

# Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

## Contextual Information

Company Details	
Name of Organization	Liberty Flour Mills, Inc.
Location of Headquarters	Liberty Building, 835 A. Arnaiz Avenue, Makati City
Location of Operations	528 F. Blumentritt Extension Mandaluyong City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report is limited to the operations of Liberty Flour Mills, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	The primary activity of the corporation is the milling and manufacturing of various kinds of bakery. These include <i>El Superior</i> and <i>LFM Bakers</i> which is used for the baking of bread; <i>Pine Tree</i> and <i>LFM Soft Flour</i> which is used for the Manufacture of biscuits and cookies; and an all-purpose flour sold under the brand name <i>Maya All-Purpose Flour</i> . The company also sells Mill feed, which is a by product of the manufacturing process, which is used as a component for animal feeds.
Reporting Period	For the year ending on December 31, 2019
Highest Ranking Person responsible for this report	William Carlos Uy President / Chairman

## Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics. <sup>1</sup>
<p>Liberty Flour Mills, Inc. acknowledges that in the course of running its business, there will be significant impacts on the environment as well as the communities that surround where we do business in. Hence, in the application of the materiality principle, it was of critical importance that the in drafting and creating the sustainability report that there be a descent into the particulars.</p> <p>Consequently, in the course of preparation of the report, the company looked at what its strengths are, what areas need improvement, what risks are of concern or of a growing concern, and how risks can be mitigated. However, the analysis did not stop there. There was a descent into the particulars of whether the strengths, mitigation measures for areas of improvement and risk diversion would create a substantial impact to our stakeholders and the environment.</p> <p>The Company acknowledges that if continuing strengths and mitigation measures carry with them negative and harmful social and environmental impacts, this would not be a sustainable practice for the company.</p>

<sup>1</sup> See [GRI 102-46](#) (2016) for more guidance.

There were also instances when the report when its application or requested information was difficult to extract, since the company does not or has not kept track of such data, nor does it possess historical data. In this scenario, while no accurate information could be provided, it gave insight to what additional matters the Company should be paying attention to. Additionally, when the report called for the Company to provide a course of action it will undertake in the future, the most sustainable option was selected.

Furthermore, in the event that there was a request for disclosure of information, and the information requested for was not certain, the figures chosen to be reported were conservative estimates that leaned away from showing an over-compliance with sustainability goals, rather would provide for figures which would serve as a benchmark for the company to improve on. The logic and reason behind this choice of methodology is in the ingrained tendency for there to be complacency when figures and data slant favorably towards the Company.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount - In Thousands of Pesos	Units
Direct economic value generated (revenue)	949,052	PhP
Direct economic value distributed:		
a. Operating costs	140,415	PhP
b. Employee wages and benefits	71,391	PhP
c. Payments to suppliers, other operating costs	648,698	PhP
d. Dividends given to stockholders and interest payments to loan providers	98,204	PhP
e. Taxes given to government	30,694	PhP
f. Investments to community (e.g. donations, CSR)	750	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The largest risk faced by the Company is the trend of increasing prices of raw materials, particularly wheat.  Wheat, the quality of which is needed to produce flour, cannot be sourced locally – hence the	Employees and customers	The increase in the price of wheat, and the fluctuations in foreign currency are matters that cannot be controlled by the Company. Hence, to mitigate the risk the company has implemented the following:

<p>Company's wheat requirement is sourced from overseas. Over the past year, there has been a trend of an increase in the price of wheat, added to this is the fluctuation of foreign currency rates. All of this conspire to create a steady and unpredictable rise in prices to an essential raw material.</p>		<ul style="list-style-type: none"> <li>• Modernization of the Milling Facilities – The modernization of the milling facilities aims to enhance the efficiency of the Company's milling activities. Correspondingly, this is anticipated to reduce the overall manufacturing cost that is attributed to the flour milled. Which in turn, facilitates the offsetting of the increase in the price of raw materials.</li> <li>• Minimizing Variable Input Costs – In the course of production, there are variable input costs that go into the milling process. The company constantly studies on how these variable input costs can be minimized, and when minimized, if these can be further reduced or maintained at the given cost level.</li> </ul>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>The Company sees multiple economic opportunities in what has been termed the <i>Fourth Industrial Revolution</i> ("FIRE") – which pertains to the rapid digitalization that is prevalent in our lives today.</p> <ul style="list-style-type: none"> <li>• There is a growing demand for flour. Such demand is brought about by different segments of society engaging in baking activities. These may be used for the manufacturing or consumption of breads, cakes, biscuits, and the like.</li> </ul> <p>Additionally, the rise in online commerce by Micro and Small entrepreneurs, particularly</p>	<p>Consumers, suppliers, manufacturers, delivery chains and employees</p>	<p>To maximize these opportunities, the company has enhanced its Research and Development to produce flours that would cater to various customer demands.</p>

<p>those offering food, creates an avenue of largely untapped customers.</p> <ul style="list-style-type: none"> <li>• FIRE has created a broader wealth of knowledge and exposure to our consumer base – including social media influence on consumer behavior. Over the past years, there has been an increase in the demand for alternative types of flour, such as whole wheat flour, low glycemic flour, among others.</li> </ul> <p>The consumer demand for alternative and specialized flours are avenues which the company can use to diversify its offerings.</p>		
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Climate-related risks and opportunities<sup>2</sup>

<b>Governance</b>	<b>Strategy</b>	<b>Risk Management</b>	<b>Metrics and Targets</b>
<p>The Company has a Risk Oversight Committee which is primarily for tracking, collating, and analyzing the various risks that LFM faces.</p>	<p>Natural disasters (eg. Typhoons and floods) are risks that the Company faces. As mentioned above, wheat, which is an essential raw material in the production of flour is sourced from abroad. This being the case, natural calamities play a big role in the management of the company’s supply chain.</p> <p>In addition to affecting the supply chain, natural disasters also affect the distribution</p>	<p>To mitigate the supply chain risk, the Company ensures that it has sufficient stock of its raw materials.</p> <p>To mitigate distribution risks, the Company ensures that it has made the proper arrangements and provisions with its partners to ensure the delivery of the goods.</p>	<p>To measure the effects of natural calamities, the Company looks at the following:</p> <ul style="list-style-type: none"> <li>• Number of days of delay for the raw materials.</li> <li>• Number of undelivered locations for distribution of products.</li> <li>• Time of downtime of the manufacturing facility.</li> <li>• Costs to repair any damage to</li> </ul>

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

	of the Company's goods. Being perishable in nature, there is a need to deliver the goods from the factory to end consumer as quick as possible.		property, plant and equipment. <ul style="list-style-type: none"> <li>• Costs of damaged or spoiled raw materials and finished goods.</li> </ul>
In addition to the Risk Management and Oversight Committee, the Executive Board oversees all risk and opportunities, including physical risks related to climate.	The Company looks into the severity and probability of the climate-related risks/opportunities on wheat production which can result to variation on wheat prices. Furthermore, physical safety risks related to frequently occurring typhoons and flooding which can hamper the milling process as well as delivery of flour to our customers.	The Company identifies, assesses and manages climate-related risks through a risk-based thinking associated with ISO 9001:2015	Natural catastrophes, such as floods and typhoons, will directly affect the Company's operations. These are measured through the following: <ul style="list-style-type: none"> <li>• Number of days of non-milling of flour.</li> <li>• Number of days of Work Suspension due to typhoons and calamity in the flour milling area and delivery to various customer sites.</li> <li>• Costs of repair or replaced damage or destroyed assets.</li> <li>• Costs for maintenance due to wear and tear on or damage to infrastructure.</li> </ul>

**Procurement Practices**

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	<i>Variable, and subject to change.</i>	%

*Note: As mentioned earlier, the main raw material used by the Company is wheat. The percentage of local suppliers will change depending on the amount of wheat sourced from abroad.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Suppliers and Contractors are chosen based on predetermined requirements and their capacity to fulfill the needs of the Company in the most economically feasible manner.	Employees, Suppliers, Contractors, and Customers.	The Company requires that those that it deals with possess all the necessary permits and licenses necessary to operate.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Poor production yield (as a result of climate-related factor) of wheat in the US affects the price of this key raw material for flour production. This leads to a poor quality of flour.	Suppliers	Close monitoring of wheat prices and constant search for the best wheat qualities suitable for local flour production.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Best global practices in flour milling can be readily accessed, with advancement in digital technology.	Suppliers	Research and development in modernized milling operations to maximize efficiency.

## Anti-corruption

### Training on Anti-corruption Policies and Procedures

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	No formal training	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	No formal training	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	No formal training	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company has an Anti-Corruption Policy in its Code of Corporate Governance.	Employees, suppliers, service providers, and Government.	<p>The Company has an Anti-Corruption and Bribery policy which prohibits directors, officers, management, and all employees from offering or receiving any benefit to "facilitate transactions.</p> <p>To implement such policy, the Company has a whistleblowing policy which can be found in the Company's Code of Corporate Governance.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Bribery and corruption may be facilitated by employees, suppliers, or service providers, without the knowledge of the Company.	Employees, suppliers, service providers, and the Government.	<p>In the exercise of its day to day operations, the Company endeavors to ensure that employees handling government facing roles do not engage in corrupt practices.</p> <p>It is difficult to monitor compliance with this from the supplier and service provider's side since their operations are not controlled by the Company. However, in the selection of suppliers and service providers the Company selects those with a good reputations – both business wise and ethically.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
An opportunity that the Company has is to communicate the anti-corruption policy, not only to government and regulatory facing employees, rather to all.	Employees	Management will endeavor to come up with a training program, if feasible, to orient its employees on the Anti-Bribery and Corruption Policy and Whistleblowing Policy of the Company.

Incidents of Corruption

Disclosure	Quantity	Units
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Number of incidents in which directors were removed or disciplined for corruption	None	#-
Number of incidents in which employees were dismissed or disciplined for corruption	None	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	None	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
For the 2019 Fiscal Year, there were no reports or incidents that the Company has knowledge of.	Employees, suppliers, service providers, and the Government.	To ensure that this remains the same moving forward, the Company will communicate such to its directors, officers, and employees.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
If there is a lapse in oversight, some employees or suppliers, or service providers, may be tempted to engage in corrupt practices to help expedite certain matters.	Employees, suppliers, service providers, and the Government.	To ensure that this does not happen, the Company will endeavor to monitor transactions that its employees have with the government, as well as remind its suppliers and service providers, that the company will not tolerate them engaging in corrupt practices.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No opportunities identified.		

# ENVIRONMENT

## Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	n/a	GJ
Energy consumption (gasoline)	293.54	GJ
Energy consumption (LPG)	296.65	Kgs
Energy consumption (diesel)	261.64	GJ
Energy consumption (electricity)	11,554.61	GJ

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	n/a	GJ
Energy reduction (LPG)	n/a	GJ
Energy reduction (diesel)	n/a	GJ
Energy reduction (electricity)	n/a	kWh
Energy reduction (gasoline)	n/a	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The milling and production of flour consumes a great amount of electricity.	Community	The Company seeks to ensure that the use of energy is in the most efficient manner. Furthermore, the Company is also in the process of upgrading its machinery, and such upgrade would make the mills run more efficiently, hence consume less power.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company makes a constant effort to try and lower the amount of energy consumption that the	Employees, Community	The Company implements measures to try and lessen its energy consumption. Among these measures is the

company consumes in every aspect of its operations. This not only helps the environment, it also reduces the Company's operating costs.		modernization and utilization of upcoming technologies for the manufacturing of flour.
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Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	n/a	m <sup>3</sup>
Water consumption	15,240	m <sup>3</sup>
Water recycled and reused	n/a	m <sup>3</sup>

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Bulk of the Company's use of water would be directly attributable to or because of its manufacturing activities. Additionally, there will be large water consumption for the lavatory facilities.	Employees	The Company tries to reduce its water consumption by scheduling the most optimal time that the use of water and the washing of facilities shall be done.
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No significant risks were reported or identified.		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
The Company makes a constant effort to try and lower the amount of water consumption that the company consumes in every aspect of its operations. This not only helps the environment, it also reduces the Company's operating costs.	Employees, Community	The Company implements measures to try and lessen its water consumption. These are done through employee reminders to conserve water, and try and use upcoming technologies in flour milling that make the milling process more efficient and less draining on natural resources.

Materials used by the organization

Disclosure	Quantity	Units
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Materials used by weight or volume		
• renewable	n/a	kg/liters
• non-renewable	34,333,000	kg
Percentage of recycled input materials used to manufacture the organization's primary products and services	n/a	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Being engaged in the manufacturing of commodities, the products that are used by the company are non-renewable in nature, since they are meant for consumption. Naturally, manufacturing activities create waste.	Customers and Community	The Company makes it a goal, that in the process of manufacturing there be as little wastage as possible. Furthermore, all by-products that are not usable, are discarded and recycled properly.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The production of rejects, or an overproduction can lead to the generation of waste.	Community	To mitigate such risks, the company ensures that there is a step by step process in place for the manufacturing of flour. Additionally, the Company also manages the market demand with the Company's production.  Both these measures, respectively, ensure that there is as little wastage and overproduction.
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company has an opportunity to manufacture flour in a more efficient manner with the upgrade of its milling facilities.	Employees and Community	To aid in the efficiency and decrease human error, the Company is in the process of upgrading its milling equipment.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
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Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	n/a	
Habitats protected or restored	n/a	Ha
IUCN <sup>3</sup> Red List species and national conservation list species with habitats in areas affected by operations	n/a	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable		

## Environmental impact management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	none	kg
Energy indirect (Scope 2) GHG Emissions	none	kg
Emissions of ozone-depleting substances (ODS)	none	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable		

<sup>3</sup> International Union for Conservation of Nature

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>	None	kg
SO <sub>x</sub>	None	kg
Persistent organic pollutants (POPs)	None	kg
Volatile organic compounds (VOCs)	None	kg
Hazardous air pollutants (HAPs)	None	kg
Particulate matter (PM)	None	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Not applicable		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Not applicable		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	No data available	kg
Reusable	No data available	kg
Recyclable	No data available	kg
Composted	No data available	kg
Incinerated	No data available	kg
Residuals/Landfilled	No data available	kg

*Note: The Company has no accurate means to determine the exact weight of all its solid waste produced.*

What is the impact and where does it occur? What is the	Which stakeholders are affected?	Management Approach
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<b>organization's involvement in the impact?</b>		
Since the company is engaged in manufacturing, there solids wastes are generated that are the byproducts of the manufacturing activities.	Community	As a matter of policy, the Company tries to reduce the amount of waste from its manufacturing activities. Furthermore, there are safeguards and procedures in place to ensure that the solid waste is disposed of properly.  There are also some by products of the milling process which may be used for other purposes. Among this are the use and sale of mill feeds to producers of animal feeds.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risks were reported or identified.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunities were reported or identified.		

Hazardous Waste

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total weight of hazardous waste generated	6,157	kg
Total weight of hazardous waste transported	57	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
The Company, through the course of its manufacturing activities, generates hazardous waste.	Employees and Community	The Company ensures that there are proper measures and safeguards in place for the identification and handling of hazardous waste. This is to ensure the safety of the Company's employees, as well as ensuring its proper disposal.  Furthermore, in the transportation of hazardous waste, the Company ensures

		that it handles the hazardous waste property. If the hazardous waste is beyond the competency of the Company to handle, the services of a duly licensed and accredited third-party provider are secured.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risk reported or identified.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risk reported or identified.		

#### Effluents

Disclosure	Quantity	Units
Total volume of water discharges	24	Cubic meters
Percent of wastewater recycled	none	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
As a by-product of manufacturing, toilets, and sanitation facilities, the Company produces waste water.	Employees and Community	The company does not transport nor handle its own wastewater. However, to ensure that the proper handling of the wastewater, the Company ensures that the necessary facilities are in place to ensure that wastewater reaches the proper sewage.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant risk reported or identified.		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
No significant opportunity reported or identified.		

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	none	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	none	#
No. of cases resolved through dispute resolution mechanism	none	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable		
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable		
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Not applicable		

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### *Employee data*

Disclosure	Quantity	Units
Total number of employees <sup>4</sup>	140	
a. Number of female employees	18	#
b. Number of male employees	122	#
Attrition rate <sup>5</sup>	-.06	Rate
Ratio of lowest paid employee against minimum wage	n/a	Ratio

##### *Employee benefits*

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	16.67	27.05
PhilHealth	Y	16.67	27.05
Pag-ibig	Y	27.78	39.34
Parental leaves	Y	n/a	2.46
Vacation leaves	Y	76	90
Sick leaves	Y	76	73
Medical benefits (aside from PhilHealth))	Y	83.33	53.27
Housing assistance (aside from Pag-ibig)	N	0	0
Retirement fund (aside from SSS)	Y	16.67	3.28
Further education support	N	n/a	n/a
Company stock options	N	n/a	n/a
Telecommuting	N	n/a	n/a
Flexible-working Hours	N	n/a	n/a
(Others)		n/a	n/a

<sup>4</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

<sup>5</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Flour milling requires strong technical experience, not typically acquired through vocational nor academic training. Our flour millers have at least 30 years of flour milling experience, generally homegrown, and considered pioneers in the flour milling industry since 1958. This being the case, valuable time and resources are invested in our employees to ensure that they have the necessary capabilities to perform their jobs. Furthermore, they are considered by the Company as key personnel who have stayed and grew with the Company throughout the years	Due to the lack of organic expertise that relates to flour milling, the Company invests time and resources to train its employees.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
The aging workforce of the Company and lack of training vocational schools on flour milling for new millers poses the risk of continuity when the older flour millers retire or they develop health issues associated with aging.	Succession planning is slowly being put in place to develop the younger workforce.  Additionally, to manage the health risk of aging employees, the Company has secured HMO coverage and other medical benefits to ensure that the health concerns of the Company's older employees are addressed.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
As global flour milling industry moves towards automation, flour millers are slowly being eased out of the industry. This is an opportunity for tapping into the consultancy roles of these experts in the local flour milling industry.	Competitive salary and benefits packages have been designed. Technical training on recent updates in flour milling and baking industry has been offered to the employees.

Employee Training and Development

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total training hours provided to employees	600	hours
a. Female employees	80	hours
b. Male employees	520	hours
Average training hours provided to employees	8	hours
a. Female employees	8	hours/employee
b. Male employees	8	hours/employee

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
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As mentioned above, the skills required for flour milling are not organic to the Philippines.	The Company invests time and resources to the training of employees to ensure that they possess the necessary expertise for the flour milling functions of the Company.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Flour milling technical courses are not available in the country, thus access to latest trends are limited. Although training provided abroad were done in the previous years, this was limited with travel restrictions imposed by sponsoring countries.	Updates on local flour milling industry experts are instead sought.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
As technology advances, the need for digital literacy and skills are needed more than ever. Aside from automation to improve flour milling efficiency, our employees will need quicker and better access to information to keep up with the fast-changing world	Digitalization of the processes is being studied.

#### Labor-Management Relations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of employees covered with Collective Bargaining Agreements	82.14	%
Number of consultations conducted with employees concerning employee-related policies	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company has entered into a <i>Collective Bargaining Agreement (CBA)</i> with its employees' union.	As part and parcel of recognizing the employee's union, the Company endeavors to always maintain good relationships as well as negotiate in good faith with the union.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No significant risk reported or identified.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No significant opportunity reported or identified.	

## Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	13	%
% of male workers in the workforce	87	%
Number of employees from indigenous communities and/or vulnerable sector*	49	#

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The Company supports diversity and employment, where of prime importance is skill and qualification. Neither does the company discriminate as to matters such as, race, sex, religion, gender orientation, political opinion, and others.	The Company implements and "equal employment opportunity for all" policy, and strays from discriminating against applicants.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No significant risk reported or identified.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No significant opportunity reported or identified.	

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	1 employee	8 Man-hour/employee
No. of work-related injuries	10	0 man-hour; no sick leave
No. of work-related fatalities	0	0
No. of work related ill-health	0	0
No. of safety drills	2	70 attendees x 3hrs=210 man-hour

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
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The Company values the health, safety, and wellbeing of its employees. In furtherance of such, the company implements and complies with safety, health and welfare standards, and policies.	In the interest of the health of the Company's employees the former has implemented the following, among others: <ul style="list-style-type: none"> <li>• Annual physical check-up;</li> <li>• HMO benefits for all employees;</li> <li>• On-site medical assistance for any work-related accidents. Our Company employs an occupational health doctor and an occupational health nurse at the Mandaluyong plant and another at the Makati office; and</li> <li>• Hospitalization plan contract with Insular Life</li> <li>• Memorandum of Agreement with VRP Medical Center.</li> </ul>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
One risk that faces the Company is the aging workforce, which comes with the corresponding health issues	As mentioned above, to try and mitigate these risks the Company has secured a Hospitalization Plan, HMO Benefits, among others, to ensure that Company employees have health security.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No significant opportunity reported or identified.	

#### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	None

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	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
For 2019 there were no incidents related to human rights abuse.	Employees are given an avenue through which they could voice out any complaints and concerns, including human rights violations.

	Under the Code of Corporate Governance, the employees have a grievance mechanism where they can submit complaints to the internal auditor, the audit committee, or any responsible officer of the Company. The choice of which avenue to course complaints is at the reporting employee's discretion.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
If the Company does not respect and honor human rights, these will have massive negative impacts on the morale of the employees which may lead to strikes, lockouts, work stoppages, pickets, mass resignations and the like.	The Company undertakes and ensures that it respects and values human rights. Furthermore, as part of the Company's Code of Corporate Governance, employees are treated as partners in value growth and creation.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No significant opportunity reported or identified.	

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	
Forced labor	N	
Child labor	N	
Human rights	N	
Bribery and corruption	Y	The Company does not have a specific policy for suppliers, rather there is a general Anti-Corruption Policy in the Code of Corporate Governance. It is available through this link: <a href="http://www.libertygroup.com.ph/pdf/LFM_Revised_Code_of_Corporate%20Governance_2019.pdf">http://www.libertygroup.com.ph/pdf/LFM_Revised_Code_of_Corporate%20Governance_2019.pdf</a>

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Suppliers and service providers are selected based on their ability to fulfill the needs and requirements of the Corporation.	Before a supplier is selected, the company does a background check of the following, among others: historical performance with the company; historical performance with other companies or businesses; and reputation for fair and good dealing.

What are the Risk/s Identified?	Management Approach
As mentioned previously, wheat, which is the most essential ingredient of flour manufacturing, is sourced from abroad. Furthermore, the Philippine climate is not suitable for wheat related agriculture. The lack of local sourcing places great reliance on importations of this essential raw material.	To mitigate this risk, the company ensures that it has a sufficient amount of raw materials to maintain production.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

## 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	Mitigating measures (if negative) or enhancement measures (if positive)
DepEd	NCR	Youth	N	Food	Aside from baking skills training, the end product (bread), it also provides nutrition to these youth

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: \_\_\_\_\_

Certificates	Quantity	Units
FPIC process is still undergoing	n/a	#
CP secured	n/a	#

<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Not applicable	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Not applicable	

## Customer Management

### Customer Satisfaction

<b>Disclosure</b>	<b>Score</b>	<b>Did a third party conduct the customer satisfaction study (Y/N)?</b>
Customer satisfaction	No data available.	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Customer satisfaction is essential to the Company, since it is customer satisfaction that leads to repeat purchases and brand loyalty.	The Company also does extensive research and development to try and modify its goods to fit consumer preferences and anticipate future demand.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
The Company is engaged in the manufacturing of goods meant for human consumption. This being the case, a decrease in customer satisfaction would have a direct negative impact on the goodwill and sales of the Company.	There are stringent quality control measures in place to ensure that the goods produced would be to the satisfaction of our customers.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
The Company sees opportunity in developing new recipes and types of flour that would suit consumer preferences.	The Company tries to keep abreast of the changing consumer demands and preferences for the goods that it currently produces, as well as anticipate what consumers may demand in the future.

### Health and Safety

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on product or service health and safety*	5	#
No. of complaints addressed	5	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
The complaints that the Company receive primarily concern the products produced by the Company.	To ensure that the customer concerns are addressed the company immediately escalates this to the relevant officer for rectification.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
The Company is exposed to health risks that may arise from products that are not manufactured according to the standards of the Food and Drug Administration, as well as best practices.	The Company implements stringent quality control as well as maintenance of its manufacturing equipment to ensure that goods are produced according to the aforementioned standards.
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
No significant opportunity reported or identified.	

Marketing and labelling

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on marketing and labelling*	None	#
No. of complaints addressed	None	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Being engaged in the sale of consumer goods, brand recognition is an essential aspect of the Company's business.	The Company engages in marketing activities to promote its products. Furthermore, the company also designs and creates packaging that would appeal to the consumer and create a natural draw to the Company's products.
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
No significant risk reported or identified.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>

The company, using online platforms both for purchase and delivery, may make its products available to a wider segment of the population.	The Company studies how it can create and/ or increase engagement with untapped customers through digital means.
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Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	None	#
No. of complaints addressed	None	#
No. of customers, users and account holders whose information is used for secondary purposes	None	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
During its operations, the Company does not, as a practice, store the information of the consumers that purchase its goods - hence, this topic is immaterial.	
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Not applicable, please see explanation above.	
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Not applicable, please see explanation above.	

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	None	None

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
For the year 2019 there were no data breaches or security incidents.	The Company values information security, especially in these evolving times. To ensure that the Company is insulated from cyber threats, it has implemented the necessary safety and security measures as well as hired the services of a third-party contractor with more expertise on the subject to handle the matter.

What are the Risk/s Identified?	Management Approach
The increasing reliance on information technology infrastructure makes the Company susceptible to cyber-attacks, data breaches, security incidents, and the like.	As mentioned above, the company has in place security measures which would address these concerns. However, to not compromise the security systems of the company, the specifics of such shall be left out.
What are the Opportunity/ies Identified?	Management Approach
No significant opportunity reported or identified.	

# UN SUSTAINABLE DEVELOPMENT GOALS

## Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.



### **Contribution to UN SDG's:**

The Company is engaged in the production and manufacturing of premium quality flour, which is an integral component and raw of Filipino food staples such as bread. By manufacturing and offering premium quality flour, consumer goods which are produced using the Company's products may now be offered to the consuming public at reasonable prices.

Mill feeds, which is a by-product of flour manufacturing, is used as an essential component for animal feeds. By providing a component of animal feeds at a reasonable price, this in turn helps lower the cost of raising livestock and poultry, which leads to reasonable prices offered to consumers.

The ability to offer various raw materials for the manufacturing and production of consumer goods, livestock, and poultry leads to the Company's products helping vulnerable segments of the population gain access to means which their daily sustenance needs may be met.

### **Negative Impacts and mitigation measures:**

Being engaged in manufacturing of consumer goods, the Company has a large carbon footprint in terms of the use of fossil fuels. It imports wheat, which is transported through barges and ships, and transports raw materials through the use of trucks and vans.

To mitigate the fossil fuel impact, the Company tries to minimize its carbon footprint by making sure that the logistics of the company are conducted at an optimal manner.

Another negative impact that may result from the operations of the company is a large amount of solid waste that may result from spoilages and/or goods not manufactured according to standards.

To mitigate this risk, the company has in place strict quality control mechanisms to ensure that goods are produced in compliance with regulations and best practices.

A common mitigation measure to the above would be the modernization and use of information technology which would be leveraged in such a way that it would help create efficiency as well as control systems in all aspects of the Company's operations.



**Contribution to UN SDG's:**

Through its operations, the Company creates employment opportunity for the community. However, the company is not content with just providing employment, rather such employment should be able to sustain. In furtherance of this, the Company's goal is to pay all its employees a living wage and not just minimum wage.

**Negative Impacts and mitigation measures:**

A negative impact of job creation would be the Company's indirect contribution to the increase in fossil fuel usage, arising from the fossil fuels consumed by employees going to and from work.

To mitigate these risks, the Company tries to encourage employees to use alternative modes of transportation that would not require the use of fossil fuels.