Fiber, Bioactives as source) |

**Annex 3**

| | | | |
|---|---|---|---|
| JG SUMMIT HOLDINGS, INC. | **POLICY** | | |
| | **GROUP / COMPANY** | **GOKONGWEI GROUP OF COMPANIES ALL** | Document Control No: **JG CMS Bulletin 2025-01** |
| | **CHAPTER** | **PROCUREMENT** | Reference Policy No: Bulletin Nos: **2004-16 Revised Supplier Accreditation Policy** **CORP-5001 Edition 2 - Revised Supplier Accreditation Policy** **2022-02 CCU Supplier Accreditation Implementing Guidelines** |
| | **SECTION** | **SUPPLIER MANAGEMENT** | Revision No. 3<br>Document Date: **14 January 2025** |
| | **POLICY** | **AMENDMENT TO SUPPLIER ACCREDITATION POLICY** | Page: 1 of 6 |

| | |
|---|---|
| **POLICY STATEMENT** | The Gokongwei Group (referred to as the "Company", in this policy) is committed to conducting business with the highest ethical and legal standards. In line with this commitment, the Company strives to build strong, sustainable relationships with suppliers (alternately referred to as "vendors", in this policy) who meet the highest standards of quality, integrity, and compliance, ensuring alignment with the Company's core values. The Company believes that shared values and maintaining professional relationships with suppliers results in quality products and services, contributing to mutual success. |
| **OBJECTIVES** | This policy aims to:<br>1. Provide the implementing guidelines for the accreditation of suppliers across the Company;<br>2. Establish the roles of the appointed members of the Strategic Business Unit/Corporate Center Unit (SBU/CCU) Supplier Accreditation Team (SAT);<br>3. Ensure compliance to the policy that the Company shall purchase only from duly accredited suppliers; and<br>4. Ensure that all local and foreign suppliers adhere to the supplier accreditation process by submitting the required documentation. |
| **SCOPE** | This policy outlines the procedures to be followed by the Company's authorized employees or group engaged in procurement and accreditation transactions.<br>However, this policy does not apply to the following categories as they are handled separately and excluded from the responsibilities of the SBU/CCU Procurement:<br>• Internal Suppliers (e. g. Employees); and<br>• Government Agencies and similar Institutions. |
| **GENERAL POLICY** | 1. The SBU/CCU shall establish their respective SAT, with at least three (3) members representing various identified functional groups appointed by their respective Company President and CEO, capable of assessing the supplier's overall competencies. |
| **Application and Mandatory Requirements** | 2. The local and foreign suppliers applying for accreditation shall comply with the company's mandatory documentary requirements. Refer to Exhibit 1: Supplier |

| | POLICY | | |
|---|---|---|---|
| JG SUMMIT HOLDINGS, INC. | **GROUP / COMPANY** | **GOKONGWEI GROUP OF COMPANIES ALL** | Document Control No: **JG CMS Bulletin 2025-01** |
| | **CHAPTER** | **PROCUREMENT** | Reference Policy No: Bulletin Nos: **2004-16 Revised Supplier Accreditation Policy** **CORP-5001 Edition 2 - Revised Supplier Accreditation Policy** **2022-02 CCU Supplier Accreditation Implementing Guidelines** |
| | **SECTION** | **SUPPLIER MANAGEMENT** | Revision No. 3 Document Date: **14 January 2025** |
| | **POLICY** | **AMENDMENT TO SUPPLIER ACCREDITATION POLICY** | Page: 2 of 6 |

| | |
|---|---|
| | Accreditation Application Form (SAAF) containing the List of Supplier Accreditation Requirements.<br><br>3. The required documents for foreign vendors, as indicated in the SAAF, may be reduced if the minimum requirements are already met. The Procurement must ensure that these documents are either notarized, or accompanied by an Apostille, whichever is applicable, issued by the respective government of the foreign supplier. |
| **Review and Assessment** | 4. Upon submission, the Procurement team shall conduct a preliminary assessment of the application and verify the completeness of the mandatory requirements. Applications with incomplete documentation will not be processed until all required information has been submitted.<br><br>5. If, upon evaluation, any discrepancies or issues arise that require justification or submission of additional documents (e.g. bid tabulation, certificate of distributorship), the SBU/CCU SAT shall notify the supplier through Procurement to submit the necessary documents. Otherwise, the application shall be put on-hold until the discrepancies are resolved and the required information is provided.<br><br>6. Rating and assessment of supplier's capability shall be documented using the Suppliers Accreditation Rating Sheet (SARS), and shall be approved by the Functional Head of the endorsing group and the SBU/CCU SAT. Refer to Exhibit 2: Suppliers Accreditation Rating Sheet.<br><br>7. Procurement shall provide an Endorsement Letter as attachment to the supplier accreditation application, for suppliers with below 75% rating. The Endorsement Letter shall be signed/approved by the following:<br>7.1. Non-IT Suppliers - Functional Head of the endorsing group; and<br>7.2. IT Suppliers - Functional Head of the endorsing group and the Company's Chief Digital Officer (CDO) / Chief Information Officer (CIO) or its equivalent position.<br><br>8. SBU/CCU SAT may seek assistance of a Subject Matter Experts (e. g. IT, Technology, Engineering Team), who shall provide technical advice and assistance in assessing the supplier. |

| JG SUMMIT HOLDINGS, INC. | POLICY | | |
|---|---|---|---|
| | **GROUP / COMPANY** | **GOKONGWEI GROUP OF COMPANIES ALL** | Document Control No: **JG CMS Bulletin 2025-01** |
| | **CHAPTER** | **PROCUREMENT** | Reference Policy No: Bulletin Nos: **2004-16 Revised Supplier Accreditation Policy** **CORP-5001 Edition 2 - Revised Supplier Accreditation Policy** **2022-02 CCU Supplier Accreditation Implementing Guidelines** |
| | **SECTION** | **SUPPLIER MANAGEMENT** | Revision No. 3 Document Date: **14 January 2025** |
| | **POLICY** | **AMENDMENT TO SUPPLIER ACCREDITATION POLICY** | Page: 3 of 6 |

| | |
|---|---|
| | 9. The SBU/CCU SAT shall grant Regular, Conditional or One-Time Accreditation to the applicant supplier after careful deliberation. Refer to Appendix 2: Types of Accreditations.<br><br>10. SBU/CCU SAT may customize their accreditation rating system either by type of business organization such as Corporation, Cooperative, and Sole Proprietorship or size of business transaction. Refer to Appendix 3: Rating Guide for IT and Non-IT Suppliers.<br><br>11. Suppliers with a Regular Accreditation Status from other SBUs shall qualify to engage and provide the requirement of other SBU/CCU, unless otherwise restricted or subject to additional requirements imposed by the other SBU/CCU SAT. The information of these suppliers, including its approved category/ies, shall be recorded in the Supplier Masterlist, which is shared with the procurement teams of the Company. Only the approved category/ies for each supplier shall be utilized for procurement purposes within the Company. |
| **Accreditation Exemption** | 12. A list of categories of goods and services that are exempt from undergoing supplier accreditation process shall be maintained by the SBU/CCU SAT. Refer to Appendix 4 – List of Exempted Categories.<br><br>13. These categories are typically considered low risk or minimal risk to the Company. The exemption from supplier accreditation for these categories is intended to streamline the procurement process, reducing administrative burdens while ensuring that compliance and supplier performance are monitored closely when necessary.<br><br>14. SBU/CCU SAT shall review the exempted categories list on a regular basis, at least annually, or more frequently, if necessary, to ensure it remains aligned with evolving procurement needs, and supplier performance standards.<br><br>15. Any changes to the list of exempted categories, including the addition, removal, or modification of items, shall be subject to review and approval by the SBU/CCU SAT. |
| **Vendor Code Creation** | 16. The SBU/CCU Procurement shall be responsible for endorsing the accredited suppliers for Vendor Code creation to the following: |

| JG SUMMIT HOLDINGS, INC. | POLICY | | |
|---|---|---|---|
| | GROUP / COMPANY | GOKONGWEI GROUP OF COMPANIES ALL | Document Control No: **JG CMS Bulletin 2025-01** |
| | CHAPTER | PROCUREMENT | Reference Policy No: Bulletin Nos: **2004-16 Revised Supplier Accreditation Policy** **CORP-5001 Edition 2 - Revised Supplier Accreditation Policy** **2022-02 CCU Supplier Accreditation Implementing Guidelines** |
| | SECTION | SUPPLIER MANAGEMENT | Revision No. 3 Document Date: **14 January 2025** |
| | POLICY | AMENDMENT TO SUPPLIER ACCREDITATION POLICY | Page: 4 of 6 |

| | |
|---|---|
| | 16.1. To Aspen Business Solutions Inc. – Central Data Management (ABSI-CDM) - for suppliers in JGSHI, JGSOC, JG DEV, JG Capital Services, RLC, UNICON, URC and ABSI;<br>16.2. To designated/appointed SBU Functional Unit exercising similar mandate as mentioned above-for suppliers of all other SBUs/BUs not mentioned in 16.1. |
| **Re-Accreditation** | 17. The following shall be required to submit updated documentary requirements and shall undergo a re-accreditation process:<br>17.1. Regular Suppliers<br>17.1.1. Application for inclusion of additional category/ies;<br>17.1.2. Update of supplier's name due to Change of Name or Entity; and<br>17.2. One-time or Conditional Suppliers<br>17.2.1. Application to grant regular accreditation or extension of accreditation. |
| **Periodic Review** | 18. Procurement shall conduct a formal review of accredited suppliers as deemed necessary and its guidelines shall be established on a separate policy. |
| **Investigation, Penalties and Reinstatement** | 19. The SBU shall be responsible for conducting investigation with the assistance of the JGSHI Corporate Procurement regarding the disposition of endorsed cases that warrants suspension or debarment of a particular supplier. This Joint Investigation Team shall coordinate with other SBU/CCU SATs to inquire on the matters related to supplier performance and other relevant evidence to support judicious disposition of inquiry.<br>20. Depending on the nature of offense and accompanying circumstances, JGSHI Corporate Procurement shall impose disciplinary actions to the supplier; either put on hold for future requirements (suspension) or to be banned permanently (debarment). Refer to Appendix 5: Grounds for Suspension and Debarment.<br>21. The JGSHI Corporate Procurement shall release an incident memo containing the background and the investigation results.<br>22. The JGSHI Corporate Procurement shall keep a repository of all suspended/debarred Suppliers.<br>23. The decision of the Joint Investigation Team shall be final and immediately executory. It shall apply across all SBUs within the Company. |

| | |
|---|---|
| | 24. The JGSHI Corporate Procurement shall endorse the suspended/debarred suppliers for blocking in the system, to the following:<br>24.1. To Aspen Business Solutions Inc. – Central Data Management (ABSI-CDM) - for suppliers in JGSHI, JGSOC, JG DEV, JG Capital Services, RLC, UNICON, URC and ABSI ;<br>24.2. To designated/appointed SBU Functional Unit exercising similar mandate as mentioned above-for suppliers of all other SBUs/BUs not mentioned in 24.1.<br><br>25. Suppliers may request reinstatement, through SBU/CCU SAT, if they have already satisfactorily resolved the cause of their suspension or debarment. The SBU/CCU SAT shall then inform JGSHI Corporate Procurement of the reinstatement. |
| **Transitory Provision** | 26. All active local and foreign suppliers who have been long-time partners of the Company, prior to the approval of this policy, will be automatically granted accreditation status, provided they have no record of poor performance with any SBUs and no pending criminal cases in Philippine courts. |
| **Repealing Clause** | 27. Effective immediately upon the adoption of this policy, all prior policies, practices, and procedures that are in conflict with the provisions of this policy are hereby repealed and shall be considered null and void. |
| **Effectivity** | 28. This Policy shall serve as the reference and guide for all SBUs. It will take effect for each SBU once the new Implementing Guidelines or a Memorandum adopting this policy "as is" is approved by their respective Presidents and CEOs.<br><br>29. All SBUs are encouraged to adopt these guidelines and make any necessary adjustments to ensure compliance and alignment with this Policy. |
| **APPENDICES & EXHIBITS** | APP.01 – Responsibilities<br>APP.02 – Types of Accreditation<br>APP.03 – Supplier Accreditation Rating Guide<br>APP.04 – List of Exempted Categories<br>APP.05 – Grounds for Suspension and Debarment<br>EXH.01 – Supplier Accreditation Application Form (SAAF)<br>EXH.02 – Supplier Accreditation Rating Sheet (SARS)<br>The appendices and exhibits enumerated above and attached hereto are integral parts of and are deemed approved with this guideline. |

-o0o-

| JG SUMMIT HOLDINGS, INC. | **POLICY** | | |
|---|---|---|---|
| | **GROUP / COMPANY** | **GOKONGWEI GROUP OF COMPANIES ALL** | Document Control No: **JG CMS Bulletin 2025-01** |
| | **CHAPTER** | **PROCUREMENT** | Reference Policy No: Bulletin Nos: **2004-16 Revised Supplier Accreditation Policy** **CORP-5001 Edition 2 - Revised Supplier Accreditation Policy** **2022-02 CCU Supplier Accreditation Implementing Guidelines** |
| | **SECTION** | **SUPPLIER MANAGEMENT** | Revision No. 3 Document Date: **14 January 2025** |
| | **POLICY** | **AMENDMENT TO SUPPLIER ACCREDITATION POLICY** | Page: 6 of 6 |

**REVISION HISTORY**

| REASON FOR AMENDMENT | EFFECTIVITY DATE | INITIATED BY (PROPONENT) |
|---|---|---|
| 1. Additional scope, coverage and guidelines | Upon approval | **JGSHI Corporate Procurement** |