

# Roxas and Company, Inc.

| Company Details  |  |
|--|--|
| Name of Organization   | Roxas and Company, Inc. (RCI)  |
| Location of Headquarters   | 7th Floor, Cacho-Gonzales Building, 101 Aguirre Street, Legaspi Village, Makati City   |
| Location of Operations   | Makati City, Quezon City, Manila City, Nasugbu, Batangas; Tagaytay; and Tupi, Cotabato   |
| Report Boundary: Legal entities (e.g. subsidiaries, affiliates, associates) included in this report* | <p>Covered in this sustainability report is Roxas and Company, Inc. (RCI, hereinafter referred to as the “Group”) and its subsidiaries and affiliates:</p> <p>Roxaco Land Corporation (RLC)<br/> Roxaco-Asia Hospitality Corporation (RAHC)<br/> Roxas Sigma Agriventures, Inc. (RSAI)<br/> Roxas Green Energy Corporation (RGEC)</p>  |
| Business Model, including Primary Activities, Brands, Products, and Services                         | <p>RLC is the property development arm of RCI which acquires real estate for investment, development, and/or sale. The Corporation is the registered owner of hectares of land in Nasugbu, Batangas. Subsumed in the Real Estate Corporation are Anya Hospitality Group (Hospitality Solutions), Anya Resort Tagaytay (Leisure &amp; Lodging), and Roxaco-Asia Hospitality Corporation (Hotel &amp; Development Management).</p> <p>RSAI is a wholesale producer of high-quality coconut-based products. Their coconut product portfolio is 100% organic, comprised of Aseptic Coconut Cream and Milk, Extracted Virgin Coconut Oil, and Frozen Coconut Water</p> <p>RGEC is the energy arm of the Corporation in Nasugbu, Batangas. Disclosures under the Environmental and Social sections are not inclusive of RGEC data as the firm has not begun commercial operations.</p> |
| Reporting Period   | January 1 to December 31, 2022   |
| Highest Ranking Person responsible for this report   | Atty. Melchor J. Manalo  |

## Materiality Process

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|--|
| <b>Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.</b>   |
| The material topics were identified through a review of the sustainability-related topics recommended by SEC and determined which of those are deemed relevant by the Group's stakeholders and those which the Group has impact to. These were done through consultations with the Group's business units and its concerned departments. |

**NOTE:** The discussion of impacts, risks, and opportunities are made per topic, instead of per metric, since the risks and opportunities apply to the topic rather than the individual metrics under one topic. This allows the Group to disclose more streamlined and focused narratives on each material topic, which would also apply to the metrics that correspond under the stated material topic.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

| Disclosure   | Amount | Units       |
|--|--------|-------------|
| Direct economic value generated (revenue)                                  | 998.46 | PhP Million |
| Direct economic value distributed:   |        |             |
| a. Operating costs (payments to suppliers)                                 | 609.69 | PhP Million |
| b. Employee wages and benefits   | 204.85 | PhP Million |
| c. Dividends given to stockholders and interest payments to loan providers | 261.08 | PhP Million |
| d. Taxes given to government   | 55.13  | PhP Million |
| e. Investments to community (e.g. donations, CSR)                          | 0.23   | PhP Million |

### Procurement Practices

#### Proportion of spending on local suppliers

| Disclosure   | Amount | Unit |
|--|--------|------|
| Percentage of procurement budget used for significant locations of operations that is spent on local suppliers | 90     | %    |

### Impacts & Risk; Stakeholders Affected

The economic value generated by RCI flows towards its stakeholders—employees, suppliers and service providers, shareholders, government, and host communities—who drive the success of the Corporation. Through this, the Group enables its stakeholders to facilitate respective contributions to the local economy.

The main risks arising from the financial instruments are liquidity risk, interest rate risk, and credit risk. Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet maturing obligations. Credit risk is the risk that the Group will incur financial loss through default by counterparties in performing their obligations. Lastly, interest rate risk is the risk that the fair value or future cash flows on a financial instrument will fluctuate because of changes in market interest rates.

Incidences of corruption pose risks that could affect the flow of capital within the Group, depriving the rightful stakeholders. Additionally, while RCI invests in the preparedness for health-related and natural calamities, damages that may exceed the coverage of insurance or investment allocations may materially affect the financial health and operational condition. For example, the Group sustained

losses from the COVID-19 pandemic and the effects of the Taal Volcano eruption, which forced Anya Resort Tagaytay to close down at the beginning of the calendar year 2020.

### Management Approach to Identified Impacts and Risks

RCI is able to generate economic value through its subsidiaries' capability to attract and retain locators and tenants in its properties (RLC) as well as customers for its hotel and resorts operations (RAHC, AHG, & ART). Additionally, sales of its finished goods (RSAI) also generate revenue in the form of coconut-based products. These revenue streams are boosted by maintaining amiable business relationships within the stakeholder ecosystem, namely product distributors, suppliers, and service providers. In addition, RCI commits to fulfilling vendor accreditation criteria and ensuring on-time release of payment tranches.

The Group benchmarks itself against best practices of similar industries—ensuring that its customers receive the best value for their money. Meanwhile, the compensation packages of RCI employees are benchmarked against industry and national standards to ensure that the workforce are provided with livable wages. For suppliers and service providers, the Corporation ensures that service agreements are diligently followed by all involved parties.

Risk management is carried out by senior management under the guidance and direction of the Board of Directors of the Parent Corporation. RCI ascertains that the Board and employees are made aware of and are compliant with all related national regulations and stipulations stated in the Group's Corporate Governance Manual and Code of Business Conduct and Ethics.

### Opportunities and Management Approach

RCI seeks to continuously innovate its products and services to further establish its brand in the market. The Group intends to explore new investment and growth opportunities as well as identify potential strategic joint venture partners to secure financing strategies for future projects. Moreover, the Group also aims to enhance overall operational efficiency by improving synergies across RCI's subsidiaries.

With the new effects and risks brought by the COVID-19, this is an opportunity for RCI to review its risk management for infectious diseases. Reallocation of budget to prepare for this risk will be reassessed in anticipation for its adverse impacts to the business.

### Climate-related risks and opportunities

RCI is in the process of understanding, identifying, and evaluating the climate-related risks and opportunities intrinsic to its businesses. RCI aims to determine how to effectively measure climate change's impact to its operations and core services.

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

| Disclosure   | Quantity | Units |
|--|----------|-------|
| Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to         | 100      | %     |
| Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to | 100      | %     |
| Percentage of directors and management that have received anti-corruption training   | 0        | %     |
| Percentage of employees that have received anti-corruption training  | 0        | %     |

### 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 & Risk; Stakeholders Affected

Any form of corruption significantly affects RCI's means to equitably deliver economic value to all its stakeholders. Corruption incidents would have an adverse impact to the Group's brand equity, its relationship with customers, and Corporation culture.

### Management Approach to Identified Impacts and Risks

All newly-hired employees of RCI are presented with a Corporation Policy and Procedure pertaining to Employee Conduct & Work Expectations - Conflict of Interest Policy, which states that: "The appearance of impropriety must also be avoided. Employees should not appear to be unduly influenced or corrupted by personal favors from a customer or supplier." This policy is then acknowledged, and signed by every employee during the onboarding process.

### Opportunities and Management Approach

RCI shall take measures to effectively evaluate its anti-corruption policies as well as benchmark and adopt local and international best practices on anti-corruption to strengthen our existing processes in preventing such occurrences.

## ENVIRONMENT

### Resource Management

#### Energy consumption within the organization

| Disclosure                       | Quantity     | Units |
|----------------------------------|--------------|-------|
| Energy consumption (biomass)     | 691,060      | MT    |
| Energy consumption (gasoline)    | 19,897       | GJ    |
| Energy consumption (LPG)         | 323.4        | GJ    |
| Energy consumption (diesel)      | 258,111.37   | GJ    |
| Energy consumption (electricity) | 4,623,880.64 | kWh   |

#### Impacts & Risks; Stakeholders Affected

##### RLC

The Corporation's main source of energy comes from electricity consumption, mainly through a local electricity provider. The firm relies on gasoline for the vehicles used in official business and diesel for its generator sets, aimed to offset power interruptions that affect the operations of commercial establishments. However, the Corporation consumes minimal amounts of LPG for several of its kitchen, laundry, and water feature operations.

The Company's overall impact on energy consumption largely depends on the degree of energy consumption of guests, tenants, customers, and employees within its operational establishments.

##### RSAI

The Firm consumes energy primarily for the sustenance of its operations and facilities. Its main source of energy is electricity, followed by diesel fuel and biomass energy respectively. Energy is integral in ensuring the Company's production year-round.

##### RAHC

Electricity comprises the majority of the Company's energy consumption. This is sourced mainly through a local electricity provider. Additionally, the Company consumes a minimal amount of diesel for its usage of generator sets during cases of power outages.

#### Management Approach to Identified Impacts and Risks

##### RLC

RLC has various energy efficiency practices across its business units, namely: RLC Realty, ART, RAHC, and AHG.

RLC Realty ensures that the use of the vehicles for official business is efficient. It invests in energy efficient equipment to decrease electric consumption for its facilities.

ART is able to effectively monitor the performance and efficiency of its facilities through its maintenance department. The Company has an existing policy to eliminate unnecessary usage of energy by strictly mandating that lights and equipment be turned off when not in use. ART also

reduces its energy consumption through the replacement of old light bulbs with more energy efficient LED lights.

AHG practices proper turning off of facilities and equipment when not in use.

#### **RSAI**

As an alternative to fuel, the Company utilizes biomass to fuel the operations of its boiler units. Its biomass power is derived from the coconut shells generated through its operations. In 2021, the firm was able to generate biomass energy from 1,851.60 metric tons of coconut shells.

#### **RAHC**

RAHC has designated its engineering officers to implement Enercon Programs to optimize electricity usage across its different properties. These programs aim to streamline responsible usage of energy consuming appliances and facilities.

#### Water consumption within the organization

| Disclosure                | Quantity   | Units        |
|---------------------------|------------|--------------|
| Water consumption         | 143,373.94 | Cubic Meters |
| Water recycled and reused | 12,766     | Cubic Meters |

#### **Impacts & Risks; Stakeholders Affected**

##### **RLC**

Water is consumed for commercial use across the Corporation's properties, offices, and facilities. Its tenants and employees regularly consume water for domestic activities and facility maintenance. Its water supply predominantly comes from water district utilities. The Company also sources minimal amounts of water from a deep-well for its resort operations in Tagaytay. As such, water shortages from these sources may pose substantial risks to the Company, because such disruptions could potentially impede ongoing operations.

##### **RSAI**

The Company considers water as a vital resource as it is used for the processing plant's steam generation and maintenance activities. Ensuring a stable water supply is crucial in maintaining the firm's plant operations.

##### **RAHC**

Water is consumed by its tenants, guests, and employees.

#### **Management Approach to Identified Impacts and Risks**

RCI has been regularly monitoring its water impacts (consumption and discharges) while ensuring that water use is maximized across its owned establishments and commercial properties.

## Opportunities

### RSAI

The Corporation has identified water efficiency opportunities to be implemented in the near future. These opportunities consist of processes such as recycling coconut water condensate and reusing water for comfort room use and sanitary activities. It is preparing a robust water recycling program to streamline its identified opportunities to implement water efficiency initiatives.

### Materials used by the organization

| Disclosure   | Quantity     | Units     |
|--|--------------|-----------|
| Materials used by weight or volume   | 3,459,828.00 | MT        |
| • renewable  | 795,760.44   | MT        |
| • non-renewable  | -            | kg/liters |
| Percentage of recycled input materials used to manufacture the organization's primary products and services. | 23           | %         |

*NOTE: Unable to acquire quantitative data as procurement of construction materials is outsourced through a third party*

## Impacts & Risks; Stakeholders Affected

### RLC

Being the property development arm of Roxas and Company, Inc., it is responsible for managing real estate development projects across the Philippines. In 2020, RLC managed construction projects (Orchards, Landing Townhomes and Montana) wherein the contractors used materials, which primarily are steel and cement. However, materials consumed by RLC for its own operations are mainly composed of office and kitchen supplies.

### RSAI

As a coconut processing company, RSAI regularly sources agricultural items for its daily production needs. Aside from its raw materials, the Corporation's top procured items are principally paper-based and polyethylene-based, used for packaging purposes.

### RAHC

As an operator of hotels, RAHC does not have materials intensive processes in its operations. Its materials procurement is mainly composed of domestic and office items used for its daily hotel operations.

## Ecosystems and Biodiversity

*NOTE: Due to the nature of RCI's operations, this topic is not considered as material for the Group as it currently does not operate within the vicinity of locations with substantial biological diversity.*

## Environmental Impact Management

### GHG emissions

| Disclosure                     | Quantity | Units       |
|--------------------------------|----------|-------------|
| Direct (Scope 1) GHG Emissions | 1,259.66 | Tonnes CO2e |



|   |                |             |
|---|----------------|-------------|
| Energy indirect (Scope 2) GHG Emissions       | 3,862.96       | Tonnes CO2e |
| Emissions of ozone-depleting substances (ODS) | Not Applicable | Tonnes      |

#### Air pollutants

| Disclosure                           | Quantity       | Units |
|--------------------------------------|----------------|-------|
| NOx                                  | Not Applicable | kg    |
| SOx                                  | Not Applicable | kg    |
| Persistent organic pollutants (POPs) | Not Applicable | kg    |
| Volatile organic compounds (VOCs)    | Not Applicable | kg    |
| Hazardous air pollutants (HAPs)      | Not Applicable | kg    |
| Particulate matter (PM)              | Not Applicable | kg    |

### Impacts & Risks; Stakeholders Affected

#### RLC

The Corporation's primary sources of Scope 1 emissions come from its use of LPG, diesel, and gasoline fuel. It also consumes electricity across its different properties and facilities which contribute to Scope 2 emissions. The extent of RLC's air emissions is directly correlated to the scale of its energy consumption, predominantly from electricity generation and fuel consumption.

#### RSAI

The Company's primary sources of Scope 1 emissions are from its 18 TPH Biomass (Coconut shell fired) Boiler and its 1.5MVA diesel power generator. For its Scope 2 emissions, it generally consumes electricity to power its facilities.

#### RAHC

Scope 2 emissions comprise the vast majority of RAHC's GHG emissions as its daily operations rely heavily on electricity. Its scope 1 emissions are very minimal since the Corporation's fuel use is limited to its generator sets for emergency situations.

### Solid and Hazardous Wastes

#### Solid waste

| Disclosure                  | Quantity | Units |
|-----------------------------|----------|-------|
| Total solid waste generated | 27,204   | kg    |
| Reusable                    | 500      | kg    |
| Recyclable                  | 9,528    | kg    |
| Composted                   | 8,076    | kg    |
| Incinerated                 | 0        | kg    |
| Residuals/Landfilled        | 9,100    | kg    |

### Hazardous waste

| Disclosure                                  | Quantity | Units |
|---|----------|-------|
| Total weight of hazardous waste generated   | 2,790.96 | kg    |
| Total weight of hazardous waste transported | 0        | kg    |

### Effluents

| Disclosure                          | Quantity   | Units            |
|-------------------------------------|------------|------------------|
| Average water discharge rate (RSAI) | 232.98     | Cubic meters/day |
| Total volume water discharge        | 182,640.90 | cubic meters     |
| Percent of wastewater recycled      | 0          | %                |

*\*Scope is limited to RSAI's operations*

### **Impacts & Risks; Stakeholders Affected**

#### **RLC**

Solid waste production occurs as a byproduct of the operations of the RLC's various establishments. Generated waste within the Company's scope mainly consists of domestic waste from the guest houses, canteens, and office spaces.

#### **RSAl**

In 2021, RSAI generated a monthly average of 6.32 metric tons of solid waste resulting from its manufacturing activities.

#### **RAHC**

The Company's generated waste is primarily domestic waste from tenants, guests, and employees' activities across its different properties.

### **Management Approach to Identified Impacts and Risks**

#### **ART**

The Company operates a Materials Recovery Facility to responsibly store its solid waste before handing them over to certified waste disposal haulers for proper segregation. Furthermore, ART manages a Hazardous Waste Storage Facility where all hazardous wastes are properly labeled and temporarily stored. The resort has a schedule for proper disposal of hazardous waste, which is conducted by a DENR Certified Transporter and Treater.

To ensure that the Company's activities on handling, storing, and disposing of waste is documented and compliant with pertinent laws, the Pollution Control Officer prepares quarterly Self Monitoring Reports (SMR) and semi-annual Compliance Monitoring Reports (CMR) which are submitted to the Department of Environment and Natural Resources (DENR).

#### **RAHC**

Proper segregation is aligned with city ordinances on waste collection. Hazardous waste is also properly stored before being turned over to certified waste disposal haulers.

**AHG**

Proper segregation is aligned with city ordinances on waste collection.

Environmental compliance

| Disclosure   | Quantity | Units |
|--|----------|-------|
| Total amount of monetary fines for non-compliance with environmental laws and/or regulations | 0        | PhP   |
| No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations  | 0        | #     |
| No. of cases resolved through dispute resolution mechanism                                   | 0        | #     |

**Impacts & Risks; Stakeholders Affected**

The Group's business units are subject to local and national regulations and policies pertaining to environmental protection. It recognizes the compliance requirements which LGUs and DENR-EMB have on the respective parts of its business. The Group also acknowledges the risks that non-compliance of regulations pose to the continuity of its operations.

**Management Approach to Identified Impacts and Risks**

The Group has set in place governance measures and working teams who are responsible for ensuring that each of its operating assets are in full compliance with all relevant local and national environmental regulations.

**RSAI**

Management has engaged a third party provider, duly accredited by the DENR, to ensure continuous compliance with the requirements of the DENR for its WWTP.

**SOCIAL****Employee Management**Employee Hiring and BenefitsEmployee data

| Disclosure   | Quantity | Units |
|--|----------|-------|
| Total number of employees                          | 152      | #     |
| a. Number of female employees                      | 45       | #     |
| b. Number of male employees                        | 107      | #     |
| Attrition rate                                     | 30%      | rate  |
| Ratio of lowest paid employee against minimum wage | 0:0      | ratio |

### Diversity and Equal Opportunity

| Disclosure  | Quantity | Units |
|---|----------|-------|
| % of female workers in the workforce                                      | 30%      | %     |
| % of male workers in the workforce  | 70%      | %     |
| Number of employees from indigenous communities and/or vulnerable sector* | 6        | #     |

\* Inclusive of PWDs, people of retirement age, and solo parents.

#### **Impacts & Risk; Stakeholders Affected**

RCI provides market competitive compensation and benefits to its employees. The firm attracts both fresh and tenured talents of various industries to join its talent pool made evident by a benchmark entry-level basic pay that is 16% greater than the regional minimum wage.

Its operations primarily impact local constituencies by producing opportunities to the communities around RCI's commercial properties. Despite the downturn in business due to the pandemic, a total of 68 new jobs were generated from its core businesses.

The Company also has a healthy male-to-female social portfolio at 59% and 41% respectively. RCI does not discriminate in terms of age, gender or physical disabilities in hiring.

#### **Management Approach to Identified Impacts and Risks**

To remain competitive, the Group dedicates itself to improving business performance through provisions to assist employee needs. This is conducted through various assistance programs such as a streamlined Financial Assistance Plan, a performance recognition and rewards system, and early retirement benefits.

Scenario adjustments have also been made, in order to accommodate the impact of Covid-19 in daily operations. Some regulations implemented to ensure business continuity are shortened office hours and remote work set-up. As feasible, properties are opened and strictly managed within the bounds of public government guidelines.

#### **Opportunities and Management Approach**

With the unparalleled economic downturn brought about by the Covid-19 pandemic, the Group is continuously improving their business continuity plan incrementally as more national guidelines are progressively cascaded. From an employee management standpoint, it is clear that management has to adapt an agile approach to craft a strategy that would protect their employees and business operations from further negative economic and social impact. It is ideal for the strategic planning team to have short-, mid-, and long-term plans as the industry slowly recovers from the economic downturn that the pandemic has caused.

### Employee training and development

| Disclosure                                   | Quantity | Units          |
|--|----------|----------------|
| Total training hours provided to employees   | 8,661    | hours          |
| a. Female employees                          | 3,637    | hours          |
| b. Male employees                            | 5,024    | hours          |
| Average training hours provided to employees | 25       |                |
| a. Female employees                          | 26       | hours/employee |
| b. Male employees                            | 24       | hours/employee |

#### **Impacts & Risk; Stakeholders Affected**

Capability building is recognized to be a key driver both to individual and organizational success. RCI recognizes its responsibility to empower its employees, so that they are able to deliver world-class services to their customers. To address social-distancing constraints, alternative training methods like online learning were explored and availed. For the last fiscal year, an average of 25 working hours per capita has been allocated specifically for training and development with a focus on improving customer service and experience.

Spearheaded by the Human Resources department, a total of 8,661 hours have been devoted for the upskilling of the group's human capital.

#### **Management Approach to Identified Impacts and Risks**

Given the speed with which things are changing, combined with the limitations brought about by the pandemic, the workforce needs specialized training to apply new knowledge and best practices. Aside from providing in-house training to empower its employees, RCI has been in constant coordination with different government offices and entities like the Department of Tourism, Bureau of Quarantine and TESDA to avail of relevant trainings for its employees. Noteworthy learning sessions attended and held last 2021 were Customer Service Training, Housekeeping Refresher Courses, New Normal Protocols, Training for Front Office Services and Workplace Communication, Fire Safety Seminars, Good Manufacturing Practices (GMP) Awareness Training, Hazard Analysis Critical Point Awareness (HACCP) Training.

Furthermore, RCI proactively conducts regular alignment on training needs to assess current skills inventory and identify existing skills gaps. These are then mapped against functional requirements and customer demands. Thereafter, programs are formed and executed either solely by an internal team or in partnership with external experts who specialize in those pre-determined competencies.

These avenues allow for growth both professionally and personally as employees to contribute more substantially to the company's business objectives while giving each a degree of personal satisfaction.

## Opportunities and Management Approach

In lieu of the new emerging environment shaped by the global pandemic, RCI is presented with an opportunity to re-invest resources in training and development to future proof its social capital in preparation for the new ways of working that the post-covid scenario will bring to the tourism, agriculture, and energy industries.

It is significant to understand the shifts and changes that will occur in the value chains of the said industries. Ventures into agriculture may not retain conventional value chains post-COVID as there is a rising demand in the market for farm-to-table models. Energy is also at the forefront of change, even prior to the quarantines, as prices in renewable energy (mainly solar) have plunged significantly cheaper than traditional coal-generated electricity. Lastly, social distancing and the potential spread of a highly contagious disease has brought about innovations in lifestyle, the tourism industry moreso. With the countless facets that are affected, a review and evaluation of strategy and forecasts is highly recommended, as the Group is well-positioned to integrate training and performance at the core of the changing environment. However, the implementation team must take extra caution in defining appropriate performance indicators in order to achieve the aspired behavior of learned skills application.

### Labor-management relations

**NOTE:** This topic is not considered as material for the Group as it currently does not have labor unions across its subsidiaries.

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

| Disclosure                     | Quantity | Units     |
|--------------------------------|----------|-----------|
| Safe Man-Hours                 | 323,256  | Man-hours |
| No. of work-related injuries   | 4        | #         |
| No. of work-related fatalities | 0        | #         |
| No. of work-related ill-health | 0        | #         |
| No. of safety drills           | 2        | #         |

*\*Note: The No. of work-related injuries are minor injuries that does not cause lost manhours.*

## Impacts & Risk; Stakeholders Affected

The employees of RCI's business units are exposed to various health and safety risks due to the nature of their operations. For RAHC, RSAI, and RLC, the majority of the headcount comes from the local labor force, which poses an evident risk in the form of a large dependency on the general health and wellness of the areas in which these employees occupy. This was proven true by the recent COVID-19 pandemic, which caused the cessation of tourism and hospitality-related operations due to the threat of the virus to public health. Over 50 percent of RCI's workforce were directly affected.

## Management Approach to Identified Impacts and Risks

RCI's team of professionals is committed to ensuring that hazards and risks are recognized and identified in order to guide and direct employees to work safely, thereby preventing injuries and other issues in the workplace. This is conducted by ensuring that Occupational Safety and Health (OSH) standards are observed and government requirements concerning health and safety are consistently met. As an example, RSAI, AHG, and ART mandate their employees to undergo an 8-hour OSH training during onboarding, which is conducted by an in-house Safety and Security Manager.

In the event of work-related accidents, RCI ensures that all identified safety hazards are reported to the management.

The Group is also active in participating with the local government initiatives on health and safety, such as joining community-initiated fire and earthquake drills.

### Opportunities and Management Approach

A more frequent periodic assessment of the Group's readiness in terms of compliance with OSH standards can be pursued. With the COVID-19 pandemic, regulators, employees, and customers will place a premium on the health and safety of RCI's premises. As such, RCI will be reassessing its current OHS systems in order to fulfill its promise to its stakeholders of their excellent product and service delivery.

### 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 | N   |  |
| Child labor  | N   |  |
| Human Rights | Y   | From RCI's Code of Business Ethics (COBE): Section on Harassment and Bullying under Rules and Regulations of Code of Conduct |

### Impacts & Risk; Stakeholders Affected

Incidences of forced labor and child labor and violations of human rights violates labor-related laws and policies provided by the government. Allegations of abuse of human rights can escalate and develop into negative public perception, which impacts brand equity and customer loyalty. This is applicable across all RCI subsidiaries and, if present, must therefore be handled diligently.

## Management Approach to Identified Impacts and Risks

RCI ensures that its businesses are compliant to and operate only within the boundaries and standards as stipulated in regulations provided by both the national and local governments. RCI has a Code of Business Ethics which is communicated to employees during onboarding to make them aware of their rights as an employee. This process aims to prevent RCI's operations from incidences of labor laws violations and abuse of human rights.

## Opportunities and Management Approach

The Group will be benchmarking best business practices in disallowing forced labor, child labor, and protecting human rights to further strengthen RCI's labor-related policies. RCI will review its operations and assess where these violations are prone to happen, and identify how to mitigate occurrences of the same.

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

## Supply Chain Management

*Do you consider the following sustainability topics when accrediting suppliers?*

| Topic                     | Y/N | If Yes, cite reference in the supplier policy   |
|---------------------------|-----|---|
| Environmental performance | Y   | This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form |
| Forced labor              | Y   | This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form |
| Child labor               | Y   | This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form |
| Human rights              | Y   | This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form |
| Bribery and corruption    | Y   | This topic is explicitly stated in Section 4 of FM-PUR-02 – Supplier's Pre-Qualification Form |

## Impacts & Risk; Stakeholders Affected

The Group ensures that they will not be involved or exposed to various human rights risks and environmental risks within its supply chain giving importance on the sustainability topics when accrediting and screening suppliers and by documenting these criteria in the Purchasing Policy and



Guidelines to ensure consistent implementation.

### Management Approach to Identified Impacts and Risks

RCI conducts regular assessments of suppliers' performance—ensuring their compliance with all labor-related laws and regulations. Suppliers are flagged should any notable actions be discovered during the review.

### Opportunities and Management Approach

RCI is considering these ESG criteria (e.g. suppliers' social and governance performance) in its supplier accreditation process. A revision of the existing Purchasing Policy will be done, if needed to document any change or inclusion for consistent implementation.

## Relationship with Community

### Significant Impacts on Local Communities

| Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)   | Location                      | Vulnerable groups (if applicable) | Does the particular operation have impacts on indigenous people (Y/N)? | Collective or individual rights that have been identified that or particular concern for the community |
|--|-------------------------------|-----------------------------------|--|--|
| <b>RLC - Residential/housing projects</b> <ol style="list-style-type: none"> <li>1. Landing Townhomes and Shophouses</li> <li>2. Montana @ Hacienda Palico</li> <li>3. Orchards @ Balayan</li> </ol> | Nasugbu and Balayan, Batangas | Not Applicable                    | N  | Right to Housing; Local employment   |
| <b>RLC - Memorial Project (San Antonio Memorial Gardens)</b>   | Nasugbu, Batangas             | Not Applicable                    | N  | Right to Burial  |
| <b>RSAI - Coconut harvesting and Processing plant operations</b>   | Tupi, Cotabato                | Not Applicable                    | N  | Pleasant smell and minimal noise within plant proximity; Local employment                              |

### Impacts & Risk; Stakeholders Affected

Through RLC's housing projects, the developer is able to provide a nurturing community to families that could help elevate their lifestyles and boost the local economy. Furthermore, they are able to provide decent jobs for the local community through construction and maintenance of these projects.

For its memorial park, it gives families a serene space where loved ones are always remembered in an atmosphere of togetherness.

Meanwhile, RSAI's business operations that are tied with the communities are coconut harvesting and its processing plant. The business relies heavily on the produce of local farms for the procurement of its raw materials. As such, they are strategically placed within the vicinity of numerous coconut farms, which it can potentially partner with. Additionally, the Company's operations are mostly carried out by local workers, enabling them to provide livelihood opportunities for its provincial location as well.

Furthermore, the processing plant's processes may generate loud noise and pungent smells in the surrounding areas, resulting in disruption of BAUs of other adjacent establishments.

### **Management Approach to Identified Impacts and Risks**

The business operations of RCI's subsidiaries are placed across Makati City, Quezon City, Manila City, Tagaytay City, Batangas and Cotabato. The Group ensures that it employs people from the host community to provide decent work and improve the local economy.

To prevent adverse social and environmental impacts to the host communities, the Group ensures that periodic consultations are done with the concerned LGUs and civil society organizations before and during project operations. This helps in identifying the pain points as well as finding ways on how to address them. Through this, the Group aims to establish good relationships at all times with the local community.

For RCI's construction projects, the pool of partners consists of a select set of contractors who are proven reliable to complete projects' within the expected period of time.

Meanwhile RSAI, through its Trade Fair arrangements with its partner farmers, ensures equitable and transparent business partnerships with them. RSAI assists those farmers to increase coconut yield and improve their land fertility through employing new technologies and conducting training programs. In addition, the Company also partners with nearby schools for its immersion and OJT programs, which provides students with insights on the work opportunities in the food sector.

### **Opportunities and Management Approach**

RCI is continually exploring opportunities in partnering with the local organizations and private companies which would help in community capacity building and improving social welfare of the host communities. As an example, RLC is exploring joint venture projects with other developers and/or contractors. Through this, more housing units will be made available in the locality. RAHC and RSAI will be working closely with the LGUs in identifying key opportunity areas where these business units may contribute the most.

## Customer Management

### Customer Satisfaction

| Disclosure            | Company  | Score                         | Did a third party conduct the customer satisfaction study (Y/N)? |
|-----------------------|----------|-------------------------------|--|
| Customer satisfaction | RAHC *** | <b>(Overall)</b>              | N/A  |
|                       |          | (GO Hotel North Edsa)         | N/A  |
|                       |          | (GO Hotel Timog)              | N/A  |
|                       |          | (GO Hotel Ermita)             | N/A  |
|                       |          | (GO Hotel Manila Airport Rd.) | N/A  |
|                       | ART      | 93.10%                        | N/A  |
|                       | AHG *    | Not Applicable                | N/A  |
|                       | RLC **   | Not Applicable                | N/A  |
|                       | RSAI     | Not Applicable                | N/A  |

#### NOTES:

\* Currently, there is no feedback system yet for AHG. As a hospitality consultancy and management group, AHG rarely receives feedback in writings or score ratings. AHG performance is currently based on the profitability and efficiency of managed properties. Concerns / comments are raised verbally. In the event that hotel owners are not satisfied with AHG's service, management contracts may not be renewed.

\*\* The need for a third party to conduct customer satisfaction in the realty business is not yet being considered. Internally, customer satisfaction is gauged primarily through feedback, sales performance, and reorders.

\*\*\* Due to the pandemic, Go Hotels have operated mainly as quarantine facilities. Because of this, there has been no online reviews for the majority of the year except for a handful that were posted prior to the declaration of ECQ. These handful reviews do not reflect the overall operations as it is just a small percentage of the total number of guests accommodated in 2020.

Guest surveys were also not collected directly from the guests to comply with the IATF ruling of minimal contact. These would also not be able to reflect the service of the hotels as the guests would have minimal to zero contact with the staff during their quarantine.

### Impacts & Risk; Stakeholders Affected

Customer feedback serves as the gauge by which RCI determines how effective the group's products and services are in terms of delivering a premier customer experience (CX). Scores can be viewed as a representation of customer sentiment and leveraged on as a key channel to draw out insights from. Utilized well, the scores safeguards the company from failure to engage with its customers effectively.

At present, two hospitality developments (RAHC and ART) have existing mechanisms to measure CX, the former subscribing to a net promoter score (0-10) system and the latter ascribing to a the more conventional Customer Satisfaction Score (0-100%). In addition, other engagement channels like emails, phone numbers (mobile or landline), social media, sms, were communicated to the customers should they have any concerns

Both scores are essential to monitor as negligence risks loss of customer trust and bad public reviews, which negatively impacts brand equity.

### Management Approach to Identified Impacts and Risks

The Customer Care Department, guided by its policy on Handling Customer Feedbacks, endeavors to ensure that all feedbacks are addressed properly in consultation with the management. The aggregated feedback is then integrated into training and employee development plans. Guest experiences, in the form of reviews, are used as references in workshops to address and improve experience.

Also, regular reviews of policies and procedures are conducted periodically and these are amended as necessary.

### Opportunities and Management Approach

Opportunities present themselves in two fronts. The first is in furthering customer personalization. The prominent consumer behavior of the rising generation is authenticity. This entails that it would be essential for both RAHC and ART to craft their brands and customer journeys towards a highly personal experience. Secondly, reinforcing the first, the opportunity to digitize will drive growth and improvement in marketing and core services with the implementation of digital solutions to strengthen RCI's position. Such programs could range from developing an omni-channel approach to adapting a cloud-based Customer Relationship Management platform

#### Health and Safety

| Disclosure   | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on product or service health and safety* | 0        | #     |
| No. of complaints addressed  | 0        | #     |

### Impacts & Risk; Stakeholders Affected

As a business who provides tangible assets as a form of product and service delivery, RCI aims for its customers to have an enjoyable experience when availing its products and services.

When receiving customer complaints regarding health and safety, it is essential that these are handled properly due to the large impact on customer loyalty. Mishandling of complaints also pose reputational risk—dissatisfied customers may share their unfortunate experience with their networks, resulting in less patrons and repeat customers.

### Management Approach to Identified Impacts and Risks

RCI upholds its products and services' safety of use in the highest regard. The Group established proper quality assurance protocols which seek to communicate its standards on health and safety

from inbound logistics to product and service delivery. Furthermore, RCI ensures that its communication channels are open for complaints on products or services' health and safety. All filed complaints are coursed through the proper channel and delegated to their concerned departments.

### Opportunities and Management Approach

Due to the COVID-19 pandemic, RCI anticipates that customers will now place an even higher regard for the cleanliness and safety of products and services. With this, the Company is exploring how to re-skill its employees in order to keep up with the higher standards brought by the pandemic. Moving forward, this also provides RCI an opportunity to update its health and safety management systems through third-party audits and certifications.

### Marketing and labelling

| Disclosure   | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on marketing and labelling | 0        | #     |
| No. of complaints addressed                                | 0        | #     |

### Impacts & Risk; Stakeholders Affected

The Group exposes itself to brand and reputational risk should there be proven misrepresentation on RCI's products and services. Mislabeled communication materials to RCI's customers may result in their disappointment when expectations on the brand are not met. Given the current digital age, there is ease also in spreading misinformation to people's networks. Hence, RCI shall be wary of all the advertisements and promotional materials that are being communicated to its customers.

### Management Approach to Identified Impacts and Risks

It is RCI's due diligence to provide true and accurate information at all times. To support this, there are dedicated Marketing units who have been tasked to ensure that only correct marketing media will be used for the promotion of the projects through authentic RCI channels. This is done through regular conduct of reviews on RCI's product and service portfolio.

Furthermore, relationship managers are tasked to be transparent to potential clients on the Group's products and services to avoid setting unsuitable expectations from them.

### Opportunities and Management Approach

The Group considers all feedback as an opportunity for improvement. Should the need arise, the Group shall engage the services of marketing and product design consultants to boost its marketing and advertising strategies.

#### Customer privacy

| Disclosure   | Quantity | Units |
|--|----------|-------|
| No. of substantiated complaints on customer privacy  | 0        | #     |
| No. of complaints addressed  | 0        | #     |
| No. of customers, users and account holders whose information is used for secondary purposes | 0        | #     |

#### Data Security

| Disclosure   | Quantity | Units |
|--|----------|-------|
| No. of data breaches, including leaks, thefts and losses of data | 0        | #     |

#### **Impacts & Risk; Stakeholders Affected**

As part of ensuring operational excellence to deliver customer delight, collection of Personal Identity Information (PII) is fundamental. RCI primarily collects PII values such as names, dates of birth, addresses, ID information, contact numbers, credit card numbers, corporate Tax Identification Number (TIN), personal food preferences for Food & Beverage (F&B) services, and other health-related information among others. The PII information allows the operations team to consider and assess customer needs and preferences to give a top-of-class experience and provide relevant services and products.

#### **Management Approach to Identified Impacts and Risks**

In consideration of the synergy between customer PII data and organizational proprietary data, the Corporation decided to protect privacy by storing data in a password encrypted property management system. The system is sourced from an external provider, where RCI has entered into a user data agreement with affiliates such as Review Pro, SABA, Global Payments, INFOR, and Rate Gain to build layers of protection.

Furthermore, RCI complies with the Data Privacy Act of 2012 by gathering the consent of customers at the point of data collection and augments their protection by having a social media and data handling agreement signed by employees which clearly stipulates the scope of what they can and cannot do with data that customers and guests entrusted RCI with. Moreover, cybersecurity measures comprising equipment and processes have been set in place to tighten security, some of which are dual firewalls for work tools and routers; network isolation for guests and employees; and cctv and telephone lines using VLAN. The company strictly implements policy on internet usage and other applications, to reduce risks and prevent breaches while providing the appropriate training of responsible usage.

Other noteworthy actions are as follows: (1) for credit card information handling, only the last 4 digits are kept visible in the system and the rest are masked to secure the data; (2) for proprietary

information handling, most USB ports have been disengaged - especially at the Front Desk so as to keep any virus from being transferred and to protect the unauthorized sharing of confidential information; (3) Firewall licenses are being monitored regularly; (4) CCTV cameras are installed; and (5) internet access restrictions are found on most of the working tools of RCI employees.

### **Opportunities and Management Approach**

As narrated in the Management Approach, RCI already holds a competent and comprehensive structure in data handling and management. Opportunities present themselves in the form of augmenting cybersecurity by the installation of firewalls and a data on-site/ cloud-based data servers for file and data protection; more data-related training across the employees of different subsidiaries on responsible use of work tools and the corporate network; and a regular process review to ensure modernization, reducing legacy systems, which are more prone to hacks and numerous malicious attempts.

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

| Key Products and Services   | Societal Value / Contribution to UN SDGs  | Potential Negative Impact of Contribution                                 | Management Approach to Negative Impact  |
|---|---|---|---|
| <p><b>All Subsidiaries</b> - Human capital plays an integral role in delivering the RCI's key products and services. Thus, acquiring and retaining its talent pool goes hand in hand with the Group's ability to sustain and grow its businesses.</p> | <p><b>SDG Contribution:</b></p> <p><u>Goal 5 - Gender Equality</u></p> <p>The Group currently employs almost 50-50 male to female ratio for its workforce. RCI does not show discrimination against women and vulnerable groups in its hiring process as well as in the workplace.</p> <p><u>Goal 8 - Decent Work and Economic Growth</u></p> <p>The Group's ability to provide employment opportunities through its different business units contributes to local economic development. The Group currently employs 381 workers across its subsidiaries, providing decent work in the local regions where it operates.</p> | <p>Unequal pay and poor labor conditions; unheard employee grievances</p> | <p>Complaints are managed by the manager-in-charge and then to the HR. The HR Team then delegates the complaint to the right department to address the issue.</p> |
| <p><b>RSAI</b> - Coconut-based products</p>   | <p><b>SDG Contribution:</b></p> <p><u>Goal 2- Zero Hunger.</u></p> <p>Leveraging on its modern coconut processing technologies and the region's abundant supply of coconuts, RSAI was able to produce 2,600 tons of coconut-based products in 2021. These products provide nutritious, high-quality food options to the market.</p>   |   |   |



|  |   |  |  |
|--|---|--|--|
|  | <p>Furthermore, RSAI's business is involved in fair-trade agreements with local farmers, augmenting livelihoods in the process. Through these fair-trade agreements, local farmers are also provided access to training and technologies to help boost their productivity.</p> <p><u>Relevant SDG 2 Targets:</u></p> <p><i>SDG 2.1</i> - By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.</p> <p><i>SDG 2.3</i> - By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.</p> |  |  |
|--|---|--|--|