



SUSTAINABILITY AND  
ANNUAL REPORT 2021

# BOUNCING BACK & BEYOND



ABOUT THE COVER

Bouncing Back & Beyond

2021 marked the second year of the prolonged Covid-19 pandemic. Going into the year, Shakey’s had to navigate through rough terrain, but we remained resolute in our goal to bounce back from the lows we have experienced in 2020.

We have made significant progress in streamlining our operations and managing our costs. All the while, we continued to create long-term value for our people, our stores, and our guests. To us, this meant looking beyond the crisis. We prioritized our people, rolling out programs to protect their health and support their well-being. We invested in our stores and reignited the store expansion program in preparation for the country’s economic reopening. We further strengthened our brands, doubled-down on off-premise, and launched healthier products for our guests.

This pandemic is the biggest challenge that we as a company had to face, but it brought out the best in our team. We have remained resilient throughout. We are now emerging from this pandemic stronger and better than ever, ready to “Wow” our guests and ready to kickstart another run of double-digit growth for the years to come. BOUNCING BACK and BEYOND.



ABOUT THE REPORT

This annual and sustainability report provides information on the consolidated financial, economic, environmental, social, and governance performance across our business units covering the period from January 1 to December 31, 2021.

PIZZA has prepared its sustainability disclosures with reference to the latest GRI Standards published in 2021. Although these standards will take effect in 2023, the Company is pleased to be an early adopter as part of our ongoing commitment to inspire our stakeholders to contribute to sustainable development by sharing not only our progress and opportunities, but also our challenges and learnings.

The report will be distributed primarily in digital format. Please visit [www.shakeyspizza.ph](http://www.shakeyspizza.ph) to download a copy. Limited printed copies will make use of recycled paper in line with our ongoing sustainability initiatives.



For questions or feedback regarding the sustainability initiatives, programs, and plans communicated in this chapter, please contact PIZZA a Relations at [investorrelations@shakeys.biz](mailto:investorrelations@shakeys.biz).

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# Message from the Chairman

2-22



Dear Shareholders,

2021 was yet another year of pandemic upheaval for most of the world as well as for the Philippines, with the effects acutely felt by our restaurant industry. The team had to draw on stores of grit and our team's resilience once more came to the fore. I am honored and privileged to work with the men and women of PIZZA during these challenging times.

Even with the arrival of life-saving vaccines in the Philippines around the middle of the year, variants of concern appeared. This led cycles of close-open-close restrictions that challenged operations. Even with the pivot to deliveries and the growth in channels such as carry-out as well as park-and-order, we were unable to fully offset the loss in dine-in business. PIZZA capped the year with systemwide sales of Php 7,011 million or a recovery of 68% versus 2019 and a growth of 6% versus 2020. I am gratified and relieved that we were able to deliver a positive bottom line in 2021. Net Income came in at Php 123 million, a Php 377 million reversal of our loss in 2020, with EBTIDA at Php 1,021 million or an EBITDA margin of 19%.

The positive way to look at our results is that the business can sustain itself even under pandemic conditions. However, we fell short of our initial bottom line expectations for the year. We made assumptions about the path of the pandemic and structured our labor force, marketing spends, operations accordingly but were unfortunately outwitted by the virus.

Even with our challenges and struggles, I am proud of what PIZZA had achieved in 2021.

Setting our sights on the now present Philippine reopening, we reignited our store expansion program last year. PIZZA opened 37 new stores net for the year, exceeding our initial target of 30. As of year end, our network encompassed a total of 316 outlets both nationwide and abroad. Shakey's kickstarted the expansion, arriving at 256 stores. Peri-Peri Charcoal Chicken, in particular, more than doubled its network since acquisition at 52 outlets. R&B built its first independent store, which, as it happens, is also the first drive-thru milk tea store in the country. We also relaunched Project Pie, building 2 stores in December.



Setting our sights on the now present Philippine reopening, we reignited our store expansion program last year. PIZZA opened 37 new stores net for the year, exceeding our initial target of 30.

The pandemic led to seismic shifts in guest behaviors and preferences, accelerating the growth of delivery and off-premise channels. PIZZA has long had an established delivery platform, but as a guest-centric organization, the team wanted to further elevate our consumers' off-premise dining experience. PIZZA doubled-down on

# Get to Know Shakey's



delivery and rolled out our 31-minute delivery guarantee anywhere in Metro Manila, not a small feat for a company operating in the midst of a pandemic.

We continued to pioneer in the industry, innovating with healthier and planet-friendly menu options such as our Good Burger, Good Nuggets, and Good Taco Pizza – all made with 100% plant-based ingredients. We also launched the new and improved Shakey's SuperApp, which was well-received by our guests as evidenced by its high marks in user-ratings.

On the people side, we continued with Project Near and Ready, or Project Nerdy, a program aimed to ensure that our employees live within 30 minutes from their place of work. Not only does this support their health and well-being, it also makes for crisis-ready stores, minimizing mobility-related disruptions in this volatile environment.

And for sustainability, PIZZA continues to be one of the few if not only food chain in the Philippines that offset our plastic usage through our partnership with Plastic Credit Exchange. 2021 marks the second year of our commitment to plastic neutrality.

We were very honored to receive an investment from the Gokongwei group, a business group whom I respect tremendously. I consider this to be very strategic because aside from the injection of growth capital, they bring a substantial eco-system from which we have identified and have begun extracting mutually beneficial synergies. These include locating of Project Pie stores in Shopwise locations, finding opportunities for Shakey's and Peri-peri Robinsons Land and Robinsons Retail locations, experimenting with customized flour from URC, and identifying cross promotions with each other's loyalty programs, to name a few.

Right before the end of 2021, we announced the acquisition of Potato Corner, one of the leading food kiosk brands in the country. This is an immediately accretive investment. As of writing, PIZZA now operates Potato Corner's vast domestic and international store network. We work with over 600 MSME franchisees, helping their business flourish as we grow Potato Corner. Personally, I find this opportunity to cultivate entrepreneurship exciting and fulfilling at the same time. Overall, we are pleased to add Potato Corner to our roster of Wow brands, a big milestone for the company and a new pillar that will drive future growth for PIZZA.

We may have transitioned from a cautious pandemic stance back to our growth agenda too quickly in 2021 only to be wrong-footed by new COVID variants. However, by building new stores in locations that were unavailable pre-pandemic, incubating brands like R&B and Project Pie, and acquiring Potato Corner, we are switching decisively

back to growth mode in 2022 and are hopeful that we are in a good position to benefit from a reopening.

Even as the fog of the pandemic is lifting, yet more uncertainties and threats loom: war between Ukraine and Russia leading to possible commodity shortage, inflationary forces unleashed by the pandemic and the reopening following it, a change of government and possible pivots on policy, and more.

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However, by building new stores in locations that were unavailable pre-pandemic, incubating brands like R&B and Project Pie, and acquiring Potato Corner, we are switching decisively back to growth mode in 2022 and are hopeful that we are in a good position to benefit from a reopening.

Nevertheless, I look forward to a better 2022 fully confident that the PIZZA team will be able to face up to the challenges that are sure to come our way. Seeing the PIZZA team block and tackle, pivot and power through the pandemic was to see the team at its best, with courage, grit, malasakit, and a desire to “wow”. For this, I am deeply grateful to our team.

I would also like to thank our Board of Directors and advisors for their counsel and support.

To our suppliers and franchisee partners, for a year that was more challenging than most, you have helped us serve our guests from one end to another. Thank you for your unwavering support for PIZZA.

And of course, we at PIZZA very much appreciate the trust and confidence given us by you, our shareholders. We will do our best to continue to be deserving stewards of your capital.



**Christopher T. Po**  
Chairman





# President's Message

2-22



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I believe we can now say that 2021 is our pandemic “turnaround” year – the year we bounced back and the beginning of a new growth run.

contagious variants. From April to November, Metro Manila was crippled by very long, continuous, and strict quarantine restrictions.

When the lockdown began to ease by December and it seemed like a festive Christmas season was just around the corner, Typhoon Odette then rampaged the Visayas and Mindanao regions, bringing calamitous results.

Yet despite all the challenges we faced in 2021, I am extremely proud of what our company was able to accomplish. I believe PIZZA has come a long way over the past two years, and we are ready and more prepared than ever to start living and thriving with or without COVID-19.

The strength of our brands, our guest-oriented philosophy, the unparalleled commitment and resilience of our PIZZA family, and our tenacious collective passion to WOW, allowed us to finish the year with a solid turn-around performance, setting the stage for stronger recovery and better growth in 2022 and beyond.

## 2021 by the Numbers

We capped off 2021 with consolidated systemwide sales of Php 7.01 billion, capturing a growth of 6% versus the same period last year. Revenues likewise grew by 4% at PHP5.5 billion.

Off-premise channels, composed primarily of delivery and carryout, contributed 70% to total sales in 2021. Dine-in sales, on the other hand, comprised 30% of the overall topline.

We ended the year with a total store count of 316, exceeding our initial plans of 30 stores for the year. Our network is now composed of 256 Shakey's outlets, 52 Peri stores, 2 new stores for R&B, and 2 new outlets for Project Pie.

In spite of the volatile macroeconomic environment amidst a prolonged pandemic, PIZZA returned to profitability by year-end with a net income of Php 123 million, a Php 377 million reversal of the PHP 254 million loss suffered in 2020.

## Moving forward in a “post-pandemic” world

Yes, last year's performance was greatly helped by the tough but very necessary structural changes instituted. The reforms caused short-term pain but implementing them allowed us to navigate and survive the crippling pandemic. These reforms also serve a longer-term purpose

of unlocking an even higher growth trajectory for the Company moving forward. As sales and revenues continue to rise and recover, the reforms made will increase our overall competitive advantage, produce more business, and ultimately deliver significantly better profits.

That said, PIZZA is not the only one recovering well – almost all notable players in the industry are reported to have been recovering at a good pace too. Because of this, we cannot be complacent. We should expect continuous and accelerating disruptions to our operating landscape as the norm in the future, a place where our current solutions and existing business models might not be as effective. Ergo, it is imperative that we further strengthen our existing competitive advantages and create new ones that are truly relevant in this ever-changing environment.

It is in this context that I strongly believe PIZZA should continue to evolve so that we can be more efficient and effective in serving our guests. It is critical that we hone our awareness and understanding about the changes in the business environment surrounding each of our brands, incorporate these insights into our strategies ahead of our competitors, and effectively pursue the key business opportunities that the crisis has brought with it.

Barring any new lockdowns and other extremely negative external factors, I am very excited about what 2022 and beyond can bring. I see tailwinds coming from revenge spending and the reopening Philippine economy. We will also benefit greatly from the return of Dine-in as well as Functions and Events Catering, channels that were adversely impacted by the COVID Pandemic. Furthermore, I see a big upside from effectively tapping our distinct assets such as our Supercard program and the much-enhanced delivery program. And finally, I expect the incremental growth coming from the myriad of new stores that we built and the major acquisitions that we completed in 2020 and 2021.

We should quickly take full advantage of the opportunities that will come after COVID. With the expected boost in demand and better cashflows, we can expand and scale up even faster this year. After two years in this pandemic, our people are coming out stronger and more learned. We need to organize our team to make it even more

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empowered, capable, and agile. We must leverage our unique assets and maximize potential synergies with key strategic partners and with the new brands added to our portfolio. Value enhancement and creation should always remain paramount. And, for sure, we must execute all our strategies to the best of our ability – with excellence and rigor, monitoring them religiously and adjusting quickly and decisively whenever necessary. This is the kind of discipline that we learned during the pandemic and one that we are taking with us as we move forward. I am certain that by doing all these, PIZZA will be able to start a new “growth run” and, hopefully, repeat the unprecedented 16 consecutive years of double-digit growth of our topline and bottomline as we soar to new beginnings.

## Recognizing our heroes.

I would like to end my message by recognizing once again the heroic and gallant efforts of our employees and key business partners. I'd like to also express my sincerest gratitude for the board of directors and the shareholders they represent for the unwavering trust and support they gave to our PIZZA team.

We could not have turned the corner if not for everyone's commitment and dedication to PIZZA, to our brands and the values they stand for, and to our mission of WOWING our Guests. Thank you for understanding the difficult challenges we faced due to the pandemic and for your strong faith and belief that PIZZA will surely bounce back and recover.

Finally, I wish to express my sincere sympathies and prayers to our colleagues, friends and relatives whom we lost due to COVID-19, as well as to the families they left behind. I pray that 2022 and onwards will be a wonderful era of recovery and strong growth for PIZZA and a safe, happy and successful time for everyone.

Vicente L. Gregorio  
President

To say that 2021 was a turbulent and challenging year is an understatement. In the first quarter of last year, many thought the worst was behind us, but, hammered by longer and stricter lockdowns, 2021 looked even more dangerous, waiting to do more damage to an already battered industry.

Fortunately, the PIZZA Team was smarter and better prepared in 2021, having applied the lessons learned from the year before and implementing the needed structural changes to pivot the business. We were able to develop the right game plans, properly and quickly adjust as needed, and execute well. And, based on the outcome, I believe we can now say that 2021 is our pandemic “turnaround” year – the year we bounced back and the beginning of a new growth run.

## 2021 in Review

Indeed, our performance looked bright in the first quarter of 2021. We were looking forward to finishing the year strong, however, the COVID-19 virus mutated into more





# Our Leadership Team

## Board of Directors

### CHRISTOPHER T. PO



**Chairman**  
Filipino, 50

**Date of Appointment**  
31 March 2016

**Length of Service (as of 31 December 2021)**  
5 years

#### Academic/Professional Qualification

- Former Managing Director for Guggenheim Partners, a U.S. financial services firm where he was in charge of the firm's Hong Kong office
- Former Management Consultant at McKinsey and Company
- Former Head of Corporate Planning for JG Summit Holdings
- Graduated Summa Cum Laude from the Wharton School and College of Engineering of the University of Pennsylvania in 1991 with dual degrees in Economics (finance concentration) and Applied Science (system engineering)
- Holds a Master's Degree in Business Administration from the Harvard University Graduate School of Business Administration
- Member of the Board of Trustees of the Ateneo de Manila University as well as a member of the Board of Asia Society Philippines
- President of the CPG-RSPo Foundation

#### Present Directorships and / or

##### Positions in Other Publicly-listed Companies:

- Executive Chairman of Century Pacific Food, Inc.
- Director of Arthaland Corporation
- Independent director of AB Capital Securities Inc. and Maya Bank, Inc.

### RICARDO GABRIEL T. PO



**Vice Chairman**  
Filipino, 53

**Date of Appointment**  
31 March 2016

**Length of Service (as of 31 December 2021)**  
5 years

#### Academic/Professional Qualification

- Graduated Magna Cum Laude from Boston University with a Bachelor of Science degree in Business Management in 1990
- Completed the Executive Education Program (Owner-President Management Program) at Harvard Business School in 2000
- Former Executive Vice President and Chief Operations Officer of CNPF from 1990 to 2006

#### Present Directorships and / or

##### Positions in Other Publicly-listed Companies:

- Vice Chairman of Century Pacific Food, Inc.
- Vice Chairman of Arthaland Corporation



TEODORO ALEXANDER T. PO



**Vice Chairman**  
Filipino, 51

**Date of Appointment**  
31 March 2016

**Length of Service (as of 31 December 2021)**  
5 years

LEONARDO ARTHUR T. PO



**Treasurer**  
Filipino, 43

**Date of Appointment**  
31 March 2016

**Length of Service (as of 31 December 2021)**  
5 years

VICENTE L. GREGORIO



**President and Chief Executive Officer**  
Filipino, 55

**Date of Appointment**  
March 2013

**Length of Service (as of 31 December 2021)**  
8 years

LANCE Y. GOKONGWEI



**Independent Director**  
Filipino, 55

**Date of Appointment**  
15 July 2021

**Length of Service (as of 31 December 2021)**  
6 months

**Academic/Professional Qualification**

- Graduated Summa Cum Laude from Boston University with a Bachelor of Science degree in Manufacturing Engineering in 1990
- Completed the Executive Education Program (Owner-President Management Program) at Harvard Business School
- Held various positions in Century Pacific Food Inc since 1990. Designed, built, and managed several factories of the Group.

**Present Directorships and / or Positions in Other Publicly-listed Companies:**

- Vice Chairman of Century Pacific Food, Inc.

**Academic/Professional Qualification**

- Graduated Magna Cum Laude from Boston University with a Bachelor of Science degree in Business Administration
- Has extensive and solid business development experience in consumer marketing, finance, and operations of fast-moving consumer goods (FMCG), foodservice, quick-serve restaurants, and real estate development

**Present Directorships and / or Positions in Other Publicly-listed Companies:**

- Treasurer and Director of Century Pacific Food, Inc

**Academic/Professional Qualification**

- Has more than thirty-five years of experience in the food business, twenty-five of which in top executive positions of major food chains
- Led PIZZA since February 2003, overseeing the Company's achievement of consecutive double-digit growth for sixteen years—a feat never seen in the food service industry
- Known for his passion for excellence and has spoken and shared his WOW philosophy to major companies and organizations like Coca-Cola, Nestle, San Miguel Corporation, the Philippine Franchise Association, and the Organization Development Practitioners Network
- Holds a Bachelor of Science degree in Electrical Engineering from the Central Colleges of the Philippines
- Earned units from the Business Administration Master's program of the Graduate School of Business at Ateneo de Manila University

**Present Directorships and / or Positions in Other Publicly-listed Companies:**

- Member of the board of the Philippine Franchise Association, Cavallino, Inc., Don Bosco Technical College, Bosconian International Chamber of Commerce, and Plan Master Insurance and Financial Services, Inc

**Academic/Professional Qualification**

- President and Chief Executive Officer of JG Summit Holdings, Inc.
- Chairman of Robinsons Retail Holdings, Inc., Universal Robina Corporation, Robinsons Land Corporation, Altus Property Ventures, Inc., JG Summit Petrochemical Corporation, JG Summit Olefins Corporation and Robinsons Bank Corporation
- President and Chief Executive Officer of Cebu Air, Inc.
- Director and Vice Chairman of Manila Electric Company
- Director of Oriental Petroleum and Minerals Corporation, United Industrial Corporation Limited and Meralco Powergen Corporation.
- Member of the Board of Global Reporting Initiative
- Trustee and Chairman of the Gokongwei Brothers Foundation, Inc.
- Received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania



FERNAN VICTOR P. LUKBAN



**Lead Independent Director**      **Date of Appointment**  
Filipino, 60                              14 October 2016

**Length of Service (as of 31 December 2021)**  
5 years

**Academic/Professional Qualification**

- Highly regarded consultant in family business, strategy, entrepreneurship, and governance
- Holds undergraduate degrees in engineering (Industrial Management - Mechanical from De La Salle University, Manila)
- Holds graduate degrees in economics (MSc in Industrial Economics from the Center for Research & Communication, now University of Asia & the Pacific) and in business (MBA from IESE Barcelona, Spain)
- Consultant, mentor, and guest lecturer at University of Asia & the Pacific
- Founding fellow of the Institute of Corporate Directors

**Present Directorships and / or Positions in Other Publicly-listed Companies:**

- Independent Director of Century Pacific Food Inc.
- Independent Director of Arthaland Corporation
- Director of Central Azucarera de Tarlac, Inc. (CAT)

FRANCES J .YU



**Independent Director**                      **Date of Appointment**  
Filipino, 51                              16 August 2018

**Length of Service (as of 31 December 2021)**  
3 years

**Academic/Professional Qualification**

- Former Chief Retail Strategist of Mansmith and Fielders, Inc.
- Former Vice President and Business Unit Head of Rustan’s Supermarket
- Former Vice President and Head of Marketing Operations for Rustan’s Supercenters, Inc.
- Founder of FJY Consulting, Inc.
- Former Vice President and General Manager of a marketing research and consulting firm catering to the top 500 corporations in several sectors
- Former Chairperson for the National Retail Conference and Stores Asia Expo (NRCE) Programs Committee of the Philippine Retailers Association from 2003 to 2005
- Graduated Summa Cum Laude from Fordham University, New York with a Bachelor of Arts degree in English Literature

**Present Directorships and / or Positions in Other Publicly-listed Companies:**

- Independent Director of Century Pacific Food Inc.

PAULO L. CAMPOS III



**Independent Director**                      **Date of Appointment**  
Filipino, 37                              14 October 2016

**Length of Service (as of 31 December 2021)**  
5 years

**Academic/Professional Qualification**

- Co-founder and Chief Executive Officer of ZALORA Philippines, having founded the company in late 2011
- Former management consultant with The Boston Consulting Group in Singapore where he worked with companies across the region on issues related to business development, organizational development, investor communications and strategy
- Former Special Assistant to the President of Ayala Land, Inc.
- Holds a Master’s degree in Business Administration from Harvard Business School
- Graduated Magna Cum Laude from Princeton University with a degree from its Woodrow Wilson School of Public and International Affairs



# Advisors to the Board

## MA. PILAR P. LORENZO



### Academic/Professional Qualification

- Graduate of Marymount College, New York with a Bachelor of Science degree in Business Administration major in Finance.
- Served as Vice Chairman of International Family Food Services, Inc. (IFFSI) - now Shakey's Pizza Asia Ventures, Inc. (PIZZA) - until the sale to Century Pacific Group.
- Currently serves as Chairman of Panda Development Corporation (Dunkin' Donuts franchisee), Director of Cavallino, Inc. (RACKS) and Tencav Corporation (Tenya).
- Member of The Beacon School's Board of Trustees.

## LEOPOLDO H. PRIETO, JR.



### Academic/Professional Qualification

- Graduated from Georgetown University College of Arts and Sciences with a Bachelor of Arts degree in Economics and International Finance in 1971
- Chairman of IFFSI until the sale to Century Pacific Group.
- Currently serves as Chairman of Cavallino, Inc. and Tencav Corporation
- Member of the Board of LLP Enterprises, Inc

# Senior Management



**VICENTE L. GREGORIO**  
President & CEO

**Date Joined** 2003

Has more than 35 years of experience in the food business, 25 of which in top executive positions of major food chains. Under his leadership, the Company has posted double-digit growth consecutively for the past seventeen years. a graduate of the Business Administration Master's program of the Graduate School of Business at Ateneo de Manila University.



**MANUEL T. DEL BARRIO**  
Chief Finance Officer, Chief Risk Officer, Chief Information Officer, Compliance Officer  
**Date Joined** 2016

Previously the Assistant VP for Finance of CNPF and The Pacific Meat Company, Inc. Previously worked as an Industrial Accounting Manager in TEMIC Telefunken Semiconductors, Inc. and held accounting positions in Hooven Philippines and Sanara, Inc. A Certified Public Accountant and a Certified Management Accountant.



**JORGE MA. Q. CONCEPCION**  
General Manager - Shakey's

**Date Joined** 2014

Previously held the position of General Manager in Gallo Giro, Red Ribbon Bakeshop, Inc., and Hunts Universal Robina Corporation. Has also held various positions in California Manufacturing Company and was a Brand Manager of the Foods Division, Philippine Refining Company of Unilever Philippines. Has a Master of Science in Engineering and Operations Research from the University of the Philippines.



**JOSE ARNOLD T. ALVERO**  
Franchise & Business Development Head, VP for International

**Date Joined** 2017

Has more than 37 years of transnational experience in Hotel Operations, Restaurant General Management, Franchising, Business Development, Strategic Planning, Mergers & Acquisitions, Market Entry Start-up, and Team Development. Held previous positions for Shakey's Philippines such as Business Unit GM for Franchised Store Operations, Director for Franchise and Business Development, and Planning and Business Development Director.



**MARIA ELMA C. SANTOS**  
General Manager - Peri-Peri

**Date Joined** 2004

Previously Shakey's Guest Engagement Director in 2015, and General Manager of Project Pie from 2016 to 2017. Mid of 2017, became Shakey's Delivery Systems Head and headed the HR Division of Shakey's until mid-2019. Currently leads the team of Peri-Peri as the General Manager starting from its acquisition in June 2019. earned her Master's degree in Business Administration from the Ateneo-Regis Program.







**GILBERT L. TOLENTINO**  
General Manager - R&B/Project Pie

**Date Joined** 2006

Has 33 years of experience in the food industry and has handled different departments like Operations, Training, Organization Development, Franchising, Business Development, and Technical Services. Previously the Group Training Manager for Pancake House, Dencio's, and Teriyaki Boy. He has been with PIZZA for 15 years.



**ALOIS BRIELBECK**  
General Manager - In-House Commissary

**Date Joined** 2005

Moved to the Philippines in February 2000 as the Chief Operating Officer for Culinary Systems Specialists Inc., a company involved in the production of bakery products to both local and export markets. Held key positions in pastry kitchens in Hong Kong and Tokyo, Japan before moving to the Philippines. Fully-qualified Baker with a Baker Master Diploma from the Master School of Lochham in Munich, Germany



**JENNIFER V. LAPA**  
Executive Development Consultant

**Date Joined** 2013

Graduated with a bachelor degree in Foreign Service from St. Theresa's College. Obtained her Cognate in Organization Development, major in Enterprise Leadership and her PhD in Organization Development from the National University of Singapore. Worked as VP for Human Resources for The Expressions Company; Former President of Enthos, Inc. Former AVP - Organization and Management Development at San Miguel Beer Group. Former VP of HR for the Greater China business of San Miguel Brewing Group International



**RUBENRICO R. MARASIGAN**  
HROE Director

**Date Joined** 2021

Has over 20 years of HR and Organization Devt experience from various organizations across diverse industries both local and abroad. His vast experience came from his HR leadership roles as Vice President in BPI, Asst. Vice President in Jollibee Foods Corp, Senior General Manager in Toyota and other key HR roles from Makati Devt Corp, Convergys, IMI, and DLSU. He holds a Bachelor's Degree in Philosophy from Univ of St. La Salle, a Master's Degree in Formative Counseling and academic units for a Doctorate Degree in Educ. Leadership from DLSU.



**KARINA KELLDA M. CENTENO**  
Delivery Business Unit and Digital Acceleration Director  
**Date Joined** 2019

Formerly the Chief Operating Officer of Storm Technologies, and also a founder and Managing Director of Adobo Connection, Chopstop and Sisig Society. Started her career in Unilever and handled two of the largest hair brands in the country. Graduated from Ateneo de Manila University's Management Honors Program with latin honors.



**ROMMEL TURBANOS**  
CBU Manager

**Date Joined** 2021

He joined Shakey's in 2021 as a Special Projects Manager and took the lead in growing and enhancing Supercard. Prior to joining Shakey's, he has more than 30 years of providing strategic leadership in the Food Retail Industry. Currently the Company-Owned Business Unit Manager, handling more than 100 Shakey's company owned stores.



**RODRIGO P. NANJARI**  
Chief Technology Officer

**Date Joined** 2020

Has more than 14 years of experience in various IT industries such as Banking, Utilities, Telcos, HR and Fintech. Former CTO of Truemoney and Storm Technologies. He was responsible for assembling and leading a multicultural Product and Engineering team deployed in China, Philippines, Vietnam and Chile to support the implementation of Fintech services in multiple telecommunication firms in China and SEA countries.



**MARY JENNIFER S. TAN**  
Group Procurement Director

**Date Joined** 2016

Leads corporate procurement for Century Pacific Food, Shakey's Pizza and Pacific Pabahay Homes. Held various strategic purchasing, procurement and supply chain roles at Coca-Cola Philippines, Avon Products and SC Johnson & Son. Earned MBA units from De La Salle University. Holds a bachelor degree in Chemical Engineering from De La Salle University.



**KATHRINA M. DAVID**  
Supply Chain Manager

**Date Joined** 2017

Supply Chain Manager of Shakey's Pizza, Peri-Peri and R&B Tea, bringing in almost 14 years of experience in Procurement, Audit and Accounting. Prior to this role, Kathrina was the Shared Services Manager for SPAVI, handling Corporate Procurement and Administrative Shared Services. Holds a bachelor degree in accountancy from Holy Angel University. Certified Purchasing Professional



**ATTY. JAMES EARL R. CHEW**  
Corporate Legal Counsel and Data Protection Officer  
**Date Joined** 2016

Graduated from Ateneo de Davao University with a degree in Political Science Major in Political Science and Government and immediately took Law in Far Eastern University Institute of Law. His fields of legal practice are in labor, corporate, tax, civil and privacy laws where he is invited to speak on these topics in various public and private forums. joined Shakey's in 2016 to lead the Employee Relations Department and in 2017 became the first In-House Legal Counsel of the company and its subsidiaries.





**MYROSE APRIL C. VICTOR**  
Head of Investor Relations

**Date Joined** 2021

Has over 16 years of experience in financial management, audit, business consulting, and banking. Worked with various companies including top multinational corporations and food service businesses in the Philippines. Holds a Bachelor of Science degree in Business Administration & Accountancy from the University of the Philippines and a Global Master degree in Finance from the IE Business School in Spain.



**DAREL G. PALLESCO**  
Corporate Internal Audit Manager

**Date Joined** 2014

A former internal auditor of SGV & Co. / Ernst & Young Philippines working on various consulting engagements on risk management, internal controls and governance with clients from diverse industries. He has worked for multinational companies including PMFTC Inc. and Johnson & Johnson. He is a Certified Internal Auditor and a Certified Public Accountant. holds a bachelor degree in Accountancy from San Sebastian College -Recoletos de Cavite



**MARIA ROSARIO L. YBANEZ**  
Corporate Secretary

**Date Joined** 2018

She concurrently serves as the Legal Counsel and Compliance Officer of CNPF. Atty. Ybanez graduated with a Bachelor of Arts degree in Legal Management from the Ateneo de Manila University and obtained her J.D. from the Ateneo de Manila School of Law. involved in the practice of Civil, Labor, Criminal, Corporate and Intellectual Property laws since 2001

## Shakey's Management

**ROLANDO BONIFACIO**

**SEVERINO MANOTOK**

**FERDINAND LIM**

**SAMUEL BALTAZAR**

**MARIA FLORENTINA CAPILI**

**REGINA ASA**

**GALE ROQUE**

**VERONICA MERCADO**

**EMILY ALVAREZ**

**CELESTE TUBU**



## Peri-Peri Management

**MARY JOY DE VILLA**

**DONATO DALISAY**

**MA. DOLORES ISIP**

**GLENN RICO DELMONTE**

**ROGER BRIONES**



## R&B and Project Pie

**MICHAEL MARCELO**

**ARTHUR CANLAS**

**CLARISSE RAMOS**





# Begin With Our Why



## PURPOSE

To provide great times and great memories...always!



## VISION

To be the preferred and dominant casual dining & food service player in the Philippines with a portfolio of brands with strong equity and industry-leading margins

## MISSION

We are a guest-centric organization. Our solid commitment to our stakeholders to create superior value results in enduring success.

### OUR GUESTS

We genuinely care for our guests. We seek to know their needs and wants and provide them high-quality food products and services that will exceed their expectations, thus providing them superior value for money.

### OUR EMPLOYEES

We nurture an environment where people are respected, empowered to be their best, and rewarded for their contributions. We create opportunities for personal and career growth so they may succeed and gain a sense of achievement and pride.

### OUR SHAREHOLDERS

We grow the business by increasing the size and value of the company and by achieving industry-leading returns on investment, while creating long-term value to all our stakeholders.

### OUR BUSINESS PARTNERS

We are ethical, fair, professional, and collaborative business partners.

### OUR COMMUNITY

We commit to Sustainable Development by engaging in social and environmental causes that will promote Quality of Life as our legacy to future generations.

# CORE VALUES

## EXCELLENCE

We set high standards of performance by doing things better than before, better than others, and better than expected. It's a WOW thing!

## 1 TEAM, 1 PASSION

We have shared vision and values, thereby seeking the best from each other toward achieving one goal. We continually communicate and collaborate amidst diverse ideas and opinions.

## TENACITY

We are resolute and persistent in the pursuit of goals. We demonstrate grit and “gigil” and have the urgency to get things done.

## GUEST FOCUS

All our actions are centered towards enhancing the Shakey's experience and value for all our guests.

## UNDERSTANDING & RESPECT

We have the humility to listen and ask questions to understand the other person's views and opinions. We are open, fair, and without bias in our judgment.

## SENSE OF OWNERSHIP

We take charge. We are proactive and have a strong sense of accountability. Sense of “malasakit” is demonstrated through prudent use of resources.

## STRATEGIC THINKING

We see the big picture, critically analyze key assumptions, and understand the relationship of its parts. We anticipate the long-term impact and strive for responsible and sustainable growth.

## TRUSTWORTHINESS

We are ethical, honest, and trustworthy, with unquestioned integrity in words and actions.



# Understanding the Shakey's Business



We are Shakey's Pizza Asia Ventures, Inc. (PIZZA), one of the leading fast casual restaurant chains and food service groups in the Philippines.

We are engaged in operating, maintaining, and franchising the "Shakey's", "PeriPeri Charcoal Chicken and Sauce Bar" ("Peri"), and "R&B Milk Tea" ("R&B"), and "Project Pie" brands.

At the core, we are a guest-centric organization, in the business of serving our guests with great food, making great times and great memories. This purpose cuts across all our brands – our WOW! Brands – each one built to meet and exceed the expectations of our guests. To sustainably grow our business, we purposefully invest in our brands, in our stores, and in our people.

### WOW! BRANDS

At PIZZA, we envision to be the preferred and dominant casual dining & food service player in the Philippines with a

portfolio of brands with strong equity and industry-leading margins. Thus, in recent years, we have begun expanding our roster of brands to build a range that is aligned with our growth strategy and WOW! criteria.

To be a WOW! Brand, a food concept needs to either be a market leader or has the capability to be a market leader because of its compelling value proposition. A brand must have the capability to scale, deliver industry leading margins, is off-premise friendly, and cater to the market sweetspot – the affordable premium segment.

Since inception, we have been strengthening the equity of our lead brand, Shakey's Pizza, which has become a strong #1 player in the full-service pizza category. In 2019, we added Peri, an emerging player in full-service roasted chicken. In 2020, we were granted the Philippine master franchise for R&B, one of the leading milk tea players in Singapore. Last year, in 2021, we relaunched Project Pie, an artisanal pizza concept known for its Build-Your-Own pizzas.

### PROVEN & SCALABLE BUSINESS MODEL

Multiple sales channels and store formats provide convenience and accessibility to our guests – a model that has allowed for market expansion and flexibility, especially during the pandemic.

#### Multi-Channel

Dine-in is our most popular sales channel where we offer guests unique experiences across all our brands. We create an ambiance that is perfect for gatherings of family and friends.

The Company also has a robust off-premise business through delivery and carry out channels. We have a well-established in-house platform composed of our hotline and digital platforms – website and mobile app. The Company has strategic partnerships with food aggregators as well.

#### Multi-format

PIZZA's restaurants are presented in different store formats such as Legacy Stores, Free Standing Stores, mall and strip mall outlets, and gasoline kiosks, enabling us to capture the diverse needs of the market.

We have made strategic pivots during the pandemic by building smaller store formats geared towards off-premise dining such as ghost kitchens and DelCos. We also created multi-brand stores, which allowed us to maximize our assets and efficiently expand our footprint.

Our scalability likewise stems from well-established and emerging WOW! Brands, all operating on an asset-light model.



#### Affordable Premium Sweetspot

We are firmly positioned in the fast casual and affordable premium segment, catering to the middle and upper market segments, that delivers high margins and good volumes. This space is primed for a developing country and will benefit as consumers eat out more and upgrade their food choices.



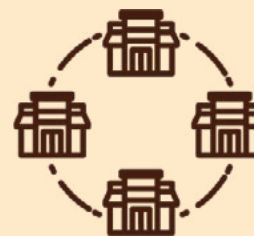
#### Vertical Integration

Our own commissary for proprietary raw materials protects key supply chain and maintains consistency and control over quality. This creates economies of scale and purchasing synergy.



#### Asset-light Approach

We operate a 100% leased model, keeping the business asset-light. Long-term leases in store locations with attractive rental rates lead to low rent-to-sales ratio.



#### Sustainable Franchising Model

Our attractive box economics, a result of the business model and strong cost discipline, demonstrate a typical payback period of 3-4 years. Low upfront cost and strong cash generation per store make Shakey's a lucrative investment for franchisees.

Overall, through our proven and scalable business model, PIZZA was able to navigate through the challenges brought about by the pandemic and to re-ignite our expansion program in 2021 in preparation for the Philippine reopening and for long-term growth and beyond.

### WOW-ING CULTURE

We are in the business of serving people, thus, we have embraced a tried and tested organizational philosophy that seeks to exceed the expectations of our guests – the Wow Principle. We have an experienced management team at the helm of the business, lending their expertise as we seek to expand our roster of brands. All the while, we are injecting new talent into the business, bringing

fresh perspectives to unlock new avenues for growth. As a guest-centric organization, we have a solid commitment to our stakeholders to create superior value, resulting in enduring success. We value feedback from our guests and, driven by data, we employ agile ways of working to continuously improve our service and menu to deliver superior value.



# Updates from the General Managers

## OUR WOW BRANDS



### BY JORGE Q. CONCEPCION

General Manager of Shakey's

Shakey's Pizza was founded in California in April 1954 by Sherwood "Shakey" Johnson and Ed Plummer. Shakey personally played Dixieland jazz piano to entertain patrons and is honored in the American Banjo Museum in Oklahoma, for his longtime use of banjo music at his pizza parlors. Other live music, including piano, was also a staple in the old Shakey's parlors. Shakey's was the first national franchise pizza chain in the United States. The original parlor at 57th and J Streets in Sacramento remained in business until the mid-1990s.

“

Over the years, Shakey's has become the go-to of families and friends for both large celebrations and simple get-togethers. Now, it is the #1 fast casual restaurant chain in the country.



In the Philippines, Shakey's has grown into a heritage brand since it opened in March 1975 with a restaurant located in Makati Avenue. In 2003, the brand was repositioned into the more family-oriented fast casual dining segment, in line with its legacy pledge, "Fun, Family, Pizza".

Over the years, Shakey's has become the go-to of families and friends for both large celebrations and simple get-togethers. Now, it is the #1 fast casual restaurant chain in the country. Its Thin Crust Pizzas – Manager's Choice, Pepperoni, and Hawaiian Pizza – have become all-time crowd favorites, while its Chicken and mojos have become icons of their own among our guests and patrons.

As the brand expanded its reach, we've learned to build various store formats that allowed us to scale up sustainably. Our proven store models have attractive box economics, resulting in industry-leading margins and fast payback, especially for our partner franchisees. From its early days in 1975, Shakey's has since grown to 246 stores by the end of 2019, and despite the pandemic, has added another 10 stores net to end 2021 with 256 stores.

To say that 2020 was challenging is to say the least. We had to implement strategic pivots and structural changes, including shifts in our store operations and the rightsizing of our organization. These are decisions that we did not take lightly. After the changes were implemented, we launched a program to ensure that at least 80% of all staff live within 30 minutes of their work assignments and a program to rehire our staff as business conditions improved. By the end of 2021, we

#### About Shakey's

Shakey's is the Philippines' leading full-service pizza chain and is the single-largest brand of full-service casual dining chain restaurants in the country. It is a strong and well-established brand, thanks to a differentiated menu, iconic and well-loved products, a distinct store environment, and highly guest-centric service. Being the exclusive Shakey's brand owner in the Philippines, we own and operate

company-owned stores as well as franchise the brand, enabling us to branch out to second- and third-tier cities. We likewise own the Shakey's rights in the Middle East, Asia (excluding Japan and Malaysia), China, Australia, and New Zealand, allowing us to bring great times and great memories to regions outside the country.

managed to recall close to half of all staff that were retired in 2020. We also successfully concluded our 5-year Collective Bargaining Agreement with our rank & file amidst the pandemic.

The pandemic caused many other dramatic shifts such as that from on-premise to off-premise as well as in-person to online. Shakey's was fortunate to have had a head start with our prescient in-house delivery and digital capabilities even well before the pandemic started. This allowed us to weather the initial storm better than our competitors and peers. Nevertheless, as one of the forerunners in the industry, we recognized that we needed to take off-premise servicing to the next curve.

“

After the changes were implemented, we launched a program to ensure that at least 80% of all staff live within 30 minutes of their work assignments and a program to rehire our staff as business conditions improved.

We immediately upgraded and scaled our digital assets with the launch of a new website and new apps, native for android and iOS, respectively. While we had already been experimenting with a few ghost kitchens

since 2015, we rapidly rolled out more of them in the National Capital Region. Before the year ended, we had successfully introduced the audacious and only metro wide delivery guarantee: Anywhere in Metro Manila, 31 minutes IF IT'S LATE, IT'S FREE!

We are proud that the infrastructure that we have built for in-house delivery has mitigated the negative impact of the pandemic. Notwithstanding, we still saw room to work with food aggregators to complement our already formidable in-house delivery capability. Today we see a healthy mix in our delivery business; still driven mainly by in-house and complemented by aggregators.

On product innovation, Shakey's continues to take the lead in developing and introducing a range of earth-friendly, healthier and more sustainable plant-based offerings. Following the launch of our Good & Baaad Burgers, we introduced our Good & Baaad Salisbury Steaks as well as our Good Taco Pizza featuring 'unMEAT' products. Moreover, to combat the early front runners in the category, we launched our own 18-inch range of Americana Pizzas.

This year, Shakey's Pizza is celebrating its 48th year in the Philippines. The brand has come a long way since its arrival, yet it continues to evolve and remain relevant—true to its mission of wowing our guests and giving life to the promise, "Great Times, Great Memories!"







## BY MARIELLE C. SANTOS

**General Manager & Chief Adventurer of Peri-Peri Charcoal Chicken and Sauce Bar**

2 years into the crisis and we pulled through! We entered 2021 very hopeful and positive, armed with a strong strategy and laser-focused direction to grow our brand. With our fair share of challenges, we battled through the year and were able to gain some ground whilst the industry and competition were still quiet, reeling from the incessant impact of the pandemic.

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The growing excitement Peri inspired us to build bigger and more beautiful stores where we can serve our guests and wow them further as they begin their flavor adventure with us. We proudly opened 19 stores in 2021 and ended the year with store #52!



### About Peri-Peri

Peri-Peri is an emerging fast-casual and full-service restaurant brand in the Philippines that is famous for its charcoal grilled chicken and variety of specialty sauces that make use of a distinct African bird's eye chili called

'piri-piri', which releases a fiery spice and helps create a wealth of flavors in every dish. Over the years, the brand has gained much traction, appealing to Filipinos' love for both poultry and strong distinctive taste.

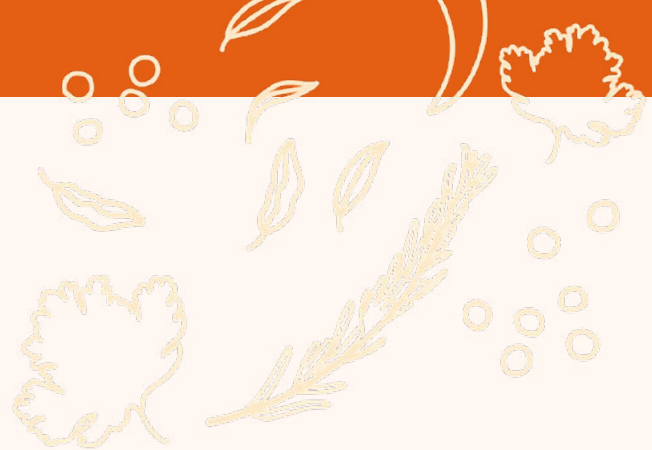
We continued our pivot to small store formats, opening in areas where Peri had yet to hold any presence. We boldly marched forward, moving on to build larger format, free-standing stores toward the end of the year. The growing excitement Peri inspired us to build bigger and more beautiful stores where we can serve our guests and wow them further as they begin their flavor adventure with us. We proudly opened 19 stores in 2021 and ended the year with store #52!

Multiple lockdowns did not deter the spirit of the team, and we rode it out by applying the lessons learned from the year before. The team has emerged much more resilient and flexible with the rotating situations they faced as the months rolled by. It was tough on people, but we had weathered through the storm and worked as a team to get going.

Competitive pressures on promotions coupled with the rising cost of raw materials pushed the team to be more creative.. Inch by inch, we made things happen, got things done. We rolled out Peri Grupo Bundles and new products like Grilled Wings and Sweet BBQ Chicken that allowed us to gain our shares in a very tough time and market. The expansion of our store network strongly contributed toward generating better brand awareness.

This COVID pandemic really stretched us as individuals, as a team, and as a brand, to levels we never knew we could reach. We were wonderfully rewarded as guests have, over time, come to patronize Peri as a brand.

In 2021, we were able to bounce back, bounce up...really fast and with agility! We will continue to rise up to the times and build the organization to prepare for what's in store in 2022. We are inching closer to our goal of opening 100 stores and making Peri-Peri a household name. This coming year, we continue to dream bolder, and with our battlecry, Peri-Peri B.I.G. in 2022 (Boost Expansion, Inspire Profitability, & Grow People), we will surely venture to new heights and beyond.



## BY GILBERT L. TOLENTINO

**General Manager of R&B and Project Pie**

The story of R&B in the Philippines is a perfect example of this year's theme: Bouncing Back and Beyond. When we first brewed the idea to launch R&B in early 2020, we were expected to excite the market and challenge the "better milk tea" category in the country. R&B is one of the leading milk tea brands in Singapore with presence in the USA, Vietnam, Australia, Indonesia, Cambodia, and Malaysia. However, just when we were about to lift off, the pandemic hit and limited our original plans of launching stand-alone stores in great locations.

But that did not stop us. We looked beyond the challenge and focused on the bigger picture.

The year 2020 presented tough hurdles, but we saw opportunities and leveraged our position as a PIZZA brand. In collaboration with Shakey's and Peri-Peri, we were able to open a total of 122 co-branded stores in 2020.

“

Milk tea, as a category, is still continuously growing. Our guests, the Philippine milk tea market, aren't going anywhere.

2021 was the year we bounced back, not to say that it was devoid of challenges as COVID wasn't backing down. The then-new Delta variant spread like wildfire and weakened the country's economy even further. But we were ready to fulfill our mission, and R&B wasn't just any other milk tea brand. We belong to the same ecosystem of the PIZZA's Wow Brands.

We looked beyond the hurdles and focused on our long-term growth. Milk tea, as a category, is still continuously growing. Our guests, the Philippine milk tea market,

aren't going anywhere. Filipinos still continuously crave milk tea, actively seeking and trying new brands, discovering new tastes that would satisfy their palates, and choosing milk tea brands that can affordably and conveniently deliver their cravings.

Now that's where we come in. Affordable and convenient. Wowing and satisfying. This is how we bounce back.

In 2021, while R&B saw a robust performance from its co-branded stores, the goal of putting up stand-alone stores remained. Finally, in October 2021, R&B opened its first standalone store in the country, and because we aim to "wow", our first standalone store in Retiro, Quezon City is also the first ever drive-thru milk tea store in the country, offering our guests a convenient, fast, and safe milk tea service. On top of that, we were able to open an R&B inline store in Shopwise Sucat. The R&B stand-alone stores offer the complete lineup of R&B products including our flagship Milk Tea with brown sugar pearls with cheese brulee and the refreshing Devil's Booster, our iconic fruit tea.

We are pleased to report that, amidst an ongoing pandemic, R&B shared more than a million cups of happiness to its guests, targeting xxx more by 20xx.

Another brand close to my heart saw an opportunity to bounce back in 2021. Our beloved Project Pie made its return to the Philippine market and opened two new branches in Metro Manila.

Project Pie is an artisan pizza chain known for its affordable build-your-own pizzas featuring premium ingredients like prosciutto, gorgonzola, and artichokes, all baked within three minutes.

The new Project Pie now also offers 18-inch Pizzas and fried chicken. And yes, the refillable drinks are back, a sure wow-factor for our guests.

As we enter the year 2022, we look forward to opening more standalone stores for R&B and growing our re-emerging Project Pie business. We aim to expand and increase our market share for both Milk Tea and Fruit Tea lovers, strengthening R&B's position in the "Better Milk Tea" segment with our premium teas with brown sugar pearls and refreshing fruit series. At the same time, we will continue to build up the Project Pie brand.

This year we aim to fly – reach out to more Filipinos, sharing R&B happiness and Project Pie deliciousness one cup at a time, one pizza at a time.



### About R&B & Project Pie

PIZZA owns the master franchise of R&B Milk Tea in the Philippines. R&B Milk tea is one of the leading milk tea players in Singapore. It is available in Shakey's stores and now has two independent stores, one of which is the first drive-through milk tea store in the country.

In 2021, PIZZA relaunched Project Pie, a modern and upscale pizza concept and an artisan pizza chain known for its build-your-own pizzas.



# IN FOCUS: REIGNITING EXPANSION

BY JOSE ARNOLD T. ALVERO

Franchise and Business Development Head & Vice President  
for International

In 2021, we said we will Bounce Back... Bounce Up... Fast!

For people outside of the PIZZA organization, this may seem to be a tall order, given that a lot of restaurant players were waylaid by COVID-19 in 2020 and much of the predictions of full recovery versus 2019 was not forthcoming until the next couple of years. That was such a gloomy scenario to paint but hits one right in the gut due to the fact that this is a very realistic possibility – what with new variants sprouting as the pandemic dragged on.

Be that as it may, the Franchise and Business Development team, in collaboration with the different Business Unit GMs, set out to have audacious new store opening targets for 2021.

We were cautiously optimistic that given how we had nimbly navigated our way through the pandemic in 2020, our countrywide store development plan is attainable, barring any resurgence and heightened lockdown restrictions across the country.

So we set out and worked on our different business development strategies depending on our store network presence – penetration, saturation, or domination. From the highly-urbanized cities to the component cities, to the 1st class and 2nd class municipalities, we built stores which we believed would give us the best opportunity to WOW our guests, be significant contributors to the communities that we will be present in terms of providing employment and be value creators for all PIZZA shareholders.

That said, the stores we opened were a merry mix of different types and sizes that fit the identified trade areas best– from free standing, to inline to delcos, to multi brands, to co-brands, and we even rolled out the deldico – which is a smaller sized store primarily for delivery and carry-out but with limited seats for dine-in.



As a result, despite the pandemic, PIZZA was able to open a total of 37 stores – its highest ever and a testament to our commitment to live up to our pursuit of WOW-ing results.

“

As a result, despite the pandemic, PIZZA was able to open a total of 37 stores – its highest ever and a testament to our commitment to live up to our pursuit of WOW-ing results.

Peri-Peri's store network had more than doubled since its acquisition in 2019. R&B Milk Tea built its first 2 stand alone stores in the country, one of which is the first ever drive-thru milk tea store nationwide. we also resurrected Project Pie, building two new stores at Shopwise Supermarkets.

If we may add, our blended payback periods and ADS projections were well within the bandwidth we have set.

On the Franchise Management side, “Cash is King” during these times and so it was incumbent that our franchisees managed their cash flow position.

With that in mind, SPAVI worked with its lessors in coming up with rent reprieves for most of our franchisees. Moreover, we made adjustments in their payment schedules so that their cash flow situation will have more breathing space and be above break-even levels.

Since these were extraordinary times, our Franchise Business Consultants had to be more adept at one-on-one quick meetings for quick pivots as needed for operational issues.

The team was able to execute the set courses of action needed to deal with the changing business landscape and adroitly adjusted when necessary. Thus, we can proudly say that 2021 was a WOW-ing year as we did better than before, better than others, and better than expected.





# IN FOCUS: CAPTAINSHIP IN DELIVERY RAISING DELIVERY TO THE NEXT LEVEL

BY KELLDA M. CENTENO

Delivery Business Unit and Digital Acceleration Director

When COVID hit the Philippines, Shakey's Delivery was already well-positioned: it was already a sizeable business and had early investments in delivery technologies.

During this pandemic, the delivery space quickly became hyper-competitive. All brands turned to delivery. Food

Aggregators grew at an unprecedented pace. The rise of ghost kitchens and home-based sellers fragmented the market.

It was very clear to us that we needed to set Shakey's Delivery apart from the rest of competition.

## Delivering a Wow-ing Experience

To do so, we needed to stay true to the foundation of everything we do: the deep desire to WOW our guest – or to make their experience better than before, better than others and better than expected. To deliver (pun intended) in a wow-ing way, we took a Customer Experience and agile approach. We made incremental and frequent improvements to each stage of the delivery experience – from order placement to post-delivery feedback & recovery.

With this approach, we exceeded targets for operational metrics, and saw significant growth in our delivery sales. Most importantly, we have significant qualitative and quantitative improvement in guest feedback.

## Anywhere in Metro Manila – 31 Minute Delivery

Since October 2021, we have been guaranteeing delivery anywhere in Metro Manila in 31 minutes – if it's late, it's free! We have been able to deliver more than 99% of regular orders in this time frame with very few exceptions – such as storms, floods, road lockdowns, and bulk orders.

To deliver on this guarantee, we had to set a time standard to each phase of the delivery process. We then systematically worked on meeting those standards city by city, starting with our pilot area in Paranaque.

We re-mapped our delivery polygons with drive tests across the Metro to identify where we could expand existing store reach and where we needed additional coverage either through improving the production process or through opening new locations. Across the Metro, we added 13 delivery locations, majority of which were Satellite Kitchens or small-format stores that cater to the delivery and carry-out segments.

## New Shakey's Super App

Shakey's made investments in digital channels early and was one of the first brands to launch online ordering channels. However, we saw that the technology we had in place was no longer wow-ing our guests, especially as their expectations of digital experiences continue to increase and evolve.

The New Shakey's Super App was launched in September 2021. It delivers a best-in-class experience based on app store guest ratings and has resulted in doubling the sales contribution from the app.

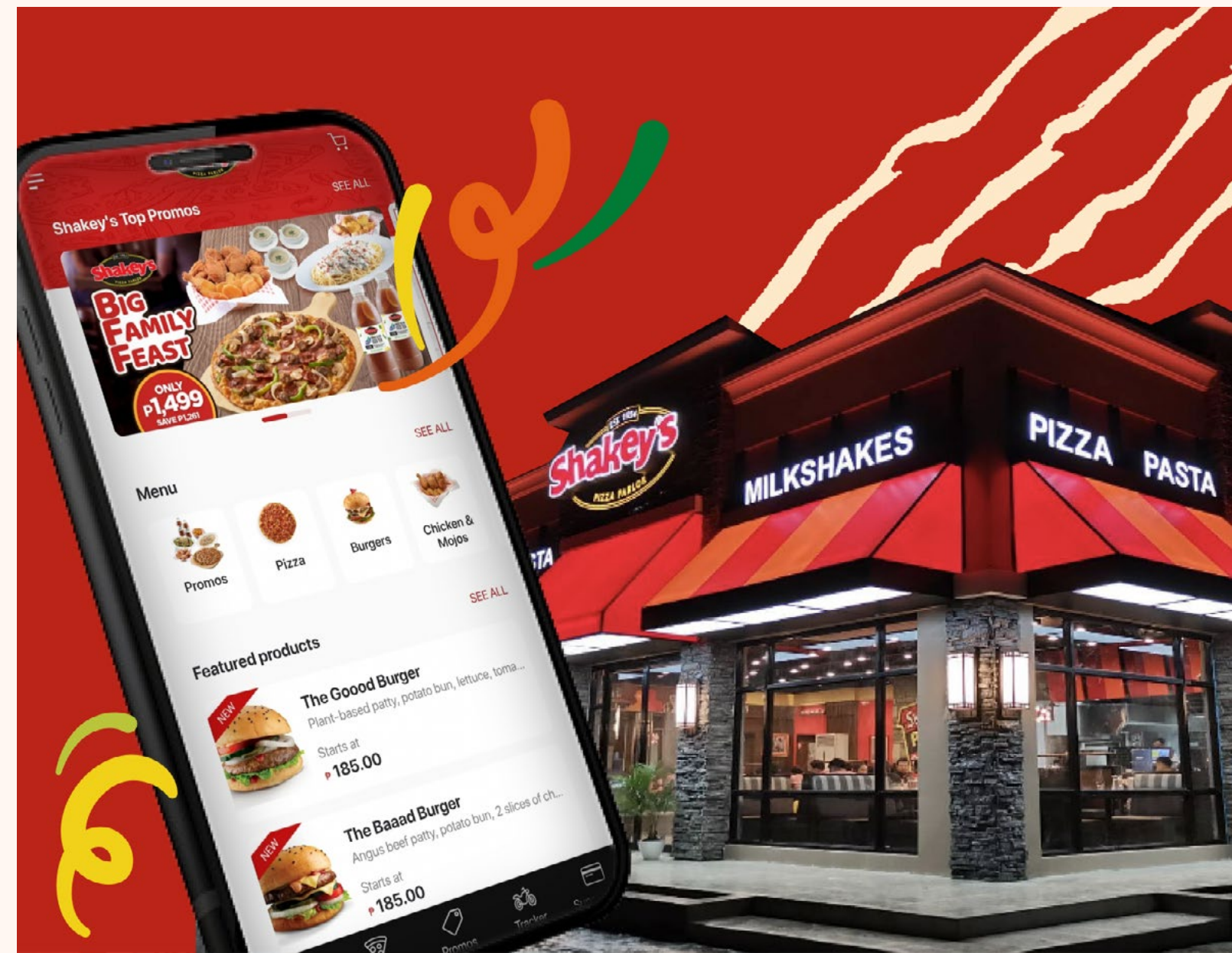
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The New Shakey's Super App was launched in September 2021. It delivers a best-in-class experience based on app store guest ratings and has resulted in doubling the sales contribution from the app.

The Super App has an Order Tracker that counts down from our committed delivery time and allows for real-time rider tracking with our rider delivery app. It is also fully integrated with our Supercard+ program, providing our members with a digital card and a future launch pad of benefits. We have also introduced personalization through re-order modules and unique product recommendations.

## The Future of Delivery

Our new SuperApp, the 31-minute delivery guarantee anywhere in Metro Manila, and well-built infrastructure all serve as our foundation and jump off point to take Shakey's delivery to the next curve. We aim to raise the bar in serving our guests, leveraging technology to do so. We envision creating data-enabled custom experiences and expanding the delivery guarantee to other metros in the country. We will continue to grow and evolve, together with our guests, aiming to wow with every extra mile.





# IN FOCUS: CAPTAINSHIP IN DELIVERY WOW-ing DELIVERY RIDERS

**BY KELLDA M. CENTENO**  
Delivery Business Unit and Digital Acceleration Director

Delivery riders have been at the forefront of this pandemic as they have been essential to the flow of goods and services to households.

At Shakey's Delivery, we know that our riders are the only physical human contact with our guests. They are critical

to not only deliver on time but also to leaving a smile on the faces of our guests. Armed with our wowing culture and contactless procedures, they have braved the risks of this pandemic to ensure that Shakey's delivers great times and great memories!



## RIDER REVIEWS



“

Archer, was simply amazing and even went the extra mile to locate our home and have our order delivered before the promised time. Even though he was wearing a mask, I could tell that he loves what he does and that he greeted us with a smile on his face.

– for Rider Archer Lino, Shakey's Wright Park



“

He was enthusiastic and respectful despite traveling under the scorching sun. He also arrived on time. With this, I would very much like to have all my future orders delivered by Noel.

– for Rider Noel Pilapil, Shakey's Antipolo



“

Richard arrived earlier than the estimated delivery time and I was surprised that he was able to locate our house without having to call me for directions. He was well-mannered and the delivery went smoothly because of him.

– for Rider Richard Cumpio, Shakey's Lagro



“

What a pleasant experience it was! The Shakey's rider was very polite and professional, 'Sir Elbert, here's your Chicken 'n Mojos 5-piece buddy pack, leg and thigh parts only, as requested. And here's the best part, the chicken itself was great!... I don't remember it ever being this good.

– for Rider Alan Cureg, Shakey's Malate



# IN FOCUS: PROJECT NEAR AND READY

BY RUBENRICO R. MARASIGAN

Human Resources & Organization Excellence Director

Since the beginning of 2020 and throughout 2021, several unforeseen events such as COVID-19, the frequent lockdowns associated with the pandemic, the Taal eruption, and Typhoon Odette disrupted our everyday lives. Transportation options were limited, and the company needed to respond fast to ensure business continuity.

Thus, Project Near and Ready (Project Nerdy) was born, an initiative launched by Shakey's last 2020 to bring store employees closer to their place of work.

Based on our initial study conducted last August 2020, only 50% of Shakey's store operation employees travel to work for 30 minutes or less. This has several effects on our employees' engagement, as time spent in traffic has been proven to negatively affect both productivity and overall well-being. The additional cost of long commutes can be a financial burden. On top of these, the pandemic added health and safety risks.

A paradigm shift in the industry and considered as a priority project, several employee transfers were conducted over the past months to assign them to stores closer to their homes. As of December 2021, 90% of our Shakey's store operation employees spend thirty minutes or less traveling to their respective stores, well over the 80% target initially set.

Due to the success of Project Nerdy, Peri-Peri followed suit and implemented Project Nerdy to store operations employees in 2021. With a target of 70%, about 79% of Peri-Peri's workforce travels thirty minutes or less to their respective store assignment by year end 2021.

One manager who benefited from Project Nerdy is Rommel Bayarcal from Shakey's UPS in Paranaque. "Before, I used to travel for 1 hour and 30 minutes, even if I had my own motorcycle. Now I am only a few minutes away from my new store assignment. I get to spend more time with my family and spend less time preparing to go to work. I am also able to save on transportation costs."

The initiative also allows PIZZA's stores to become more "crisis-ready". The ongoing pandemic, frequent typhoons, and other force majeure events may impede employees' transit to and from work. By relocating our people to nearby stores, we effectively mitigate disruptions in store operations arising from transit issues.

Moving forward, PIZZA will continue its efforts to reduce travel time of Store Operation employees through Project Nerdy. Hiring directives are now in place ensuring new employees live within or adjacent communities, allowing PIZZASTORES to become more "crisis-ready", and help store employees to have better work-life balance.

Creating a safe and healthy work environment for our employees is a cornerstone in PIZZA's sustainability strategy. Our people's safety and well-being are of utmost importance to us, and we will continue to pursue programs that push this agenda forward.

“

Creating a safe and healthy work environment for our employees is a cornerstone in PIZZA's sustainability strategy.





# Guest Centricity is King

With nearly 50 years of history in the country, Shakey's is one of the most recognizable brands in the Philippine food service industry. Our new brands, Peri-Peri, Project Pie and R&B, have likewise established a following and a strong brand recall. Through our WOW Brands, we are able to create a loyal customer base who frequent our restaurants throughout the year. In 2021, we estimate that we provided over 20 million WOWING experiences to our guests, a testament to the market's love for our brands.

Core to building brand equity and creating the WOWing experience is our Wow culture. To WOW someone means to give them an extraordinary experience. The concept of WOW is having Guest Centricity as a core value.

The essence of Guest Centricity is outlined in PIZZA's Mission Statement, which reads:

“

We are a guest-centric organization. Our solid commitment to our stakeholders to create superior value results to enduring success.

Our Guests: We genuinely care for our guests. We seek to know their needs and wants and provide them high-quality food products and services that will exceed their expectations, thus providing them superior value for money.

The PIZZA team embodies the Guest Centricity spirit not just by thinking like a guest but also by deciding and acting on their needs and wants - manifesting what it means to be a guest in one's own store. This, along with our passion for excellence when it comes to service, is what allows us to give guests that trademark WOW experience.

With guests at the core, we are always able to find new ways of giving them a WOWing experience with us, thereby giving us competitive advantages.

## VALUE FOR MONEY OFFERINGS

Guest Centricity manifests in our ability to offer a differentiated menu that offers value-for-money offerings to our guests. We continue to launch new products such as our Pizza Americana and Good Taco Pizza, allowing us to remain relevant and exciting as guests are able to taste new products alongside their favorite mainstay, iconic menu items. We also continue to provide guest value through our bundle offerings that cater to families and groups that are sure to be a bang for the buck.

## SUPERCARD

We have one of the most popular loyalty programs in the country through our SuperCard and SuperCard Gold. We have over one million members nationwide, and in 2021, we've extended our SuperCard perks to our Peri-Peri guests. At a reasonable annual fee, our card holders are entitled to numerous exclusive benefits such as discounts, freebies and promotions. We look forward to rolling out SuperCard offering to our new brands - R&B, Project Pie and Potato Corner.

## WECARE AND GUEST RECOVERY SYSTEM

We strive to provide value to our guests - again through our products, store environment, and service - all at an affordable price, and this extends to our other business segments.

Guests are able to enjoy our products not just in our stores, but also through our other channels such as delivery and carry-out. These avenues provide more convenience and accessibility to our guests, allowing us to serve them in any occasion.

Supporting these segments requires a robust and efficient customer feedback and recovery system. Apart from tending to them during the service period, we make sure they are able to reach out to us through various online platforms. Our WeCare Group is a dedicated function assigned to attend to guest concerns, regardless of the business segment and brand. While challenges abound during the pandemic, especially given the varying degrees of restrictions, our WeCare Group and Guest Recovery Team sought to quickly and fully address guest concerns. Through this continuity in guest engagement, we are able to win, and more importantly retain, loyal guests.





# Hear It From Our Guests



“

I wish to commend the store manager and the delivery man who made me valued for letting me take what I wanted. Both the store manager and the delivery man are archetypes of excellent customer service who acted as owners would to keep their customers from doing business. These employees deserve recognition and salary raise. The food came fresh from the oven. Thank you for satisfying my cravings.”

- Ed, Shakey’s Kalayaan Guest

“

Delivery rider was kind and helpful! Thank you Shakey’s for making our vacay hassle free and awesome thanks to our delivery guy who took the effort to help my nephews bring the food from the resort lobby to the room. I have a one-year-old child and I’m nursing this very time.

- Renesol, Shakey’s Trece Martires Guest

“

It’s true! I ordered earlier via Shakey’s app. The delivery was late by 2 minutes. So there! My pizza was free of charge! Thank you, Shakey’s. You are true to your tagline... if it’s late... it’s free!

- Mau, Shakey’s SuperApp Guest

“

Thank you so much to the staff, guard, and Manager of Shakey’s Gapan City! We frequently dine here and they are courteous and accommodating as always. Last night at about 8pm after dinner, our vehicle experienced problems and the manager, other staff and guards stayed in the store until about 11:30pm until the car was fixed and we were able to drive home. They were gracious enough to keep the lights on outside because our family with 4 kids were waiting. They offered for us to wait inside and allowed us to charge the flashlight. The manager stayed behind until we were able to leave and the guards assisted us too. Our family is very grateful for their kindness and help! Thanks again to Sir Aldrin, his staff, and the guards for their assistance! Thank you Shakey’s Gapan for taking care of your customers even beyond your food and working hours.

- Eren, Shakey’s Gapan Guest

“

It was great! I was scared something would go wrong, like we wouldn’t get the delivery & wouldn’t have anything to eat for dinner but it all went well. The website was easy to use & it was easy to pay. I like that I was notified via SMS & was given an option to track & I could see on the website the status of my order. I even got change even when I thought I paid the exact amount online. I guess something was discounted or it’s a rebate? It was 30 minutes early. Amazing! The food was still hot when we got it. That’s so awesome! We love the quality!

- Marianne, Shakey’s Kapitolyo Guest





# 2021 at a Glance

## Economic Value We Create

In 2021, we were able to generate a total of Php 5.5 billion in economic value, a 3% increase from the year before, attributable to the growth in our systemwide sales as we continue on our road to recovery for the year.

16%

**Payment to our People**

Employee salaries, wages, and benefits amounted to Php 0.8 billion in 2021, which is 16% of our total economic value. This amount presents a decrease of 26% from the year before due to the impact of the right-sizing of our workforce in 2020.

10%

**Economic Value Retained**

Of the Php 5.5 billion economic value that we generated this year, Php 0.5 billion is retained by the company.

6%

**Payment to Providers of Capital**

Total dividends paid and finance costs amounted to 6% of the economic value generated, a 6% decrease from the previous year as we paid off our COVID loans.

3%

**Payments to Government**

Taxes paid to the government comprised 3% of the economic value generated.

65%

**Payment to Suppliers and Other Operating Expenses**

Procurement, production, and manufacturing costs covered most of our economic value distribution at 65%.





# 2021 at a Glance

256  
SHAKEY'S STORES

52  
PERI-PERI  
STORES

2  
PROJECT PIE  
STORES

2  
R&B STORES

PHP 7.0Bn  
IN SYSTEMWIDE  
SALES

7M  
PIZZAS  
SOLD

3.8M kg  
OF CHICKEN  
SOLD

1M  
CUPS OF  
TEA SOLD

1ST DRIVE-THROUGH  
MILK TEA OUTLET IN  
THE PHILIPPINES

RE-LAUNCH OF PROJECT PIE

NEW AND IMPROVED  
SHAKEY'S PIZZA  
SUPER APP

'31 MINUTE  
DELIVERY: IF IT'S  
LATE, IT'S FREE'  
GUARANTEE

anywhere in Metro Manila

312  
TOTAL STORES IN  
THE PHILIPPINES

4  
INTERNATIONAL STORES

29%  
MARKET SHARE\*

PHILIPPINES' SINGLE-LARGEST BRAND OF CHAINED  
FULL-SERVICE RESTAURANTS

67%  
MARKET SHARE\*

LEADER IN FULL-SERVICE PIZZA CHAIN RESTAURANTS

\*Source: Euromonitor 2021



# Our Business Presence

28%  
of system-wide sales

## Dine-in

We aim to provide a unique family and friends experience by always WOWING the guest, not just with our iconic products but also through our beautiful, distinct, and safe store environment.

## 316 Stores

Even during the pandemic, we have built and scaled up our portfolio of brands. We made a bold decision to re-ignite our expansion plan, purposefully investing in our brands and our stores. Store expansion is critical to purposefully increase our brand reach and widen our footprint. For 2021, we increased our store network by 37 stores, higher than our target net increase of 30 stores for 2021, the most aggressive in our history.

72%  
of system-wide sales

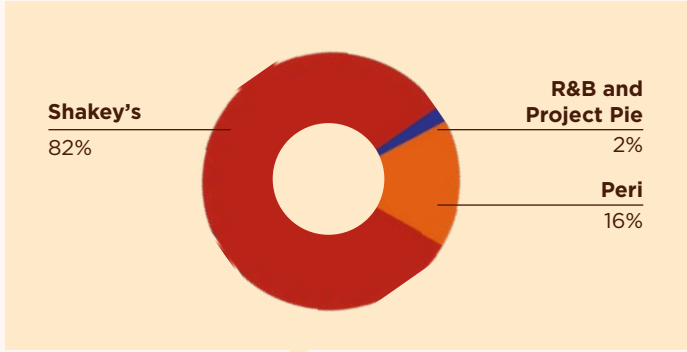
## Delivery & Carry-Out

Guests can also enjoy our products via our off-premise channels. These serve as a steady stream of revenue given the rising need for convenience especially within Metro Manila and the want for more value offerings and services. In addition, these allow guests who are more health and safety-conscious to enjoy Shakey's or Peri within the comforts of their own homes. We have been investing heavily in these channels and expect them to be a major growth driver moving forward.

## Systemwide Store Network

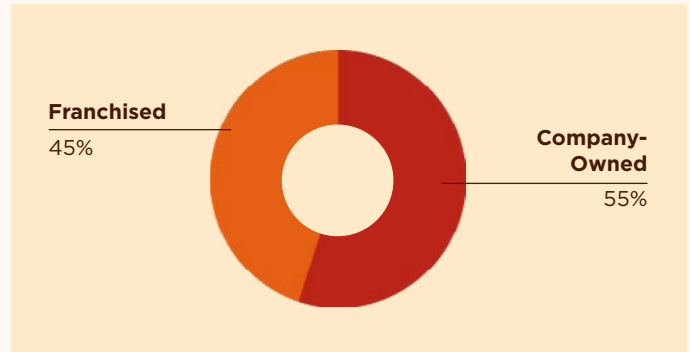
### By Brand

As we continue to grow the Shakey's brand throughout the country, we now also have the Peri brand to leverage on via accelerated expansion. Along with our newer brands R&B Milk Tea and Project Pie, PIZZA is in a position ready for long-term growth.



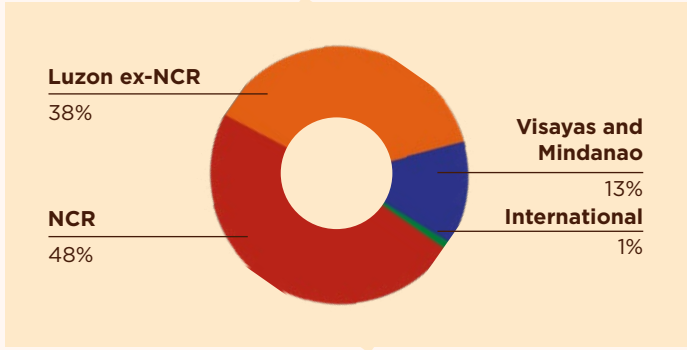
### By Ownership

As we expand further in provincial locations, our ownership mix skews toward franchised stores as we believe local operators are able to provide better on-the-ground execution in those areas. We work closely with our franchisees to ensure consistency throughout our store network.



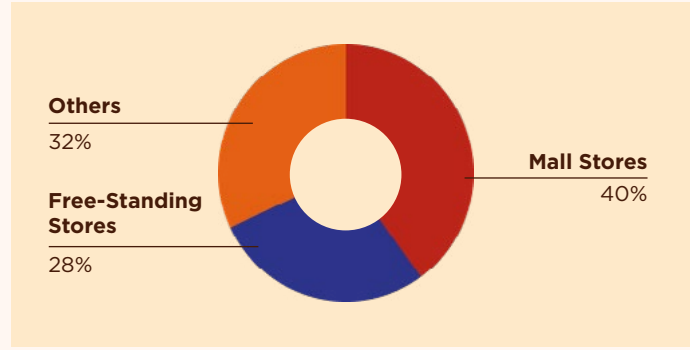
### By Location

About half of our stores are still located in the National Capital Region (NCR). We recognize the opportunities in the other parts of Luzon, Visayas, and Mindanao, and continue to pursue underpenetrated second-tier cities in these regions.



### By Format

Our multiple store formats allow for market and expansion flexibility. These also provide convenience and accessibility to our guests.



### DELIVERY

With a quick phone call or click of a button, guests can have our products brought to them through our delivery service. We continue to invest in our digital and IT capabilities to solidify our position in this space



Single delivery  
hotline number  
#77777

Official website

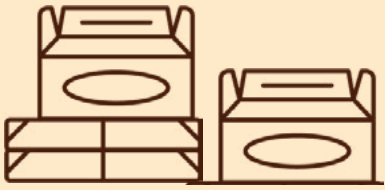
Mobile app

'31 Minute Delivery:  
If It's Late, It's  
Free' guarantee  
anywhere in Metro  
Manila

Third-party  
aggregators

### CARRY-OUT

If in a rush, guests who are near our stores can drop by and grab a bite to-go.



### OTHERS

#### Supercard Classic and Gold

We have expanded the perks and privileges of all SuperCard owners by including benefits from the Peri brand through SuperCard Classic and Gold. We are able to promote our popular paid loyalty card as a must-have by ensuring we continue to provide value to our guests.





# 2021 Milestones

## JANUARY

**Plastic Neutrality Year 2**  
Marked its 2nd year of being 100% plastic neutral



## APRIL

**Vaccination Program**  
Contracted vaccine doses for all employees for free



## MAY

**Entry of JE Holdings**  
Welcomed the entry of a new strategic investor



## JUNE

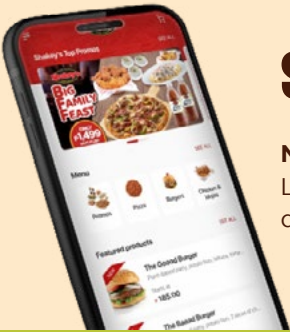
**Project Nerdy**  
Institutionalized the transfer of employees to stores closer to their place of work



**Plant-based Menu Expansion 1**  
Launched the Good Nuggets in partnership with unMEAT

## SEPTEMBER

**New SuperApp**  
Launched the new & improved delivery app



## OCTOBER

**31-Minute Delivery Guarantee**  
Rolled out "If It's Late, It's Free" Anywhere in Metro Manila



## NOVEMBER

**310th Store**  
Opened Shakey's Sorsogon Store

**50th Peri-Peri Store**  
Opened Peri-Peri Matalino Store



**1st R&B Milk Tea Store**  
Opened the first drive-thru milk tea outlet in the country



## DECEMBER

**Project Pie Relaunch**  
Reopened 2 Project Pie outlets at Shopwise



**Plant-based Menu Expansion 2**  
Launched the Good Taco Pizza in partnership with unMEAT and unCHEESE



**Potato Corner Acquisition**  
Announced the acquisition of leading food kiosk brand in the Philippines



# Financial Highlights

201-1

201-2

For the 12 Months Ended 31 December (in PHP million)

## Profit and Loss Statement

	2020	2021	% Change
Net Sales	5,297	5,480	3%
EBITDA (Reported)	459	1,021	122%
Net Income (Reported)	-254	123	

## Balance Sheet

Cash	608	485	-20%
Total Assets	12,220	12,634	3%
Interest-Bearing Debt	4,839	3,741	-23%
Total Liabilities	7,436	6,454	-13%
Total Equity	4,784	6,181	29%

## Cash Flows

Operating Cash Flows	328	966	195%
Capital Expenditures	167	280	68%
Free Cash Flows	161	686	326%
Net Change in Cash	100	-123	-223%

## Ratios

Return on Equity	-5.3%	2.2%	+7.5 pps
Net Gearing Ratio	0.9x	0.5x	-0.4x
Net Interest-Bearing Debt-to-EBITDA Ratio	9.2x	3.2x	-6.0x

## P&L Highlights

In PHP Mill

	2017	2018	2019	2020	2021
Systemwide Sales	8,346	9,361	10,384	6,622	7,011
Revenues	7,004	7,579	8,239	5,297	5,480
EBITDA	1,407	1,500	1,971	459	1,021
Margin	20.1%	19.8%	23.9%	8.7%	18.6%
Net Income	762	841	865	-254	123
Margin	10.9%	11.1%	10.5%	-4.8%	2.2%

## Cash Flow Highlights

In PHP Mill

Operating Cash Flow	972	921	1,704	328	966
Capital Expenditure	768	434	417	167	280
Free Cash Flow	204	487	1,287	161	686
Cash Conversion Cycle (in days)	-21	3	1	9	2

## Other Highlights

Return on Equity	21%	20%	18%	-5%	2%
Net Gearing Ratio	0.9x	0.8x	0.8x	0.9x	0.5x
Net Interest-Bearing Debt-to-EBITDA Ratio	2.6x	2.3x	2.0x	9.2x	3.2x
Total Assets in PHP	9,109M	9,633M	12,333M	12,220M	12,634M

6%

Systemwide Sales  
Growth vs 2020

19%

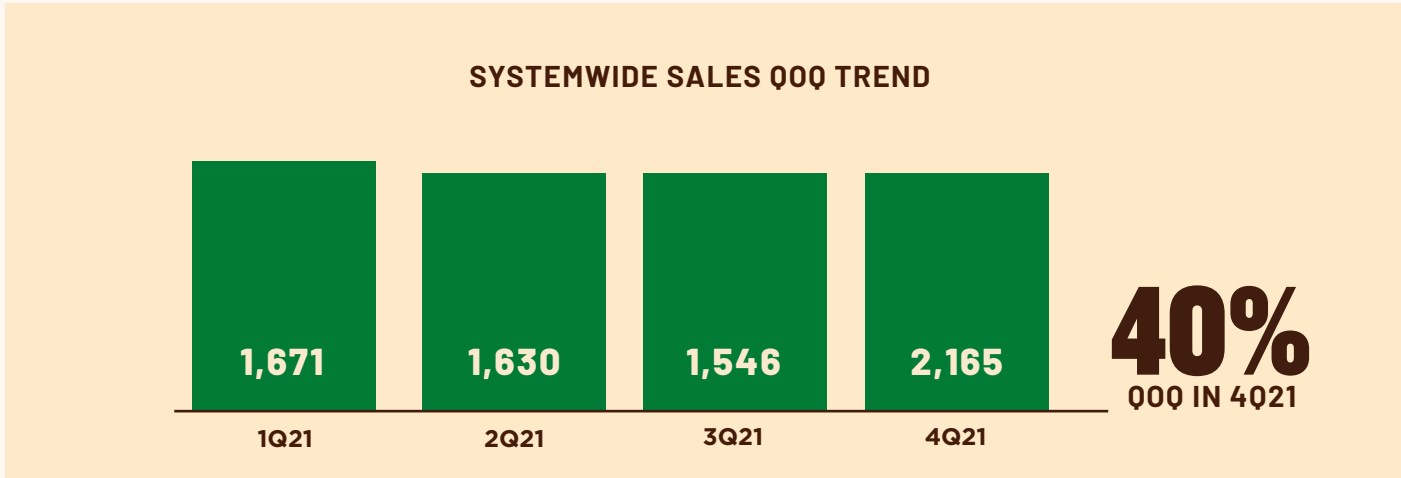
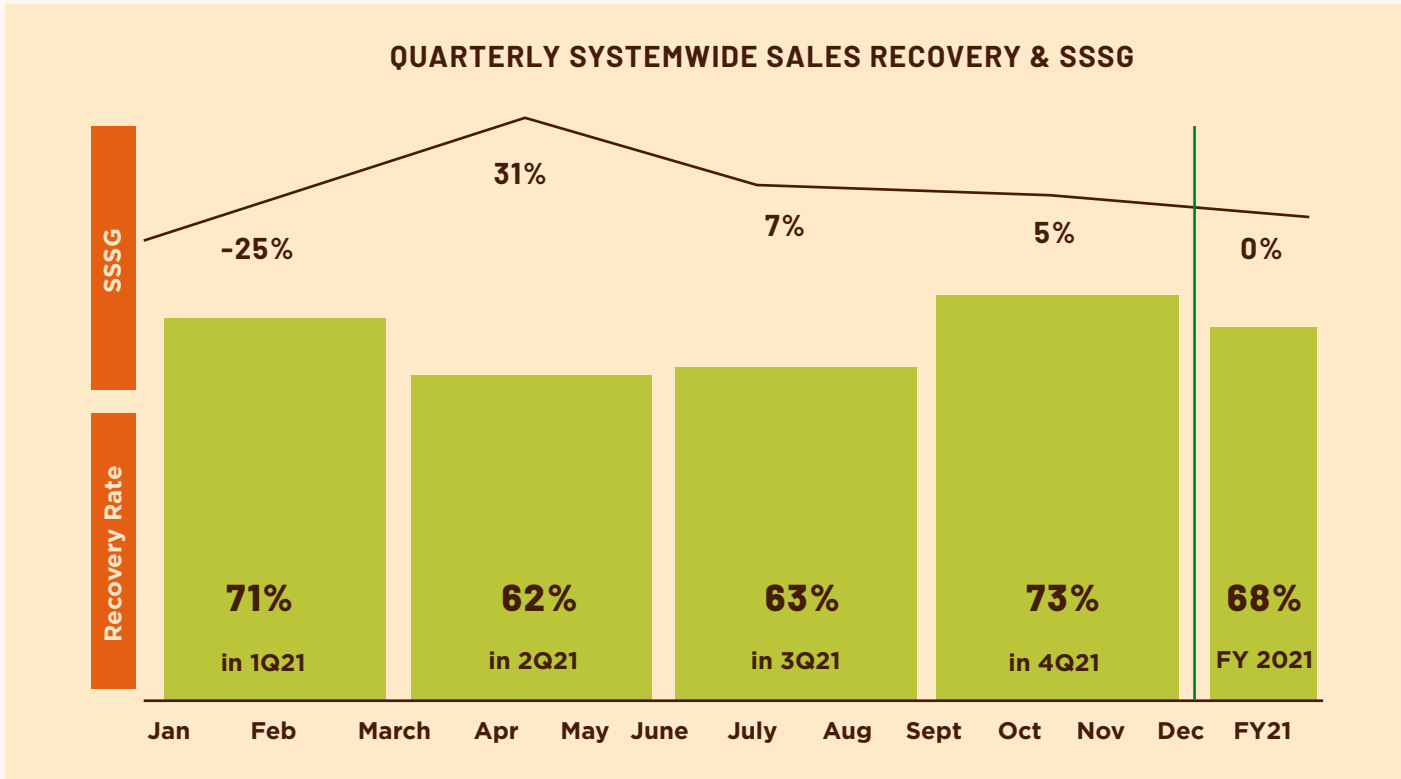
EBITDA Margin

0.5x

Net Gearing



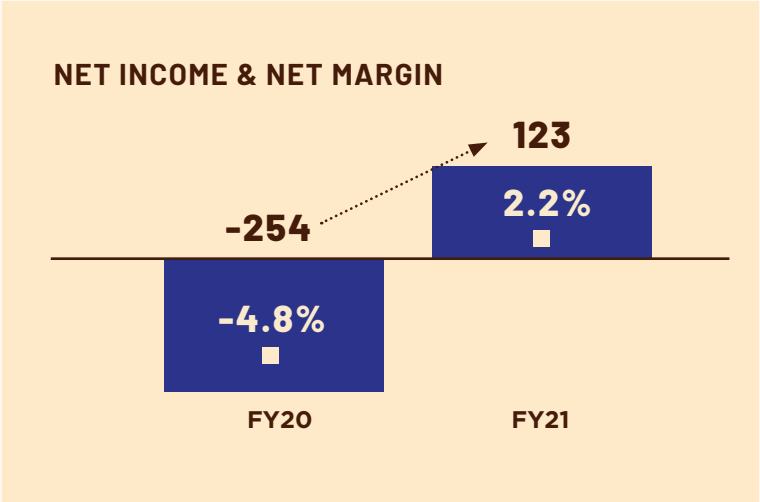
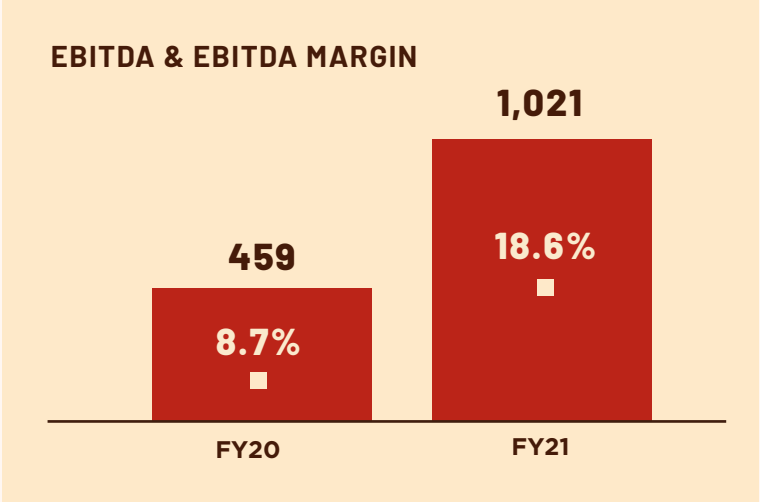
# Measuring Our Financial Performance



Systemwide sales, the combined sales of both company-owned and franchise stores, totaled Php7.0 billion for full-year 2021, equivalent to a 6% growth relative to the previous year. In 2021, there were varying degrees of dine-in restrictions with some months seeing no in-door dining at all. Nonetheless, we were able to grow our topline due to three focus areas: first, our re-ignited store network expansion program that was kickstarted during the early part of the year; second, value creation for our guests that was partly done by launching relevant promotions to serve affordable offerings; and third, our continuous drive to enhance our off-premise channels. With the easing of restrictions in the middle of the fourth quarter of 2021 coupled with the onset of the holiday season, dine-in

sales were significantly up during the last two months of the year. This drove sales recovery for the last three months of 2021 to be at 73%, a significant improvement compared to the third quarter's 63%.

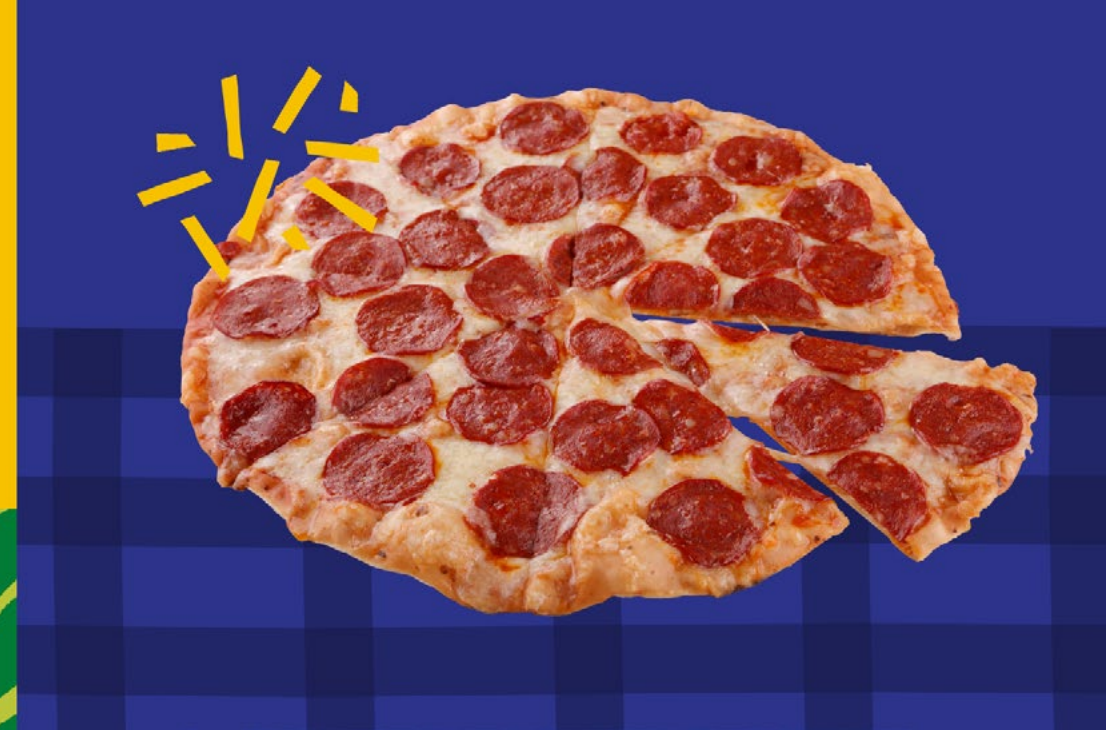
Looking at our profitability, our EBITDA more than doubled versus last year, growing to 1.02B and registering a double-digit margin of 18.6%. Aside from the operating leverage impact of fixed costs, the increase in EBITDA and the improvement in margins were driven by turnaround initiatives begun in 2020 and continuing improvements in operational efficiencies.



These improvements trickled down to net income for the full year, allowing us to return to profitability in 2021.

Going into the second year of the pandemic, we had to navigate through rough terrain, but we remained strong and resilient. We have made great strides in streamlining our operations and managing our costs while still strengthening our brand relevance, especially for off-premise dining. We restarted our store expansion program this year as well. As a result, we generated net income for 2021 and we are looking forward to a strong reopening play in 2022.





# People, Planet, & Pizza

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Pizza







# Our Sustainability Commitment and Focus

## Our Commitment

2-22

Bouncing back from the pandemic would not have been possible without looking beyond short-term financial returns and continuing our commitment to long-term sustainability. PIZZA recognizes that we can only achieve our vision to become the country's most preferred and dominant casual dining and food service player through growing responsibly.

Sustainability has always been part and parcel of the way we do business – with how we WOW our guests, employees, business partners, shareholders, and communities and how we optimize our resource management and supply chain to mitigate our negative impacts on the environment and society. Our mission to be a leading fast casual restaurant in sustainability is championed from the top with our Board of Directors and senior leadership team all the way to the staff on the restaurant floors.



“

We have embraced sustainability and have integrated it into our mission. Our People programs involve the development of our human capital. For Planet, we will optimize our plastic, water, and energy footprints whilst balancing our need to stay competitive and remain good stewards of capital. On Pizza, or the food we serve our guests, we will be an innovator—looking to increase healthier, planet-friendly, and WOWING menu items for both our brands.

- CHRISTOPHER T. PO  
Chairman



“

Above the short-term financial metrics of sales and profit lies the more important long-term strategic health of the brand and the business. There is a lot of work ahead; but with our commitment to this end, we believe we will soon make meaningful contributions.

- VICENTE L. GREGORIO,  
President & CEO



# Materiality Process

3-1

At PIZZA, our material topics are the foundation of our sustainability framework, reporting disclosures, and targets. Hence, we made sure that the identification process of material topics was inclusive and holistic.

Critical to our materiality assessment was the comprehensive stakeholder engagement conducted in 2018. Key internal and external stakeholders – from our middle management, senior leadership, Board of Directors to our investors and key business partners such as suppliers, distributors, and customers – were interviewed to gather their expectations and views on the risks, opportunities, and priorities for the sustainability of the organization. These engagements enabled us to identify the ESG issues that were most important to both our stakeholders and our business.

We then prioritized our material topics and developed a framework to guide and concentrate our sustainability agenda. To focus our impacts, we mapped out metrics and strategies to monitor our performance against the material topics. We regularly assess the concerns of our key stakeholders to ensure that our material topics are still relevant and that our decisions fairly serve their interests (see section on [How We Engage](#)).

# Sustainability Framework

3-2

Our Sustainability Framework, which outlines our main pillars of People, Planet, and Pizza, concentrates our positive impact and addresses sustainability issues that are most relevant to our business and our stakeholders.

## 3 PILLARS

### PEOPLE

Human and social capital remain crucial to our business. We highly value our employees, guests, and the communities that we work with.

SDG 8: Decent work and economic growth



### PLANET

Our use of resources and its consequential impacts are diligently monitored to enable us to carefully manage the inputs on which our business relies.

SDG 12: Responsible Consumption and Production



### PIZZA

Our products remain at the heart of our operations. Our processes ensure that they are safe and of high quality. At the same time, we are constantly looking for new ways to WOW both our guests and our planet through innovation and responsible sourcing.

SDG 3: Good health and well-being



## FOCUS AREAS AND MATERIAL TOPICS

### PEOPLE

#### EMPLOYEES

**Diversity and Inclusion**  
We are committed to building a diverse and inclusive business through a hiring process that places a premium on skills and potential and does not discriminate based on ethnicity, religion, or gender.

**Talent Acquisition and Management**  
We regard our employees as partners in growing the business. Thus, we invest considerably in promoting their professional and personal growth.

**Employee Engagement**  
We continuously engage with our employees through open communication, grievance mechanisms, and competitive benefits to ensure they are dedicated to their jobs and committed to the organization.

**Workplace Culture and Environment**  
Our employees are consistently able to WOW guests as we cultivate an inclusive culture and ensure a safe and healthy working environment.

#### GUESTS

**External Guest Engagement**  
Feedback from our guests, on every aspect of our business, are highly valued and acted upon accordingly.

#### COMMUNITIES

**Job Creation**  
Our growth around the country generates jobs for local communities.

**Livelihood Support**  
We engage in community development and aim to create sustainable social impact.

### PLANET

**NATURAL RESOURCE EFFICIENCY**  
We strive to improve our efficiency in utilizing natural resources by adopting industry best practices in energy and water management

**Energy Consumption Reduction**

**Water Consumption Reduction**

#### ENVIRONMENTAL IMPACT MANAGEMENT

**Greenhouse Gas Emission Reduction**  
We manage our use of natural resources to control our impact on the environment, including the resulting greenhouse gas generated by the energy we utilize.

**Plastic Neutrality**  
We are committed to 100% plastic neutrality (third-party verified) across the entire business.

**Landfill Waste Reduction**  
We explore ways to minimize our packaging and waste footprint.

#### SUPPLY CHAIN MANAGEMENT

**Supplier Credibility**  
We adhere to standards that ensure our materials are ethically sourced.

**Local Sourcing**  
We aim to source more materials locally via exploring contract farming and local processing

### PIZZA

**BUSINESS ALIGNMENT**

**Product Development and Innovation**  
We continue to provide value to our guests with our diversified menu, keeping both old and new guests excited.

**Food Safety and Quality**  
Product quality, that also focuses on guest welfare, is a business aspect accounted for in all parts of our operations.

#### INDUSTRY PIONEER

**Healthier Products**  
As we continue to diversify our offerings, we aim to introduce menu items with healthier nutrition profiles

**Nutritional Transparency**  
We intend to disclose nutrition profiles of menu items for transparency.





GOOD GOVERNANCE

The Company recognizes the importance of good governance. It underpins our ability to progress in our sustainability journey and creates long-term value for shareholders. This applies across our entire value chain, ensuring the organization behaves ethically, complies with rules and regulations, adheres to fair labor practices, and fulfills all other economic, moral, legal, and social obligations towards our stakeholders.

SDG 16: Peace, Justice, and Strong Institutions



Governing and Operationalizing Sustainability

2-12

2-14

PIZZA ensures that effective governance is in place to deliver on our sustainability commitments achieved through various programs.

The Board-level Corporate Governance and Sustainability Committee oversees the implementation of our sustainability framework and periodically reviews the material topics and key ESG risks to adapt our growing business to the evolving landscape – with the next materiality review scheduled in 2023. This is chaired by a Non-Executive Independent Director, ensuring an independent and objective view of critical business issues in sustainability. The committee receives updates and reviews the overall progress on sustainability and corporate governance semi-annually and advises the ESG Steering Committee accordingly. With the rest of the Board, the committee also acts as gatekeeper for sustainability disclosures. See [Committees of the Board of Directors](#) and role and responsibilities of the Board of Directors sections for more information.

Composed of senior executives of key functions and business units and spearheaded by our Chairman and CEO, our Environment, Social, and Governance (ESG) Steering Committee is responsible for driving and embedding sustainability in every aspect of the business. Respective subcommittees manage each P (People, Planet, Pizza) – developing and implementing action plans, programs, and goals, with the Core ESG Steering Committee leading the overall direction of the sustainability framework and ensuring continuous improvement in responsible business practices.

Three separate ESG Steering Committee meetings are held for each ‘P’ of the framework every quarter where the Chairman and CEO check on the progress and execution of current initiatives and the subcommittee discusses opportunities and next steps to further the sustainability framework. The Investor Relations Department acts as secretariat to the meetings and ensures that this governance structure is organized and operating properly.

ESG	
Corporate Governance & Sustainability Committee	Steering Committee
CHAIRMAN	CORE
<b>PAULO CAMPOS</b> Independent Director Co-founder and Chief Executive Officer of Zalora Philippines	<b>Christopher Po</b> - Chairman <b>Ricardo Po, Jr.</b> - Vice Chairman <b>Vicente Gregorio</b> - President & CEO <b>Jean Lapa</b> - Executive Development Consultant <b>Jenny Tan</b> - Group Procurement Director <b>Myrose Victor</b> - Investor Relations Head <b>Dappy Tecson</b> - Investor Relations Manager
MEMBERS	PEOPLE
<b>FERNAN LUKBAN</b> Independent Director Highly regarded consultant in family business, strategy, entrepreneurship, and good governance; founding felloof the institute of Corporate Directors	<b>Jorge Concepcion</b> - Shakey's General Manager <b>Marielle Santos</b> - Peri General Manager <b>Ben Marasigan</b> - HR & Organizational Excellence Director
<b>FRANCES YU</b> Independent Director Retail strategist and market research practitioner, Founder of FJYConsulting, Inc. and former VP of Rustan's Supermarket	PLANET
	<b>Severino Manotok</b> - Technical Services Director <b>Samuel Baltazar</b> - Systems & Project Management Director <b>Kathrina David</b> - Supply Chain Management Head
	PIZZA
	<b>Gale Roque</b> - Research and Development Manager

At PIZZA, sustainability is everybody’s job. We believe the best way to affect the necessary changes expected of a sustainable business is through decentralizing and integrating the responsibility to the existing departments through our ESG Steering Committee so that both business and sustainability decisions are made in conjunction.





# Creating Impact Across Our Business

Our sustainability strategy is anchored on the environmental, social, and economic impacts of our various activities across our business and through our value chain. We mapped out the sustainability issues most important to PIZZA to help us manage our impacts and create greater value for our stakeholders. Whether it's through the jobs we

create and support throughout our value chain or through the environmental and social standards we set for our partners, we continue to identify risks and opportunities to scale our direct or indirect positive impact.



## RESEARCH & DEVELOPMENT

Formulating and testing of food products and non-food materials



## SOURCING

Procurement, storage, and distribution of food and non-food materials



## STORE OPERATIONS

Preparation of food products and services, including the management and maintenance of store logistics and facilities



## BUSINESS SEGMENTS

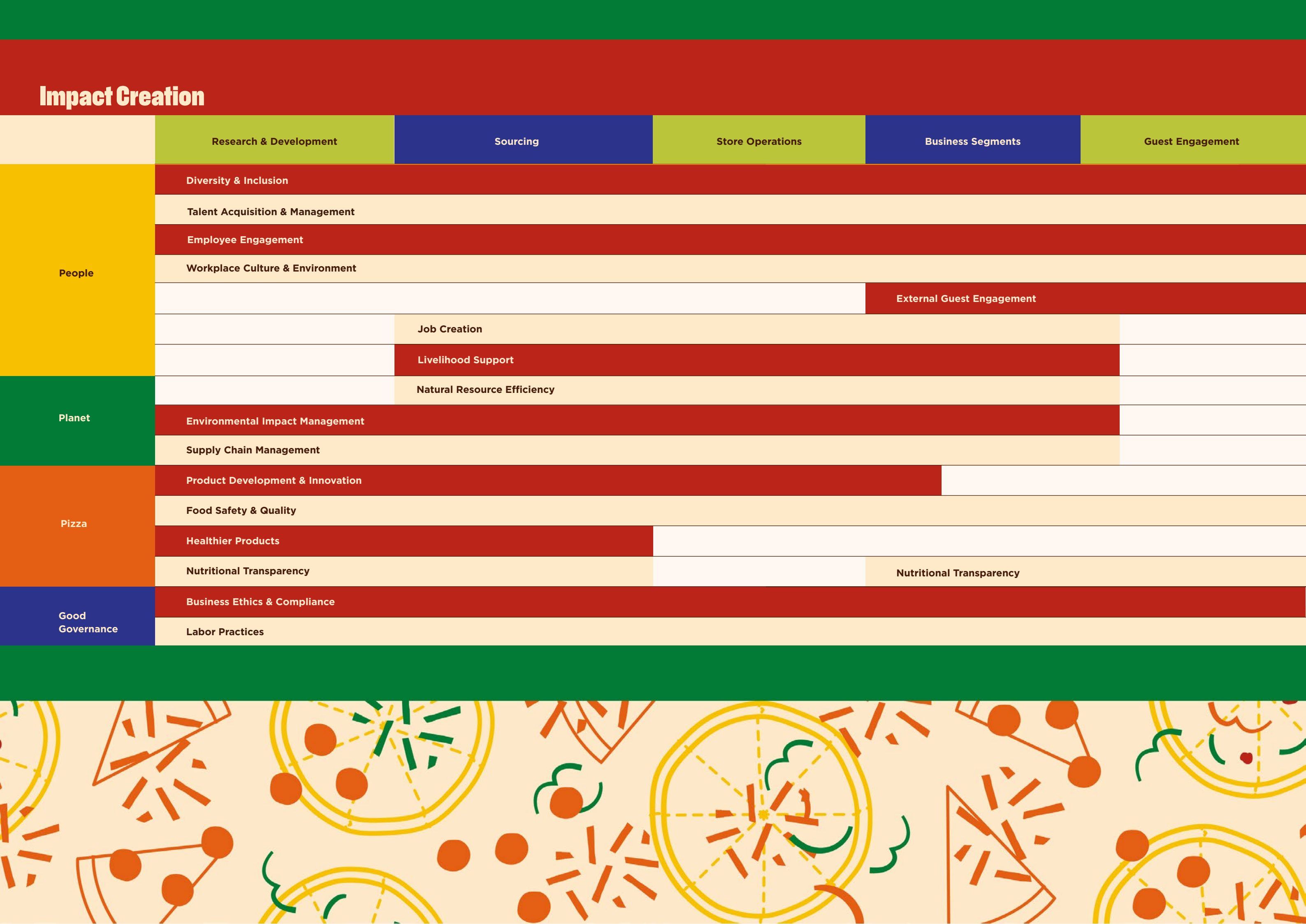
Offering of products and services through dine-in, delivery, carry-out, functions, and the SuperCard+



## GUEST ENGAGEMENT

Marketing and feedback mechanisms conducted for guests





Impact Creation					
	Research & Development	Sourcing	Store Operations	Business Segments	Guest Engagement
People	Diversity & Inclusion				
	Talent Acquisition & Management				
	Employee Engagement				
	Workplace Culture & Environment				
				External Guest Engagement	
		Job Creation			
		Livelihood Support			
Planet		Natural Resource Efficiency			
	Environmental Impact Management				
	Supply Chain Management				
Pizza	Product Development & Innovation				
	Food Safety & Quality				
	Healthier Products				
	Nutritional Transparency			Nutritional Transparency	
Good Governance	Business Ethics & Compliance				
	Labor Practices				



# How We Engage

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CHANNELS OF ENGAGEMENT	CONCERNS	HOW WE ADDRESS THEM
EMPLOYEES		
<ul style="list-style-type: none"><li>Town hall meetings</li><li>Performance appraisals</li><li>Training and development programs</li><li>Informal training and mentorship</li><li>Email blasts and social media</li><li>Team building activities</li><li>Collective Bargaining Agreement</li></ul>	<ul style="list-style-type: none"><li>Company culture</li><li>Career growth and development</li><li>Employee salaries and benefits</li><li>Convenient and safe working environment</li><li>Equal opportunities</li></ul>	<ul style="list-style-type: none"><li>Alignment with Company mission, vision, and values through our onboarding process</li><li>Training programs</li><li>Proper compensation and benefits and voluntary store reassignment programs</li><li>Mentorship programs</li><li>Labor union and grievance mechanisms</li><li>Whistleblower grievance mechanisms</li></ul>
GUESTS		
<ul style="list-style-type: none"><li>Store service</li><li>In-store feedback mechanism</li><li>Guest feedback channels (Email, SMS, Website, App)</li><li>Social media channels – Facebook, Twitter, Instagram, Viber</li></ul>	<ul style="list-style-type: none"><li>Quality of service</li><li>Quality of restaurants and facilities</li><li>Food quality and safety</li><li>Safe eating environment</li><li>Compliance with nationally or globally recognized “standards” i.e. ecological balance/sustainability of life, gender equality, PWD and other worthy causes</li></ul>	<ul style="list-style-type: none"><li>Daily QSCH Readiness Checklist implementation</li><li>Quarterly QSCH audit</li><li>Monthly QSCH Quick Visit</li><li>Annual Calibration of QSCH Standards</li><li>Proficiency Test for Managers</li><li>Maintenance of facilities</li><li>Training of store personnel</li><li>RM Assembly, Specialists Assembly to address Guest Related issues, Best Practices sharing</li><li>Implementation of health and safety protocols</li></ul>
COMMUNITIES		
<ul style="list-style-type: none"><li>Consultation sessions prior to store opening</li><li>Community and advocacy events</li></ul>	<ul style="list-style-type: none"><li>Quality of service</li><li>Hiring opportunities</li><li>Corporate social responsibility</li></ul>	<ul style="list-style-type: none"><li>Partnerships with social enterprises</li><li>Annual charity and advocacy events</li></ul>
SUPPLIER		
<ul style="list-style-type: none"><li>Communication lines (phone, email, meetings)</li><li>Supplier accreditation process</li><li>Supplier negotiations and bidding</li><li>Order placement and PO issuance</li></ul>	<ul style="list-style-type: none"><li>Issues with bidding and procurement</li><li>Scheduling and logistical concerns</li><li>Minimum accreditation requirements and schedule</li></ul>	<ul style="list-style-type: none"><li>Regular engagement with suppliers</li><li>Supplier orientation process on Company policies and commitments</li></ul>

## CHANNELS OF ENGAGEMENT

## CONCERNS

## HOW WE ADDRESS THEM

GOVERNMENT		
<ul style="list-style-type: none"><li>Annual audits, reports, and publications</li><li>Press releases</li></ul>	<ul style="list-style-type: none"><li>Compliance with laws and regulations</li><li>Opportunities and areas for public and private sector collaboration</li><li>Completeness and accuracy of reports</li><li>Transparency and accountability</li></ul>	<ul style="list-style-type: none"><li>Compliance, transparency and timeliness on submission of required reports and renewal of permits and licenses</li><li>Updating of company policies and systems based on latest government regulations, as needed</li><li>Attendance and participation to government-sponsored learning sessions and compliance programs</li></ul>
INVESTORS AND SHAREHOLDERS		
<ul style="list-style-type: none"><li>Investor touch points (meetings, conferences, commissary visits, email, phone)</li><li>Press releases</li></ul>	<ul style="list-style-type: none"><li>Business viability and growth</li><li>Financial outlook and disclosures</li><li>Business risks and opportunities</li><li>Sustainability and ESG</li></ul>	<ul style="list-style-type: none"><li>Facilitating effective two-way communication between the Company and financial community</li><li>Transparency and accountability with regard to the company’s strategic plans</li><li>Regular engagements through different touch points with investors and shareholders</li></ul>
MEDIA		
<ul style="list-style-type: none"><li>Press briefings and conferences</li><li>TV and radio advertisements</li></ul>	<ul style="list-style-type: none"><li>Proper representation and labeling</li><li>Marketing practices</li></ul>	<ul style="list-style-type: none"><li>Regular consultations</li><li>Branding and marketing guidebook</li></ul>







# Our Sustainability Journey

## People

### WHERE WE WERE

2017

2018

2019

2020

### WHERE WE ARE NOW

2021

#### EMPLOYEES

Consistent compliance with all local laws and regulations pertaining to compensation, benefits, and labor requirements, as well as by strictly conforming to all relevant statutes of labor and employment through our code of business conduct and ethics

- Development Programs and Trainings
- Talent Acquisition and Management
- Workforce Profile

- Promotions and Retentions
- Engagement and Evaluation

Project Nerdy: Near & Ready

Vaccination Program

#### GUESTS

- External Guest Engagement via:
- our store staff, WeCare email, Electronic Guest Comment Card, Shakey's delivery hotline, Shakey's website, Shakey's mobile application, Facebook, Twitter, and Instagram

31 minutes If it's late, it's free: Anywhere in Metro Manila

#### COMMUNITIES

- Partnership with Down Syndrome Association of the Philippines, Inc. for the establishment of the Love 'Em Down program
- Partnership with Friends of Hope for the establishment of the "Hope in a Bottle" program

- Provision of opportunities to Students through Special program for Employment of Students (SPES)
- Seasonal employment of people with special conditions or disabilities through SMILE

Meal packs donated to Filipino healthcare workers

A Slice of Hope: Typhoon Odette Relief Operations





# Planet

	WHERE WE WERE				WHERE WE ARE NOW
	2017	2018	2019	2020	2021
NATURAL RESOURCE EFFICIENCY		Monitoring of: <ul style="list-style-type: none"> <li>• Energy Consumption and Intensity,</li> <li>• Water Consumption and Intensity,</li> <li>• Greenhouse Gas Emission and Intensity</li> </ul> Installation of thermal insulation and low-flow hand washing machines in select stores			
ENVIRONMENTAL IMPACT MANAGEMENT		<ul style="list-style-type: none"> <li>• Partnership with World Wide Fund (WWF) for #AyokoNgPlastik campaign,</li> <li>• Partnership with Republic Cement and Plastic Credit Exchange Towards Plastic Neutrality</li> </ul>			
SUPPLY CHAIN MANAGEMENT			Supplier Accreditation Policy	Supplier Code of Conduct & Ethics	



## ABOUT THE CHAPTER

2-2

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This section of the report discloses PIZZA’s social and environmental activities from January to December 2021 in alignment with our financial year. All data points and information disclosed under each sustainability focus area are aggregated to cover all businesses under PIZZA – Shakey’s Pizza, which includes Project Pie and R&B, as well as Peri-Peri. This includes all our company-owned stores, commissaries, warehouses, and corporate support offices operating in the Philippines. As for our

local franchisees, disclosures will indicate if these are covered. Note that our international business, which accounts for only 1% of our sales and store network, is excluded entirely from this sustainability chapter. We will continue to improve our data collection systems to further improve the accuracy, depth, completeness, and comparability of our disclosures.

# Pizza

BUSINESS ALIGNMENT	<b>Product Innovation, Design, and Lifecycle Management</b> Food Safety and Quality: <ul style="list-style-type: none"> <li>• Food Safety Journey</li> <li>• QSCH Audits</li> <li>• Food Safety Training</li> </ul>			
INDUSTRY PIONEER		<b>Healthier Menu Offerings</b> Launch of plant-based Good Burger		<b>Healthier Menu Offerings</b> Launch of plant-based Good Nuggets and Good Taco Pizza





# People

2-7

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## Employees

### Diversity and Inclusion

With over 3,500 employees and workers – PIZZA is committed to building a talent pool that puts premium on a variety of skills and potential, and does not discriminate based on ethnicity, religion, or gender. At PIZZA, we also promote the diversity of our workforce by hiring from the communities where our stores operate. We believe a diverse and inclusive organization is critical for business innovation and longevity.

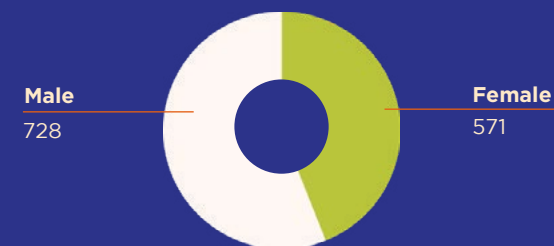
Diversity and inclusion must be reflected from the very top – a diverse set of Board of Directors is vital to drive continuous growth and achieve strategic objectives. Our Board Charter states our Board Diversity Policy and commitment.

Guided by our policies, our Humans Resource Department cultivates an inclusive workplace where all employees, with their multifaceted backgrounds, thoughts, and experiences, are valued and invited to contribute to our growth and success.

As we bounce back from the pandemic and strengthen resilience, we will work with our people – from rank-and-file employees to our Board Members, to better promote and practice diversity and inclusion across our business.

**1,299** TOTAL EMPLOYEES  
IN 2021

PIZZA defines employees as full-time permanent employees, from rank-and-file at the restaurant to executive leaders. This represents the total number of employees by the end of the reporting year.



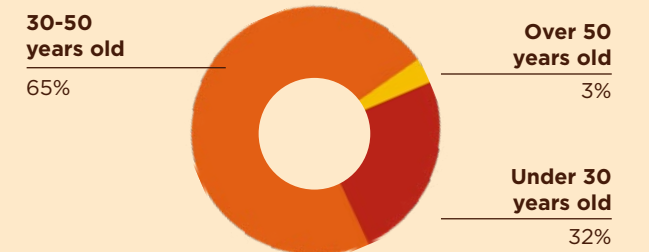
**2,215** TOTAL WORKERS  
IN 2021

Including outsourced personnel, our workforce in 2021 amounted to 3,514. Outsourced personnel are vital to our operations as they comprise our store riders, store members, cluster maintenance technicians, and utilities.

#### Employee Breakdown by gender



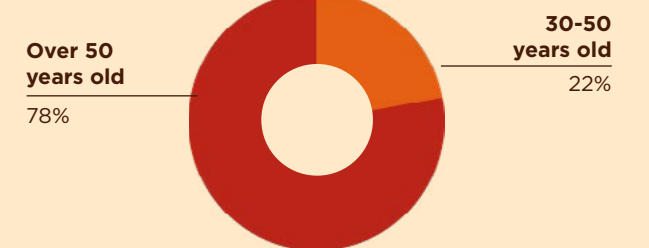
#### by age



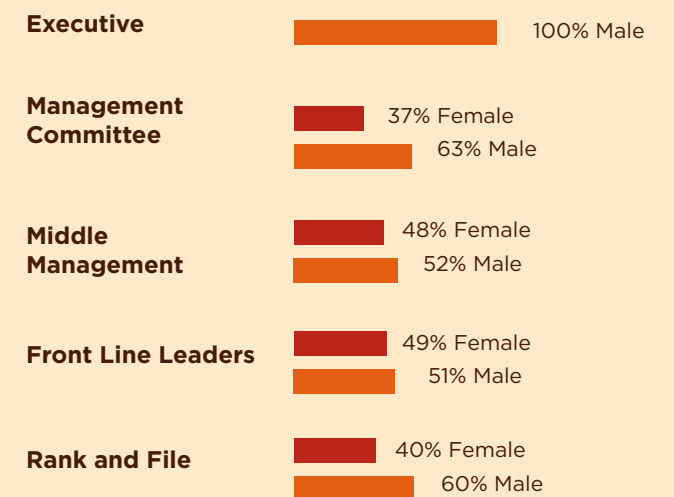
#### Board of Directors Breakdown by gender



#### by age



#### Employee Breakdown by category





# Talent Acquisition and Management

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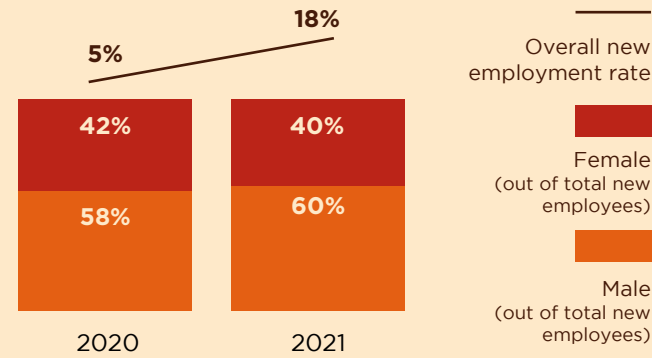
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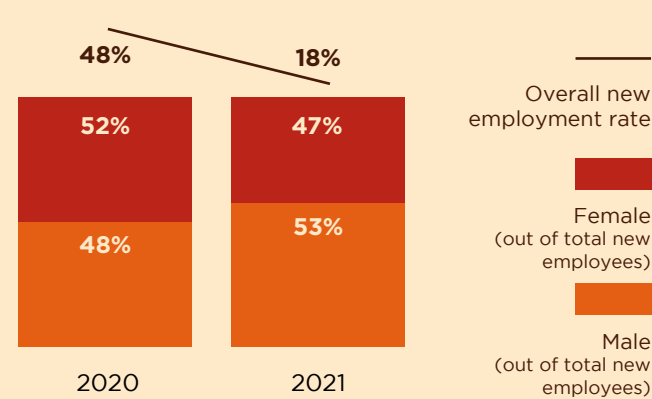
At PIZZA, we believe that a strong talent acquisition and management program allows us to create a culture of high performance and productivity, maintain a highly motivated workforce that is diverse and inclusive, and delivers our seamless guest-centric service.

## New employee rate



In 2021, 7% of our 3,514 workforce were newly hired employees. Out of the 7% new hires, the split between female to male was 40:60 respectively.

## Turnover rate



In 2021, 18% of our 1,299 employees left the organization. Out of the 18% who left, the split between female to male was 47:53 respectively.

As regards to 2020, recall that due to the onslaught of the pandemic, the rightsizing of our workforce was rolled out in the second half of the year. In 2021, as part of our recovery initiatives, we launched our rehiring program.

## REHIRING PROGRAM

As PIZZA continues on its road to recovery from COVID-19, we are reigniting our store expansion program in preparation for the resurgence in dine-in guests. As such, we have been restoring our employee base to support the company's growth.

In 2021, PIZZA recalled and opened employment opportunities to 122 former employees who had excellent track records yet were still out of a job. Out of those offered, we were able to rehire 101 former employees by year-end. We will continue to open these opportunities to work with our businesses, especially to those who have proven their capacity and drive to provide great times and great memories to our guests.



## TRAINING AND DEVELOPMENT

At the helm of driving our people's growth is our Human Resources Division. Guided by our Training and Development policy, our HR teams work with our Department Heads to develop and deliver effective learning programs that build competencies, address performance gaps, adapt to business developments, and prepare high-potential employees as part of succession planning.

Shakey's Company Wide Training Programs and Courses	Company	Franchise	Description
Training Programs	2021 Graduates		
Comprehensive Onboarding Program	81	0	A five-day onboarding program for newly hired employees that covers company orientation and philosophies, product knowledge, guest service, duties and responsibilities, safety and security guidelines, and cashiering
Management Development Program	234	75	Develops Manager Trainees in restaurant operations
Restaurant Train the Trainer Workshop	97	55	Transforms employees both at the restaurant operations and Corporate Support Office (CSO) into credible and effective trainers who can cascade company goals, philosophies, means, and standards to employees
New Store Opening Training	42	105	Equips core teams of opening stores with technical capabilities required for store operations
Restaurant Staff Development Program	147	0	Trains restaurant staff in the technical and leadership competencies necessary for Shift Management positions through leadership training, certification, and dual specialization sessions
Training Courses	2021 Participants		
Operations Training Courses	307	137	Equips and upskills Store Operations employees with technical and leadership competencies that will enable them to perform their jobs successfully
Corporate Support Office Training Courses	77	n/a	Reinforces company goals, philosophies, means, and standards among our CSO employees while also offering learning opportunities to enhance their skill set and improve attitude and habits

At PIZZA, training programs are learning initiatives composed of multiple courses, including classroom training, on-the-job training, and learning assessment tests. Graduates of training programs receive a certification upon completion. On the other hand, training courses are stand-alone courses open to full-time and outsourced employees.

	Female	Male
Average Training (hrs)	9.51	14.43
Full-time Personnel		
Executive	0	1.75
Management Committee (ManCom)	10.66	1.32
Middle Management	11.38	49.35
Front Line Leaders	18.64	18.72
Rank and File	11.04	10.05
Outsourced Workers	5.37	5.37

In addition to the formal training programs mentioned above, continuous hands-on and informal learning opportunities are also offered to PIZZA employees to improve employee engagement and instill the company WOW culture and values. These include sit downs and coaching sessions, general assemblies, team building sessions, People Day feedback conversations, and sales rallies.

## PERFORMANCE MANAGEMENT

To navigate uncertainties and adapt to the disruptions spurred by the pandemic, sound performance management is PIZZA's anchor. Through our annual Performance Management System (PMS), employees set clearly defined goals, receive continuous feedback, and are recognized for their contribution. Both the involved individual and their direct manager work together to monitor and evaluate progress of goals. Our standardized performance appraisal process ensures assessments are done objectively so that Management and employees meet our performance standards.

Through the Individual Development Plan (IDP), selected high-potential individuals collaborate with their manager in choosing 3-4 areas to work on for the year and develop a tailored plan to enhance performance. Since 2019, this development program seeks to not only close competency gaps and promote career growth, but also empower employees to take ownership of their development. IDP takes on a 70-20-10 approach where 70% of upskilling experience is through on-the-job training, 20% is from direct coaching, and 10% is formal classroom learning.

90

FULL-TIME EMPLOYEES RECEIVED PROMOTIONS IN RANK AND POSITIONS

As a result of our various training and development efforts and robust performance management system, 7% of our full-time employees received a promotion during the reporting year thanks to their excellent performance and contributions to the company.



We believe that our authentic WOW culture enables us to drive engagement and performance. PIZZA's [core values](#) are brought to life from onboarding our new hires to sharing inspiring WOW stories with our employees. Every individual at PIZZA is evaluated to demonstrate the values through our Performance Management System.

Our Labor Management Council, co-chaired by both rank-and-file and senior executives, ensures that the employee's right to association and collective bargaining is upheld through our conflict resolution and grievance procedure. On behalf of our company-owned restaurant rank-and-file employees, the recognized labor organization can express concerns regarding their employment terms and work with PIZZA to settle these grievances.

**33%** OF TOTAL FULL-TIME EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

One-third of our total workforce are our regular restaurant rank-and-file employees directly employed in all PIZZA company-owned restaurants.

For our other regular full-time employees not covered by the CBA, such as corporate support employees, employment terms and conditions are based on their respective employment contracts.

It is also our duty to provide a fair and comfortable livelihood for our employees. PIZZA offers competitive and robust compensation and benefits that conform with and go beyond national labor statutes, standards, and requirements through our [Code of Business Conduct and Ethics](#). We regularly revisit our retention initiatives by staying current on market standards for salary and benefits, as well as best practices in developing strong employee relations.

Apart from providing an engaging environment as well as stable employment, we regularly recognize and honor our exemplary employees and high-performing stores.

A healthy and safe working environment is a prerequisite to the wellbeing of our workforce and paramount to the success of our operations. We are committed to our Occupational Safety and Health (OSH) program, in full compliance with RA 11058 and the Department of Labor and Employment (DOLE)'s standards, to create decent and safe working conditions whether in the corporate workplace or on our store and warehouse floors to protect all our employees and workers from injury and health risks.

Instated in 2020, our Health and Safety Committee manages our OSH program. This includes orientation and regular training, support for work permits for at-risk establishments, and provision of select protective equipment. Work-related hazards are regularly identified and assessed for severity and frequency, and given appropriate control systems to prevent these safety risks. Any disabling injury whether permanent or temporary are reported to DOLE and submitted with required supporting documents to be processed.

Our OSH program enables us to be resilient in unforeseen circumstances such as the global pandemic. As of December 2021, 99% of our total workforce, and 100% of company-owned store staff, have received two doses of vaccination against COVID-19. Our vaccination program for employees (including franchise team members), their dependents and key suppliers continues to operate free of charge.

**100%**

of company-owned store staff who have received two doses of vaccination against COVID-19 as of year end.

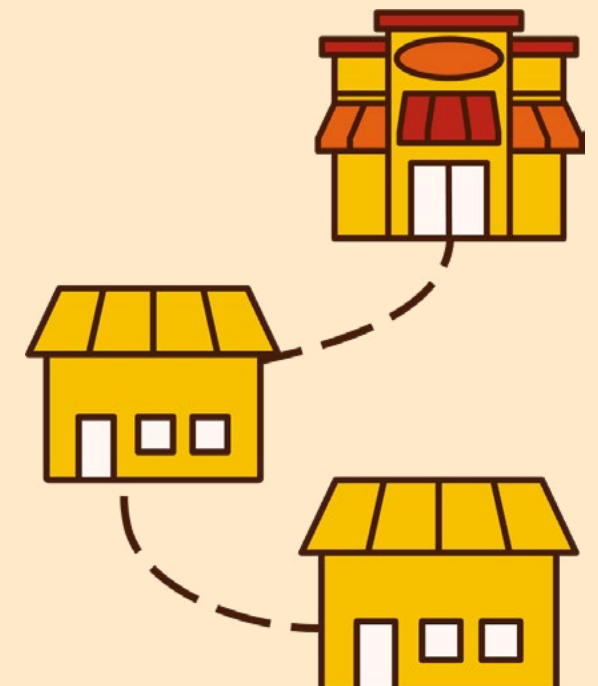
Beyond work-related risks, we support overall health and wellbeing by providing benefits such as medical services and healthcare coverage to our full-time and outsourced employees. Our Organizational Development and Employee Experience team also regularly releases internal communications to promote physical, emotional, mental, intellectual, spiritual, environmental, social, financial, and occupational wellness. We reinforce the Comprehensive Dangerous Drugs Act of 2002 (RA 9165) to establish a drug-free work environment through our Employee Code of Conduct.

## PROJECT NERDY: NEAR & READY

A baseline study in August 2020 told us that a Store Operations employee takes at least 43 minutes to get to work. Hours spent in bumper-to-bumper traffic negatively impacts productivity, job satisfaction, and overall well being. It is also a poor use of transport and degrades the environment. PIZZA responded with Project Nerdy ("Near and Ready"). Through this initiative, we offer reassignment of restaurant employees to locations closer to their homes in efforts to reduce travel time to 30 minutes or less.

By the end of 2021, 90% of Shakey's store employees (2,025 total) and 79% of Peri-Peri store employees (399 total) were assigned to a location within 30 minutes of travel time from their homes – an increase from the average 56% in 2020 and surpassing our 2021 target of 80% and 70% respectively.

Project Nerdy not only boosts employee productivity and satisfaction, but it also prepares PIZZA to be more crisis-ready, especially in times of COVID-19-related lockdowns and their corresponding impact on public transportation.



(2021 update: With our focus on employee welfare and productivity, PIZZA measures time spent to travel to work only and discontinued measuring distance traveled.)



# Guests

## External Guest Engagement

3-3 2-25

We believe that proactive guest engagement through continuous feedback and evaluation deepens relationships and builds loyalty with our consumers. Our Guest Engagement Department sets the tone and drives our guest-centric culture.

Through an integrated feedback management system, we streamline our processes to connect with guests and address their concerns in a timely manner – with a Service Level Agreement to close guest feedback tickets within 24 hours. Whether it's regarding satisfaction, health and safety, or privacy and data security, we engage with our guests across multiple touchpoints such as our WeCare emails, Electronic Guest Comment Card, Shakey's delivery hotlines, Shakey's website, Shakey's mobile application, and social media accounts. The Guest Engagement Department consolidates, analyzes, and reports feedback to continuously improve the way we engage our guests

We received a total of over

**440,000** TICKETS

or documented interactions with customers

Out of the tickets, only

**4%** ARE COMPLAINTS

Essential to our integrated feedback management is our Auto Call Back Resolution. This links a feedback form directly to our In-House Delivery guests who order via our website and mobile application (excluding 3rd party food delivery service providers) to monitor our performance in three service areas – overall experience, delivery promptness, and product quality. Although only 5% of guests respond, 65% of the responses have been positive. Moving forward, we plan to increase our response rate and integrate those who come through our hotline into the system to better understand and serve our guests.

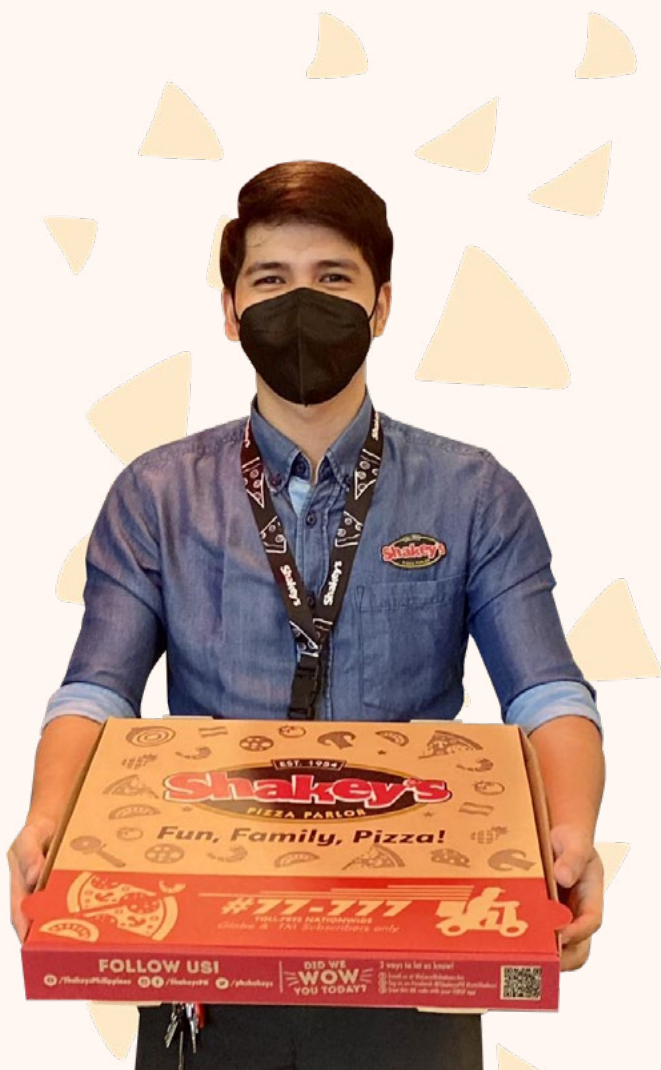
One of the recent shifts in guestt interactions is that more and more guests actively express their concerns through online channels. To continue accommodating their increasing feedback, we are scaling up our in-house Contact Center team dedicated to managing our online interactions with guests.

The insights from our guest interactions help us identify the underperforming stores that need support, as well as excelling stores whose best practices can be replicated. For example, PIZZA has adjusted rider schedules, staffing, ingredients and even menus in response to feedback over 2021.

**ROLLED OUT THE FIRST AND ONLY 31-MINUTE DELIVERY GUARANTEE ANYWHERE IN METRO MANILA**

PIZZA leverages technology and feedback to continuously improve our delivery time. At the same time, we work closely with our drivers to ensure that their safety is not compromised in the pursuit of the goal.

Our guest engagement and management approach leverages technology from response and communication to tracking and evaluation. Therefore, we also put the necessary systems in place to meet industry standards for data security, as mandated by the Data Privacy Act of 2012.



# Community

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PIZZA is accountable to the stakeholders in the communities where we operate, including from where we source our ingredients, supplies, utilities, and staff. Our advocacies go beyond providing quality products and services and are in pursuit of enduring and meaningful partnerships with change agents who share our vision of a better future.

Leveraging our expertise in ingredients, food preparation, and distribution, we find different ways to give back to our communities.



## Job Creation and Livelihood Support

As PIZZA grows, so do the direct and indirect economic impacts of the organization through jobs created and supported along our value chain ecosystem. Whether it's through our partners, vendors, or suppliers, we create jobs and encourage decent working environments. Our Supplier Code of Conduct and Ethics (SCOE) implemented in 2021 is one way where we create positive impact while expanding our locus of positive influence.

### A SLICE OF HOPE: SUPPORTING OUR BROTHERS AND SISTERS AFFECTED BY TYPHOON ODETTIE

The Philippines is one of the most vulnerable countries to the impacts of climate change. For example, it annually experiences around 20 typhoons each year. Last December 16, 2021, Typhoon Odette (internationally known as Rai) made its landfall in the southeastern part of the country, leaving 7.3 million Filipinos devastated without homes, power, water, and food, and resulting in PHP 47 billion worth of damages to agriculture and infrastructure.

Together with World Central Kitchen, PIZZA prepared and distributed meals to those who were heavily afflicted by the calamity. Relief work started immediately with 3,800 meals served by the end of December. By mid-February 2022, we were able to support 25 communities with a total of 72,055 meals served.



**6,042** JOBS SUPPORTED

This comprises company-owned restaurant and corporate support employees and workers, as well as those whose jobs are indirectly supported through our business relationships such as our franchised staff, store riders, call center agents, and employees of partner suppliers whose operations are dependent on PIZZA. This is a 7% increase from 2020 as a result of our store expansion program.

One of our main livelihood support projects, Love 'Em Down, was parked in 2021 due to health and safety reasons caused by the pandemic. We aim to jumpstart this advocacy once conditions are safe for our participants to rejoin our restaurants and interact with our guests and employees.





# Planet

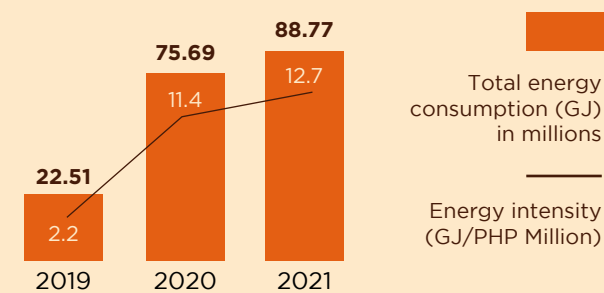
## Natural Resource Efficiency

At PIZZA, we strive to improve the efficiency with which our business consumes natural resources.

### ENERGY CONSUMPTION REDUCTION

Energy fuels our operations with our stores, offices, warehouses, equipment, and vehicles running primarily on electricity, gasoline, and LPG. We recognize that we have more influence with our company-owned stores, nonetheless, we work with our leased spaces and franchisees to improve their energy consumption.

#### Energy consumption (GJ) for Company-Owned and Franchised Stores\*



\*Energy intensity is calculated as total energy consumption divided by total systemwide sales in PHP. This metric means that for every million pesos of sales in 2021, PIZZA consumed 12,661.9 gigajoules of energy.

\*2019 and 2020 energy intensity data previously used square meter as denominator and have been recalculated to use systemwide sales for year-on-year comparability. 2019 and 2020 energy consumption have also been restated based on improved data collection and calculations.

In 2020, more stores were included as a result of a wider data collection scope compared to 2019. However, due to the COVID-19 pandemic, operations have been under extraordinary circumstances, even up to 2021.

We aim to reduce our consumption to maximize energy efficiencies and cost savings. One approach is through behavioral changes where our store employees are encouraged to turn lights off when not in use. Moreover, implementing technology, such as thermal insulation and inverter-type cold storage, also results in energy savings.

### 29 STORES INSTALLED WITH THERMAL INSULATION

One way to reduce energy consumption is to help control and lower our store's ambient temperature by installing thermal installation. As of 2021, 29 stores were fitted with thermal insulation.

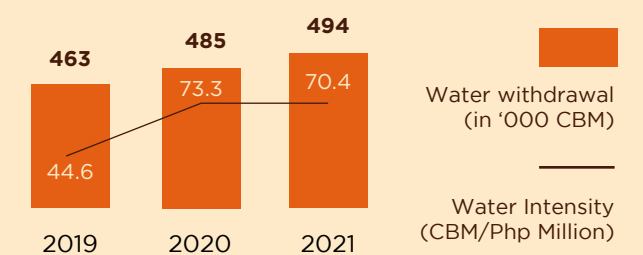
The use of renewable energy for our operations is underway – we are exploring mixed energy sources through solar panel installations at the corporate head office and using solar powered water heaters at our free-standing stores.

### WATER CONSUMPTION REDUCTION

We monitor our water usage to mitigate our environmental impact, manage our operational risks, and ensure the cleanliness and safety of our operations. This is especially important for PIZZA as we operate in high water stress areas such as Metro Manila.

Water is tracked, measured, and analyzed to continuously improve our resource efficiency. Whether it is encouraging our employees and customers to practice water conservation at the stores or investing in new technology such as installing automatic low-flow hand washing machines, we engage our stakeholders to use our water resources responsibly.

#### Water (CBM) for Company-owned Stores



Water intensity is calculated as water withdrawn divided by total systemwide sales in PHP. This metric means that for every million pesos of sales in 2021, PIZZA withdrew 70.4 cubic meters of water.

2019 and 2020 water intensity data previously used square meter as denominator and have been recalculated to use systemwide sales for year-on-year comparability.

We abide by the guidelines set under Department of Environment and Natural Resources (DENR) Administrative Order (DAO) 2021-19 and standards from the City Environment & Natural Resources Office (CENRO) and the Municipal Environment & Natural Resources Office (MENRO), and Laguna Lake Development Authority (LLDA) so that the water discharged from our operations reaches minimum standards set by these regulating bodies.

We are currently developing a wastewater recycling system to recover and reuse water in our operations. The first store for testing this is scheduled in 2022.

### 15 STORES INSTALLED WITH LOW-FLOW HAND WASHING MACHINES

Low-flow technology helps conserve water without compromising cleanliness by releasing the right amount of water. As of 2021, 15 stores were fitted with low-flow hand washing machines.

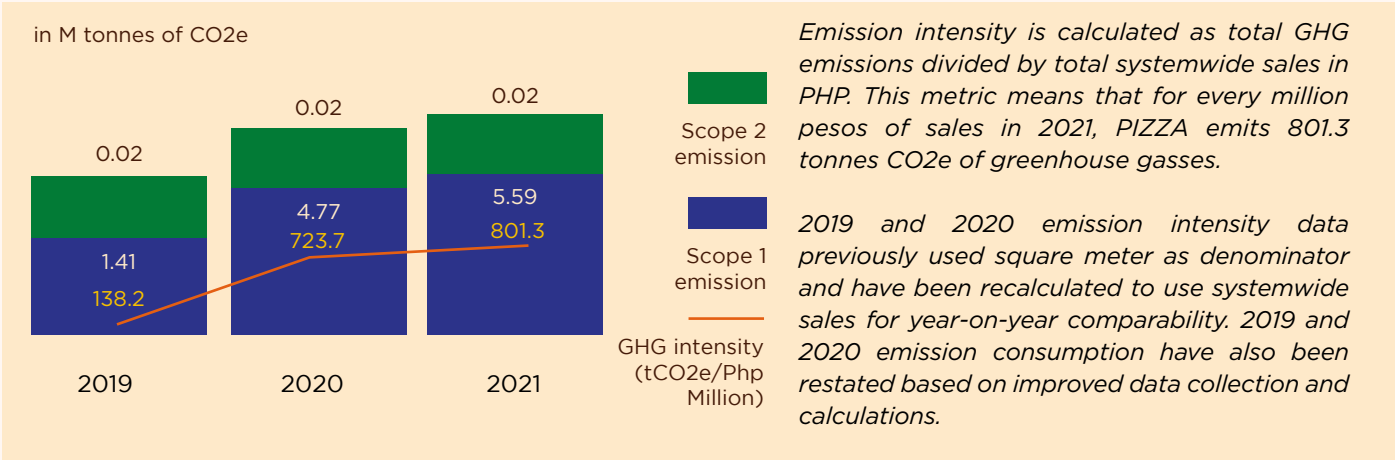


# Environmental Impact Management

Managing our resources responsibly goes hand-in-hand with managing and mitigating our negative impacts on the environment and doing our part in tackling climate change.

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305-2	305-4		

## GREENHOUSE GAS EMISSION REDUCTION



# Landfill Waste Reduction

3-3	301-1	306-1	306-2	306-3	306-5
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From procuring our raw materials and preparing food to managing logistics and serving our guests through multiple sales channels and store formats, PIZZA is responsible for the waste we generate. Our main opportunities lie in improving segregation, recycling, and sourcing more responsible materials.

### Waste from our operations

We currently focus our efforts on plastic (see Plastic Neutrality) and plan to reduce food waste moving forward as these often make up the highest percentage of waste composition within the Food and Beverage industry.

34,924 kg

landfill waste generated in 2021

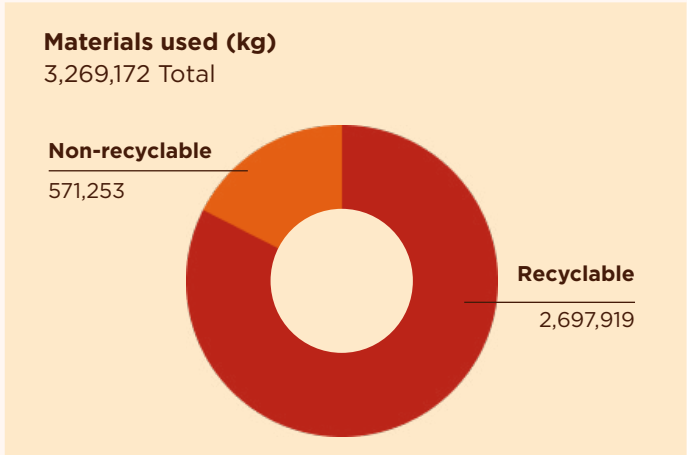
Segregation efforts within the stores and across our corporate offices are now being integrated in our common business practices. At our headquarters, we installed five centralized “Stop Before You Drop” trash bins labeled with different waste types and a materials recovery facility (MRF) to reinforce proper separation of recyclables through behavioral change among our office employees.

Within our company-owned stores, we relaunched Project HuRRRah in 2021 to map our waste streams, establish systematic collection and segregation, and improve data collection and baselining. As of end 2021, we have piloted this with 15 stores in the first two months, with 11 more

stores added towards the end of the year. We intend to roll out the initiative across our remaining company-owned stores and introduce the initiative to franchised outlets in 2022. By 2022, we will establish the baseline of our waste generated and identify key initiatives to reduce at source and recycle waste into new resources.

### Waste from customer packaging

We are also working towards more biodegradable or compostable materials for our consumer-end packaging. As of December 2021, majority of the total packaging spend was already on biodegradable and compostable materials. However, procuring better packaging is only the beginning – the bigger challenge ahead is making sure that these materials are diverted away from landfill and processed into inputs that can be reused. We recognize the complexities in managing the end-of-life stage of consumer packaging considering these would no longer be within our control. In the interim, we offset our usage of non-biodegradable packaging through our Plastic Neutrality.



# Plastic Neutrality

3-3

Undeniably ubiquitous, plastic has long been an essential component to running many businesses, including the restaurant industry. Whether it’s the packaging that preserves our food ingredients, the films used in transport, or the thin lining on our paper takeaway boxes – plastic, often single-use and generally not recycled, is used throughout the supply chain and generated as waste.

However, with the worsening plastic pollution – making its way into our ecosystems and diets, and the emissions from a highly resource-intensive and fossil-fuel-reliant manufacturing process, PIZZA faces an incredible challenge. Unfortunately, the present reality is that sustainable alternatives that are responsibly produced, yet still functional and cost-effective, are difficult to find and adopt.

Tackling plastics remains a key focus area and is part of our commitment to being a sustainable business. For PIZZA to meaningfully contribute to the solution, we must seek more sustainable alternatives and explore ways to reduce our reliance on plastic.

In the interim, our continued partnership with Plastic Credit Exchange (PCX) makes it possible for PIZZA to ensure plastic

waste is removed from the environment to compensate for the plastic waste we generate. The offset mechanism is done by recovering and co-processing post-consumer plastic based on the plastic credits we purchase from PCX. Through its wide network of vetted partners, PCX collects the equivalent plastic waste and turns recyclable plastics into new useful products or co-processes unrecyclable plastics into energy often in lieu of coal.

**JANUARY 2021 MARKS OUR SECOND YEAR OF BEING COMMITTED TO PLASTIC NEUTRALITY.**

Moving forward, to guarantee the integrity and validity of our plastic offsets, we are planning to engage a third-party auditor to verify the quantities of our plastic footprint in terms of end-consumer plastic packaging against the purchased credits. This completes the certification process with our full audit documentation published in the PCX credit registry.

In 2021, 150 out of the 160 metric tons of plastic waste were offset through our purchased credits.

For more information on our Plastic Neutrality program with PCX, visit their website [here](#).





# Supply Chain Management

PIZZA recognizes our contribution to sustainable development is not contained to our operations and direct activities. We believe we can magnify our positive impact across our value chain through the relationships with our business partners.

## Supplier Credibility 3-3 2-25 403-7

As stated in our Supplier Accreditation Policy, we seek business partners that meet our commercial standards, and are aligned with our social and environmental aspirations as a responsible member of the community.

Instituted in 2021, our Supplier Code of Conduct and Ethics (SCOCE) outlines the company’s stance with respect to responsible sourcing and supply chain sustainability as well as the subsequent requirements we expect our suppliers, manufacturers, and service providers to uphold.

The SCOCE covers our standards on:

- Human rights (child labor, forced labor and human trafficking, nondiscrimination, harassment, working hours, wages, and benefits)
- Health, safety, and quality
- Business ethics (business integrity, no gift policy, fair competition, privacy and intellectual property, conflict of interest)
- Environmental compliance with applicable laws and regulations
- Management systems

100%

of current active suppliers signed and acknowledged the SCOCE as a requirement to work with PIZZA

As part of our accountability, we have also provided the company’s contact details in the SCOCE as open communication lines for our partners to report any improper behavior by our people or anyone acting on behalf of our business.

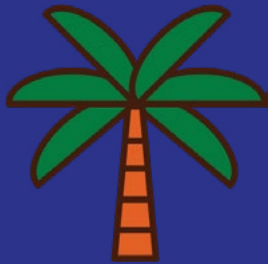
Our next step in maturing our supply chain sustainability is to develop a long-term roadmap that will incorporate ESG criteria into the screening and accreditation process, explore ways to monitor partners’ compliance with the social, environmental, and governance standards set in the SCOCE, and identify and manage any associated risks. We also plan to engage partner suppliers to guide them as they progress towards becoming more responsible businesses.

The role of our Board’s Corporate Governance Committee was expanded to include oversight for supply chain

management. To keep abreast with changes in social, environmental, and governance issues across the supply chain, we will formalize channels to engage with our key stakeholders from our employees and Board of Directors to our suppliers and other external groups such as NGOs, labor groups, or industry peers to help us update and revise our Supplier Code of Conduct and Ethics when necessary.

100%

of palm oil suppliers certified by the Roundtable on Sustainable Palm Oil



## Local Sourcing

3-3

204-1

413-1

As a proud Philippine company with brands well-loved by many Filipinos, we allocate a majority of our procurement spend on suppliers registered and operating in the Philippines, particularly on our food items. Through the years, we continuously partner with local suppliers for most of our requirements.

We continuously develop key suppliers in key provinces and regions to decentralize and decrease freight costs. We believe that with this strategy, we can decrease our carbon footprint and prevent spoilage and waste while supporting local businesses and contributing to the economy.

75%

The local portion of food item spending declined from 84% in 2020 to 75% in 2021 primarily due to rising costs of imported items, especially for R&B which uses more imported raw materials.

Potato supplier meets energy efficiency guidelines and is energy star certified

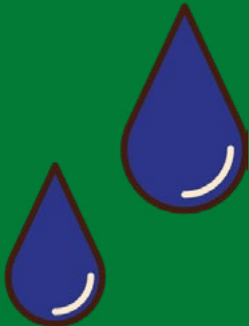


100%

OF CHICKEN LOCALLY SOURCED



Beverage suppliers follow sustainability guidelines on water, community, and supplier principles



100%

OF PRODUCE LOCALLY SOURCED







# Profit-Purpose Alignment

## Product Development and Innovation 3-3

At PIZZA, we constantly look for ways to come up with offerings that are enticing, accessible, unique, and sustainable. Led by our Research and Development team, we believe that developing new products with sustainability in mind drives innovation and WOWs guests.

### PRODUCT CONCEPT DEVELOPMENT

Various new product or menu line concepts are evaluated and tested for market potential using consumer insights. These insights may also point us to innovations for product improvement. Boundaries breed creativity – we practice optimizing the resources that we already have in pursuit of innovative ideas. Raw materials used for a single product are subjected to product innovation when suitable, allowing us to get the most use out of our existing equipment and ingredients and reduce any potential food waste.



### KITCHEN PROFILE DEVELOPMENT

Based on the product concept brief, we develop and fine-tune the kitchen profile to produce a final prototype that is commercially ready. This includes testing the store processes to determine replicability, food and packaging costs, and feasibility of current kitchen equipment.



### PRODUCT FEASIBILITY

The operational viability and scalability of the product are measured through production consistency, financial forecasting, reliability of supply for raw materials and kitchenware, and the distribution capacity through our multiple sales channels.



### PRODUCT LAUNCHING

New products are systematically prepared for introduction to the market. This phase involves supply build-up, systems preparations, the completion of product manuals, as well as training and marketing communication materials.



We work with our store operations and suppliers to determine, customize, and ration the pack sizes of raw materials and items according to the stores' consumption, enabling us to minimize food wastage. Moreover, we collaborate with suppliers to ensure our goods are packed and delivered using materials that secure their quality and safety.

**11** NEW PRODUCTS LAUNCHED

Aside from new product launches, 2021 was marked by the relaunch, Project Pie, and the qualification and accreditation of alternative materials that will ensure supply continuity. We were able to achieve these despite challenges in scheduling, new products being put on hold, and disruptions brought about by the pandemic.

**Pizza**



# Food Quality and Safety

3-3

416-1

416-2

We see to it that the food we serve is of excellent quality and is safe for consumption. We promote and adhere to our health and safety protocols that align with the highest standards demanded by the industry at every stage of our operations, from product development to sourcing, logistics, and production to serving our guests.

## PRODUCT DEVELOPMENT

Governed by the R&D team, our product development phase is safeguarded by our principles in food safety and quality. Specific standards on food quality attributes are developed. A shelf-life guide of materials is maintained to ensure safety and quality.

## AUDIT ON RECEIVING

All materials must be thoroughly inspected upon arrival. Product temperature, delivery vehicle cleanliness, hygiene, shelf-life, and packaging integrity are measured for compliance. Stringent receiving procedures are also carried out for materials delivered to our stores.

## AUDIT ON DISPATCHING

The inspection extends to the dispatching activities to our stores – from the delivery vehicles' compliance with hygiene and temperature requirements, quality and safety of finished products, to the packaging interior before dispatch.

## QUALITY, SERVICE, CLEANLINESS, HOSPITALITY (QSCH) AUDITS

Our internal and external QSCH audits ensure that food safety and quality controls are consistently maintained across all our stores.

Our internal QSCH audit is conducted thrice a year across our company-owned and franchised stores to help us benchmark against similar players in the dining industry. Stores are assessed on:

### Service and Hospitality

We give emphasis on THINK GUEST – one of the main components of our WOW Culture. This not only includes the cleanliness and conditions of our stores, but also the way we engage and serve our guests.

### Product Quality

We pay extra attention to the standard product freshness, storage, and food preparation, and other quality control points.



## SUPPLIER AUDIT

PIZZA procures materials only from suppliers that satisfy our globally accepted food quality and safety standards on food safety practices, microbial hazards assessments, employee and facility sanitation, and end-product analysis. Audits are conducted by our quality assurance (QA) officers during the screening process for new suppliers and as part of risk-based surveillance. In doing so, we uphold the Health, Safety, and Quality requirements in our Supplier Code of Conduct and Ethics.

**24 suppliers were screened for food quality and safety in 2021, out of which 13 were newly accredited while 11 were on probation.** Remote auditing was enacted in 2020 to adapt to travel restrictions brought about by the pandemic.

## FOOD SAFETY TRAINING

It is imperative that PIZZA employees are trained in food handling and serving, as well as recognizing and preventing food-related health hazards. Thus, we require all our food handlers to be certified as food service professionals by ServSafe. This certification covers food safety, time and temperature, cleaning and sanitation, cross-contamination and allergens, and personal hygiene.

## 66% SHAKEY'S COMPANY-OWNED STORES AND FRANCHISES

underwent internal QSCH audits on Product Quality and Service and Hospitality, receiving scores within the desired range of 89% and 83% respectively.

## 81% PERI-PERI STORES

underwent internal QSCH on Product Quality and Service and Hospitality, receiving scores within the desired range of 74% and 80% respectively.

The third-party audit is executed by Mystery Guests who appraise our stores on service and hospitality, cleanliness and conditions of stores, and food quality.

## 51 SHAKEY'S STORES AND FRANCHISEES

underwent Mystery Guest audits on Product Quality and Service and Hospitality, receiving scores within the desired range of 89% and 80% respectively.

**The remaining stores were not audited for QSCH due to community lockdown restrictions.**

During the year under review, there were around 267 incidents, less than 1 per store, representing complaints on food quality and service across all our stores. Incidents are immediately addressed by replacements, vouchers, and free meals. Store managers are empowered to make decisions on how to address these complaints.





# Healthier Products

3-3

Consumers’ taste and eating habits are ever evolving, with the surging demand for healthier alternatives for protein and fiber. Aside from the health benefits, the environmentally conscious consumer has also seen an uptick – choosing to put their money in options that are healthier for the planet.

Shakey’s Pizza embraced these changes with a goal to promote a healthier lifestyle and satisfy the desire for guilt-free indulgence while lightening our environmental footprint. To land on a winning recipe, we worked with our sister company, Century Pacific Food Inc., to come up with just the right product that tastes incredible as any meat-based product yet is affordably healthy and positive for the planet.

Since the launch of our purely meat-free ‘Goood Burger’ back in 2020 – Shakey’s Pizza has since expanded its portfolio of innovative and healthy menu offerings this year, from our successful plant-based chicken nuggets and pizza flavors to vegan Salisbury ‘steak’ and red rice options.

Key to this success was sourcing our patties from Century Pacific’s ‘unMeat’ brand made from non-GMO plant-based

ingredients, with no cholesterol, no preservatives, and no trans-fat content, while remaining as a good source of protein and fiber. Apart from being plant-based, the supply chain for ‘unMeat’ also requires lower consumption of water, land, and energy, and generates less greenhouse gas emissions compared to the production process for meat.

As the first major restaurant chain in the Philippines to make this move into plant-based formats, we aspire to make plant-based eating affordable and accessible to the many. We foresee sustained growth from the positive reception whether from vegetarian, vegan, and flexitarian communities. Following a series of focus group discussions and initial feedback from guests, we believe our new healthy menu offerings may also WOW those who are less familiar with plant-based menu items. Chairman Chris Po is confident that “plant-based food will move from a niche item into a mainstream and will be a high-growth category. I am pleased to find that there is an emerging market for better-for-you, better-for-the-planet food products.”

3

NUMBER OF HEALTHY PRODUCTS LAUNCHED IN 2021



# Nutritional Transparency

3-3

Providing the nutritional profiles of our menu items has been PIZZA’s aspiration. However, due to the pandemic, we pivoted and focused our efforts on developing our

menu to increase our healthy offerings. Nutritional transparency continues to be an important issue to PIZZA as part of promoting a healthier lifestyle with our guests and will be considered in future plans.







# Governance

**96**

Corporate Governance

**106**

Code of Business Conduct  
& Ethics

**108**

Anti Corruption

**109**

Risk Management







# Corporate Governance

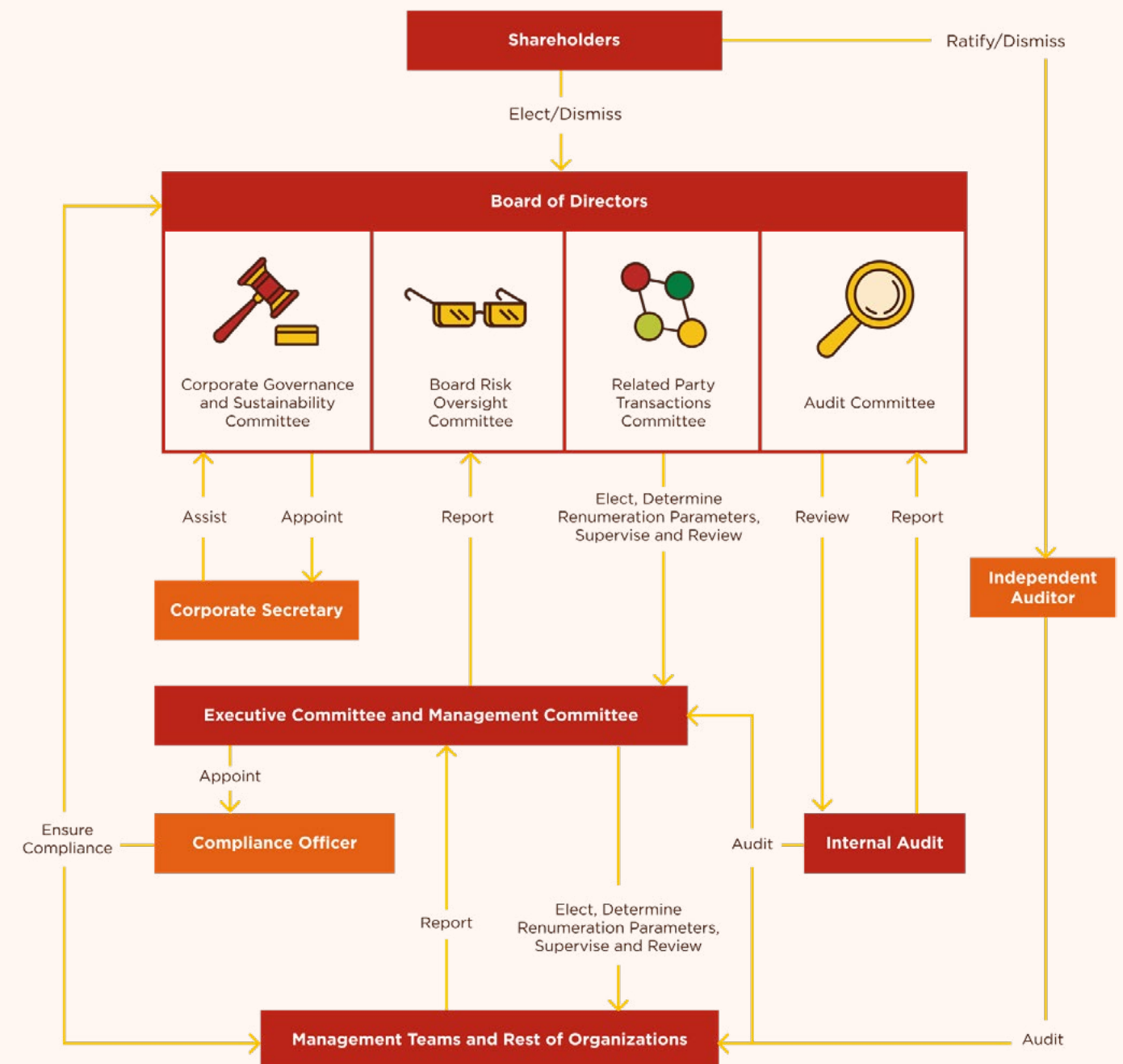
2-9

2-10

## INTRODUCTION

The Company recognizes the importance of good governance to successfully progress in its sustainability journey and create greater value for shareholders. We believe that good corporate governance must span across our entire value chain to ensure the organization

operates along the lines of business ethics, complies with rules and regulations, and adheres to fair labor practices as we continue to fulfill our multiple economic, moral, legal, and social obligations towards our stakeholders.





SHAREHOLDERS

Shareholders are encouraged to actively participate by exercising their rights. Such rights include the following, among others:

1.

Participating and voting during stockholders' meetings
2.

Exercising the appraisal right on instances stated in Section 81 of the Corporation Code
3.

Voting and being voted as director or officer of the Company
4.

Inspecting records of all the Company's business transactions and minutes of any meeting
5.

Receiving dividends declared by the Board of Directors
6.

Sharing in the distribution of the Company's remaining assets after its dissolution and liquidation

Shareholder rights can be found in the Company's Manual on Corporate Governance which is available on the PIZZA website



BOARD OF DIRECTORS

The Board of Directors (the Board) is to act in the best interest of the Company and all its shareholders. The following are some of the roles and responsibilities of the Board.

TO THE COMPANY

1.

Approve the selection and assess the performance of Senior Management and other control functions
2.

Ensure an effective performance management framework is in place to certify Management and personnel performance are on par with set standards
3.

Supervise the proper implementation of and compliance to the Code of Business Conduct and Ethics, including standards for professional and ethical behavior for internal and external dealings
4.

Attend and actively participate in all meetings of the Board and its respective committees
5.

Oversee the development of and approve business objectives and strategies and monitor their implementation
6.

Assure the Company has an appropriate internal control system, including a mechanism for managing potential conflicts of interest of the Board, Management, and shareholders
7.

Make certain there is a sound enterprise risk management framework for key business risks

TO SHAREHOLDERS

1.

Encourage active shareholder participation and minimize costs and administrative impediments to said participation
2.

Be transparent about and fairly promote shareholder rights, and provide processes and procedures for them to follow
3.

Attend and actively participate in all shareholders' meetings
4.

Have a formal and transparent board nomination and election policy
5.

Establish corporate disclosure policies and procedures to ensure the comprehensive, accurate, reliable, and timely report of relevant and material information, including non-financial information



Composition of the Board of Directors

The Board of Directors is to have a collective working expertise that is relevant to the Company's industry or sector.

Majority of the Board should consist of non-executive directors in order to secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.

Additionally, at least three or one-third of the Board, whichever is higher, must be independent directors.

This ensures that no director or group of directors can dominate the decision making process, protecting the Company's interest over the interest of individual shareholders.

A lead independent director is designated should the Chairman of the Board not be independent and is authorized to lead the Board in cases where management has clear conflicts of interest.

The diversity of our Board of Directors is vital as we aim to create a diverse and inclusive organization. The Company's Board Diversity Policy can be found in its Board Charter.

9 BOARD MEMBERS



6  
Directors

3  
Independent Directors

EXECUTIVE DIRECTOR

NON-EXECUTIVE DIRECTOR

51  
Average age

3  
Board Seats held in  
publicly listed  
companies on Average

33%  
independent

QUALIFICATIONS

The Board ensures that it has an appropriate mix of competence and expertise. Its members should also remain qualified for their positions individually and collectively in order to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.

The Company's Nomination Committee pre-screens and accepts the nominations for the board of directors in accordance with the criteria provided in the Company's Manual of Corporate Governance and the Company's By-Laws.

Some of the qualifications of directors include the following:

1.

College education or equivalent academic degree
2.

Practical understanding of the business of the Company
3.

Good standing in the relevant industry, business, or professional organization
4.

Relevant previous business experience

In addition to the above, non-executive directors can only concurrently serve as directors in a maximum of five publicly listed companies to ensure he or she can allot sufficient time for company matters.

Once elected, the directors serve for a term of one (1) year. Unless he/she resigns, dies or is removed, each director holds office until the next annual election and until his successor is duly elected.





## BOARD MEETING ATTENDANCE

Details	Membership and Attendance		
	Stockholder and Board		
Meeting	Annual Stockholder	Regular*	Special*
No. of Meetings	1	4	14
<b>Christopher T. Po</b> Chairman	C 1/1	C 4/4	C 14/14
<b>Teodoro Alexander T. Po</b> Vice Chairman	-- 1/1	M 4/4	VC 14/14
<b>Ricardo Gabriel T. Po</b> Vice Chairman	-- 1/1	VC 4/4	VC 14/14
<b>Vicente L. Gregorio</b> President	-- 1/1	M 4/4	M 14/14
<b>Leonardo Arthur T. Po</b> Treasurer	-- 1/1	M 4/4	M 14/14
<b>Eileen Grace Z. Araneta**</b> Director	-- N/A	M 1/1	M 8/8
<b>Lance Y. Gokongwei</b> Director	-- 1/1	M 3/3	M 6/6
<b>Fernan Victor P. Lukban</b> Independent Director	-- 1/1	M 4/4	M 1 14/14
<b>Paulo L. Campos III</b> Independent Director	-- 1/1	M 4/4	M 14/14
<b>Frances J. Yu</b> Independent Director	-- 1/1	M 4/4	M 14/14

C - Chairman  
VC - Vice Chairman  
M - Member

\* IN 2021 AND DURING THE  
INCUMBENCY OF THE DIRECTOR  
\*\*NO LONGER A DIRECTOR OF PIZZA

## TRAINING

The Company has set guidelines and procedures concerning the orientation program for first-time directors. Its directors attended corporate governance seminars conducted by the Institute of Corporate Directors (ICD) in August 2021. For the year, the annual training focused on good governance principles and practices rooted in purposeful Personal Governance.

## EVALUATION SYSTEM

PIZZA has implemented a annual Board Performance Assessment with the following Criteria and Process of evaluation:

- the structure, efficiency, and effectiveness of the Board
- participation and engagement of each member of the Board
- contribution of each member director to their respective Committees
- the performance of management.

The criteria also reflects the specific duties, responsibilities and accountabilities of each party assessed as provided in the Company's By-Laws, Manual on Corporate Governance, Board Committee Charters and governing policies.

## SUCCESSION PLAN

The Board ensures that an effective succession planning program for directors and key officers is in place. This is to help secure the continuous growth of the Company.

# Committees of the Board of Directors

The Board Committees are to support the effective performance of the Board's functions. Their purpose, memberships, structures, and responsibilities are further discussed in the Committee Charters available on the Company website.

## AUDIT COMMITTEE

The Audit Committee is tasked to oversee Senior Management in maintaining an effective internal control framework which is able to provide assurance in areas including reporting, monitoring compliance with laws, regulations, and internal policies, and the efficiency and effectiveness of operations.

It ensures that both internal and independent auditors are to have unrestricted access to all records, properties, and personnel to enable them to perform their audit functions independently from one another.

It is composed of at least three non-executive directors, the majority of whom, including the Chairman (who should neither be Chairman of the Board nor of any other committee), should be independent. All must be experienced in the areas of accounting, auditing, and finance.

The Audit Committee meets with the Board at least every quarter without the presence of the Chief Executive Officer or any other member of the management team.

## INTERNAL AUDIT

The Audit Committee has an independent Internal Audit function that provides objective assurance and consulting services, monitoring and guiding the implementation of company policies and bringing a systematic approach to evaluating and improving the effectiveness of the Company's governance, risk management, and control functions.

The Committee oversees Internal Audit, recommending the approval of the Internal Audit Charter which contains the function's responsibilities and plans.

It ensures the independence of the Internal Auditor and reviews and monitors Management's responsiveness to Internal Audit.

Additionally, the Audit Committee periodically meets with the Chief Audit Executive, whose appointment is recommended by the Committee.

Darel G. Pallesco was re-appointed as the Company's Chief Audit Executive and has 10 years of experience in auditing, compliance, and risk management roles in various companies prior to joining PIZZA in 2014.

Internal Audit is to render an annual report on its responsibilities, activities, and performance relative to the audit plans and strategies approved by the Audit Committee.

It is also to provide a statement declaring whether it is compliant with the International Standards for the Professional Practice of Internal Auditing.

Internal Audit assists the Audit Committee to ensure:

1. Reliability and integrity of financial and operating information
2. Compliance with policies, plans, procedures, laws, and regulations
3. Safeguard of assets
4. Resources are economically and efficiently used
5. Results of operations and programs are consistent with established objectives, goals, and plans

## EXTERNAL AUDIT

The Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the independent auditor. It should be alerted for any situation that may potentially rise due to conflicts of interest which could impair the independent auditor's objectivity.

SyCip Gorres Velayo & Co. was re-appointed as the Company's independent auditor for 2021 during the Annual Stockholders' Meeting last July 15, 2021, with Maria Pilar B. Hernandez as the engagement partner. It is to assess the Company's audited financial statements and provide its judgment on the compliance of said statements with the Philippine Financial Reporting Standards.

In 2021, SyCip Gorres Velayo & Co. was paid PHP3.42 million for their audit services. SyCip Gorres Velayo & Co. is a member firm of Ernst & Young.



## BOARD RISK OVERSIGHT COMMITTEE

The Board Risk Oversight Committee is to oversee the Company's enterprise risk management system to ensure its functionality and effectiveness. Its responsibility is to supervise Management's activities in managing credit, market liquidity, and operational, legal, and other risk exposures.

It comprises at least three members, of whom majority are independent, including the Chairman (who should neither be Chairman of the Board nor of any other committee). At least one member should be knowledgeable in risk and risk management.

The Committee should always have clear communication with the Chief Risk Officer. Manuel T. Del Barrio, the Company's Chief Finance Officer, was re-appointed as the Chief Risk Officer on July 15, 2020.





### CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

The Corporate Governance and Sustainability Committee is responsible for ensuring the Company’s compliance with corporate governance principles and practices. It periodically reviews the Company’s corporate governance framework to ensure it remains appropriate given material changes in the corporation’s size, complexity, strategy, and business and regulatory environments.

The Committee’s responsibilities will be expanded to includesustainability matters which involve environmental, social, and sustainability governance concerns.

The Committee is also to function as a Nomination and Remuneration Committee, determining the nomination and election process and establishing a formal and transparent procedure in developing a policy for determining remuneration. It comprises at least three members.

### COMMITTEE MEETING ATTENDANCE

Details	Membership and Attendance			
	Board Committee			
Meeting	Audit Committee	Corp Gov and Sustainability Committee	Board Risk Oversight Committee	Related Party Transactions Committee
No. of Meetings	4	2	1	2
<b>Ricardo Gabriel T. Po</b> Vice Chairman	M 4/4	M 1/2	-	M 1/2
<b>Lance Y. Gokongwei</b> Director	-	-	M 1/1	-
<b>Fernan Victor P. Lukban</b> Independent Director	C 4/4	M 2/2	M 1/1	M 2/2
<b>Paulo L. Campos III</b> Independent Director	M 4/4	C 2/2	-	C 2/2
<b>Frances J. Yu</b> Independent Director	-- 1/1	M 1/2	C 1/1	M 1/2

C - Chairman  
M - Member

### RELATED PARTY TRANSACTIONS COMMITTEE

The Related Party Transactions Committee is tasked to review all material related party transactions of the Company. It also informs regulating and supervising authorities relating to the Company’s related party transaction exposures and ensures appropriate disclosures are accomplished.

The Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.

### REPORT OF THE AUDIT COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2021

The Audit Committee is tasked to oversee Senior Management in maintaining an effective internal control framework. The Audit Committee held meetings every quarter last year and and a special meeting to discuss the following:

1. 2020 External Audit Results of SGV & Co.; Presentation of FY21 Financial performance, Internal Audit
2. Presentation of Q1 Unaudited FS; Internal Audit Report
3. Presentation of Q2 Unaudited FS; Internal Audit Report
4. External Audit Plan 2021; Presentation of Q3 Unaudited FS; Internal Audit

### REPORT OF THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2021

The Corporate Governance and Sustainability Committee is tasked with ensuring that good corporate governance principles and practices are complied with and observed by the company. In line with this mandate, the Committee met twice and accomplished the following in 2021:

1. Conducted the Board of Directors self-assessment
2. Discussed the Sustainability Framework of PIZZA, moving from Corporate Social Responsibility to sustainability and a purpose-driven journey

### REPORT OF THE BOARD RISK OVERSIGHT COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2021

The Board Risk Oversight Committee is tasked to oversee the Company’s enterprise risk management system to ensure its functionality and effectiveness. The Committee achieved the following:

- Discussed the Company Business Continuation Plans in light of the Covid-19 pandemic

### REPORT OF THE RELATED PARTY TRANSACTIONS COMMITTEE TO THE BOARD OF DIRECTORS

For the year ended 31 December 2021

The Related Party Transactions Committee is tasked to review all material related party transactions of the Company. The Committee discussed the following:

- Amounts covering related party transactions of the Company with affiliates in the Century Pacific Group of Companies





CORPORATE SECRETARY

Bouncing back from the pandemic would not have been possible without looking beyond short-term financial returns and continuing our commitment to long-term sustainability. PIZZA recognizes that we can only achieve our vision to become the country’s most preferred and dominant casual dining and food service player through growing responsibly.

Sustainability has always been part and parcel of the way we do business – with how we WOW our guests, employees, business partners, shareholders, and communities and how we optimize our resource management and supply chain to mitigate our negative impacts on the environment and society. Our mission to be a leading fast casual restaurant in sustainability is championed from the top with our Board of Directors and senior leadership team all the way to the staff on the restaurant floors.

COMPLIANCE OFFICER

The Compliance Officer is responsible for determining and measuring the Company’s adherence with its Manual on Corporate Governance, relevant laws, the Code of Corporate Governance for publicly listed companies, SEC rules and regulations, and all governance issuances of regulatory agencies.

Manuel T. Del Barrio, the Company’s Chief Finance Officer, was re-appointed as the Compliance Officer on July 15, 2020. He attended his training on corporate governance conducted by the ICD in August 2020.

EXECUTIVE TEAM

The Executive Team, along with the rest of the Management team, answers to the Board of Directors and is responsible for the operations and performance of the Company. It concretizes the Company’s objectives and targets by executing its strategies and attaining set targets. The Team is spearheaded by the Chief Executive Officer. The positions of Chief Executive Officer and Chairman of the Board are held by separate individuals. Their roles in the organization are distinguished below:

CHIEF EXECUTIVE OFFICER

- 1. Supervise, monitor, and control operational activities and performance
- 2. Oversee operational alignment and operating structures
- 3. Determine the Company’s strategic direction and implement its short- and long-term strategic plans
- 4. Oversee operations and all day-to-day management decisions of the Company
- 5. Manage the Company’s resources prudently
- 6. Serve as the link between internal and external stakeholders and provide stockholders with a balanced and comprehensible assessment of the Company’s performance, position, and prospects

CHAIRMAN OF THE BOARD

- 1. Maintain qualitative and timely lines of communication and information between the Board and Management
- 2. Preside Board meetings and ensure its focus on strategic matters such as the Company’s overall risk appetite, key governance concerns, and contentious issues that will significantly affect operations
- 3. Focus on long-term goals and important strategic moves
- 4. Evaluate the performance of high-level executives



REST OF THE ORGANIZATION

The rest of the organization completes the Company and supports its strategies in order to achieve its ever-growing targets. With competent professionals who embody the core values, PIZZA is able to fulfill its purpose of providing great times and great memories...always! As such, attracting, developing, and retaining talent across the organization is of key importance.

PIZZA sets high standards for itself with its WOW philosophy and performance goal of being better than before, better than others, and better than expected. It is an organization with a culture anchored on guest centricity, understanding and respect, excellence, sense of ownership, trustworthiness, strategic thinking, and tenacity. As such, PIZZA sees the importance of investing in its people.

PIZZA continuously strives to boost the entrepreneurial spirit of its people through its Think Guest Program. Its rewards philosophy is to “Pay for Performance” and ensure that high performers are recognized and differentiated from the rest. The Company wants its expansion program to spur the career growth of its people, making sure it retains those who share the same passion for excellence and demonstrate grit in order to sustain PIZZA’s edge in the industry.

The Company’s policies also promote compliance with government regulations on health and safety, while employee welfare policies are designed to help employees achieve work-life balance. It also believes in providing opportunities to people with disabilities and working hand-in-hand with local communities through special recruitment projects.



# Code of Business Conduct and Ethics

2-23

2-24

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3-3

The Company’s policies on the following business conduct and ethics affecting the directors, senior management, and employees are discussed below:

## CONFLICT OF INTEREST

All employees, irrespective of rank, should always act in the best interest of the Company. All conflict of interest shall be avoided and prohibited. In the event that such will occur, the disclosure must be made to the immediate supervisor or human resources head.

## RECEIPT OF GIFTS FROM THIRD PARTIES

All employees are prohibited from accepting gifts based on the no gift policy of the Company.

## CONDUCT OF BUSINESS AND FAIR DEALINGS

Business is dictated by free competition—no monopoly and no price manipulation. Price is dictated by supply and demand. Employees are required to comply with fair trade practices.

## COMPLIANCE WITH LAWS AND REGULATIONS

All employees, in the conduct of business, are obliged to comply with all relevant laws and regulations.

## RESPECT FOR TRADE SECRETS AND USE OF NON-PUBLIC INFORMATION

All employees are required to sign and adhere to a confidentiality agreement. All employees are prohibited from disclosing or using to their own advantage any nonpublic information.

## RECEIPT OF GIFTS FROM THIRD PARTIES

All employees are prohibited from accepting gifts based on the no gift policy of the Company.

## USE OF COMPANY FUNDS, ASSETS AND INFORMATION

All employees are required to act as responsible custodians of all company funds, assets, and information. As such, all are required to protect and preserve company assets.

## EMPLOYMENT AND LABOR LAWS AND POLICIES

The Company complies with all existing employment and labor laws and policies.

## REPORTING OF PERSONAL TRANSACTIONS

All controlling shareholders, directors, and executive officers must report any of their dealings in the Company’s shares as well as changes in their beneficial shareholdings in the Company to the Compliance Officer. Said persons are required to report these transactions within three business days from the transaction date, after which the Compliance Officer will promptly disclose according to relevant rules and regulations the buy or sell details to the Philippine Stock Exchange and Securities and Exchange Commission.

## WHISTLEBLOWER

The Company has a whistleblower policy that provides an avenue for employees to report misconduct of fellow employees, including their superiors, while protecting the employee’s identity and welfare.

## DISCIPLINARY ACTION

Disciplinary actions are meted only after due process. The Company has a Code of Conduct that serves as a guide for the employees’ behavior.

## INSIDER TRADING

The Company’s insider trading policy states that all managers and up are strictly prohibited from buying or selling PIZZA shares for five trading days prior to the release of and up to three trading days after the disclosure of reports containing material information.

Notices of said trading blackouts are issued to covered persons by email.

## CONFLICT RESOLUTION

The Company provides a work environment that is conducive to friendly resolution of disagreement. Superiors should promote amicable settlement of conflicts.





From new recruits all the way up to the Board, PIZZA upholds its zero-tolerance policy against corruption. Anti-corruption training begins at the onboarding session for all new hires, while our Board of Directors receive 1:1 training on management and reporting for incidents. The anti-corruption program and procedures are listed on the company website. PIZZA's Code of Business Conduct and Ethics also covers elements of anti-corruption with provisions on Conflict of Interest, Conduct of Business, Receipt of Gifts, Compliance with Laws, Whistleblowing, among others.

21 areas of operation (26% of total) were assessed for anti-corruption. The risks identified and addressed were primarily around loss of sales due to cash theft, invalid discounting, charging meals at lower price, unliquidated Temporary Cash Advances (TCAs), as well as the undue food costs and expenses incurred from undue chicken delivery variances and foreign objects found inside sacks of chicken

in the reporting year, there were

0 ZERO CONFIRMED CASES OF CORRUPTION



RISKS IN SAME-STORE SALES GROWTH

**We operate in highly competitive markets.**  
The Philippine foodservice industry, in general, is highly competitive with relatively low barriers to entry. As such, many well-established food service businesses compete directly and indirectly with us. We compete with national, regional, and locally owned full-service and casual dining stores that offer dine-in, carry-out, delivery, and catering services. These segments are highly competitive with respect to, among other things, location, managing and meeting human resource requirements, taste, price, raw materials, food quality and presentation, service, brand awareness and loyalty, and the ambience and condition of each store.

**Damage to our reputation and the Shakey's, Peri, R&B, and Project Pie brands, and negative publicity to our stores, could negatively impact our business**  
Any incident that erodes consumer affinity for our brands could significantly reduce their value and damage our business. We may be adversely affected by news reports or other negative publicity regardless of their accuracy regarding food quality issues, public health concerns, illness, safety, injury, customer complaints or litigation, health inspection scores, integrity of ours or our suppliers' food processing, employee relationships or government or industry findings concerning our stores, or stores operated by other foodservice providers or others across the food industry supply chain. Finally, there has been a marked increase in the use of social media platforms and similar devices, making the availability of information virtually immediate as is its impact.

Our growth is dependent, in part, upon our ability to maintain and enhance the value of our brand, consumers' connection to our brand, and positive relationships with our franchisees. We believe we have built our reputation on the high quality of our food, service, and staff as well as on our culture and the ambience in our stores thanks to tried and tested operational systems that cover all aspects of food safety and quality as well as guest service and hospitality.

We must protect, invest, and grow the value of our brand to continue building barriers to entry in this highly competitive industry. Successfully competing in our markets depends on our ability to maintain low-cost operations, allowing us to provide value-for-money options to our guests and further enhance their loyalty via promotions, meal bundles, and loyalty programs, among others.





## RISKS IN INCREASING STORE NETWORK

**Our growth is highly dependent on our ability to open new stores, maintain our existing store network, and select strategically located sites for our store branches.**

One of the key means of achieving our growth strategy will be through opening new stores, both company-owned and franchised, maintaining our existing network of stores (including successfully relocating these stores when necessary), and operating those stores profitably. We may not be able to open stores as quickly as planned. In the past, we have experienced delays in opening some stores due to construction delays, delays in obtaining local permits, and major uncontrollable events such as the COVID-19 pandemic, which could happen again in future store openings. Delays or failure in opening stores could materially and adversely affect our growth strategy and our business, financial condition, and results of operations.

In addition, one of our biggest challenges is locating and securing an adequate supply of suitable store sites in our target markets. Competition for those sites is intense among other store and retail operators, and there is no guarantee that enough suitable sites will be available in desirable areas or on terms that are acceptable to us to achieve our growth plan.

**Opening new stores in existing markets may negatively affect sales at our existing stores.**

Opening a new store in or near markets in which we already have stores could adversely affect sales at these existing stores. Existing stores could also make it more difficult to build our guest base for a new store in the same market. Sales cannibalization between stores, which could affect our sales growth as we continue to expand our operations, could adversely affect our business, financial condition, and results of operations.

## RISKS IN MAINTAINING PROFITABILITY

**Changes in food and supply costs and availability could adversely affect our results of operations.**

Our food distributors and suppliers may be affected by higher costs to produce and transport commodities used in our stores, higher minimum wage and benefit costs, and other expenses that they pass through to their customers which could result in higher costs for goods and services supplied to us. We may not be able to anticipate and react to changing food costs through our purchasing practices and menu price adjustments in the future. As a result, any increase in the prices charged by suppliers would increase the food costs for our company-owned stores and for our franchise owners and could adversely impact profitability.

Our ability to open new stores and maintain our existing store network also depends on using our brand strength and proven track record to negotiate new leases or renew existing leases at acceptable or favorable terms. We also ensure that we have identified, hired, and trained qualified employees for each site from the development of the store to construction and to the eventual opening and operational execution.

In particularly competitive markets, managing construction and development costs of stores is key. There are instances where unavoidable delays and overruns will occur due to delays by landlords in delivering leased premises to us, unforeseen engineering or environmental problems, trouble securing required government approvals and licenses, inclement weather, natural disasters, and other calamities. In these cases, we manage the overall system growth rate by ensuring we have a number of back-up sites and sufficient funds from operations to finance any incremental costs.

Our primary business strategy does not entail opening new stores that we believe may materially affect the sales at our existing stores, a large portion of our stores is still concentrated in the greater Metro Manila area. There are still many opportunities to expand beyond the usual first-tier cities and even internationally. Moreover, we may selectively open new stores in or around areas of existing stores operating at or near capacity to effectively serve our guests and create a better dining and delivery experience. This, in the long run, is beneficial to the brands and results in continued increase in sales.

**We rely on key suppliers for certain raw materials and the failure of those suppliers to adhere to and perform contractual obligations may adversely affect our business.** We rely on key suppliers for certain raw materials. Any material interruptions in our supply chain, including failure or delays in delivery, such as a material interruption of ingredient supply due to the failure of third-party distributors or suppliers or interruptions in service by common carriers that ship goods within our distribution channels and global supply chain congestion, may result in significant cost increases and impact supply, thereby reducing store sales.

Our profitability and operating margins are dependent, in part, on our ability to anticipate and react to changes in food and beverage costs, particularly the costs of key ingredients such as cheese, chicken, and potatoes. We religiously monitor prices as well as the supply and demand situation of the raw material to ensure we are adequately covered at reasonable prices. We also maintain a network of alternative distributors or suppliers who can provide contingent supply on a timely basis. Moreover, we work closely with key third-party service providers to monitor their adherence to and performance of contractual obligations.

In addition, we may choose to pass along commodity price increases to our guests as long as we continue to provide them value for their money and a high-level dining experience relative to peers at the same price point.



## RISKS IN FRANCHISING

**Our results of operations and growth strategy depend, in part, on the success of our franchisees, and we are subject to various additional risks associated with our franchise owners.**

Franchisees are independent contractors and are not our employees, and we do not exercise control over their day-to-day operations. A portion of our revenues comes from royalties and sales of raw materials and supplies and equipment to our franchisees which we expect to continue in the future. Accordingly, we are reliant on the performance of our franchise owners in successfully opening and operating their stores and paying royalties to us on a timely basis.

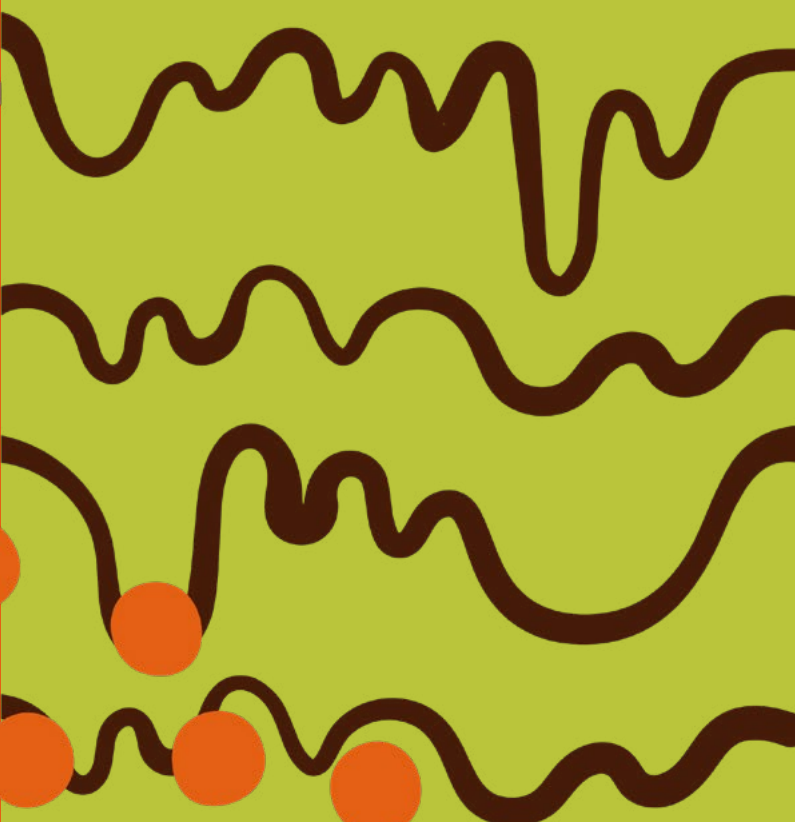
**If we fail to identify, recruit, and contract with a sufficient number of qualified franchise owners, our ability to open new franchised stores and increase our revenues could be materially adversely affected.**

The opening of additional franchised stores depends, in part, upon the availability of prospective franchise owners who meet our criteria. We may not be able to identify, recruit, or contract with suitable franchise owners in our target markets on a timely basis or at all. In addition, our franchise owners may not have access to the financial or management resources that they need to open the stores contemplated by their agreements with us; or they may elect to cease store development for other reasons. If we are unable to recruit suitable franchise owners or if franchise owners are unable or unwilling to open new stores as planned, our growth may be slower than anticipated which could materially adversely affect our ability to increase our revenues, our business, financial condition, and results of operations.

We provide training and support to franchisees and oversee the quality of franchised store operations through a network of area business managers whose performance metrics are also tied to the performance of franchisees within their scope.

The strength of our brand and the industry-leading economics of our stores afford us a wide array of interested franchisees. Moreover, many of our franchise owners operate more than one store; so our growth strategy includes tapping the significant number of existing franchise owners who are interested in increasing their own network. In selecting our franchisees, we ensure that they have the business acumen and financial resources necessary to successfully operate franchises in their franchise areas in a manner consistent with our standards and requirements and that they will hire and train qualified managers and other store personnel. Our franchise agreement also adequately covers situations wherein franchisees do not meet our standards and requirements and any other disputes when they may arise.





## Other Highlights

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Contact Information





# Investor Relations Program

Maintaining open communications and credibility with various stakeholders is a priority of Shakey's Pizza Asia Ventures, Inc. (PIZZA).

As the COVID-19 pandemic continues, much uncertainty remains in our operating environment.

In 2021, we experienced a myriad of challenges stemming from the pandemic - varying quarantine restrictions, supply chain congestion, and new COVID-19 variants posing a threat to the health of our people and guests.

Given this environment, our job in IR is to ensure constant and timely communication with our stockholders. As such, the team kept investors informed by providing sufficient information despite the uncertainty, so that they can also make informed decisions.

Our IR team recognized that it is during these uncertain and challenging times that we need to be more visible and transparent when engaging with our investors. Thus, we continuously updated them about critical developments and highlighted our long-term priorities and competitive strengths as we navigated through and looked beyond the crisis to prepare for the coming economic reopening.

We ensured that investor communications - websites, presentation decks, annual reports, one-on-one and group virtual meetings and email correspondence - are consistent in providing a clear picture of our current state of operations and strategy. Most importantly, our team ensured that the Chairman and CEO consistently engaged with investors and analysts during this crucial time for our company.

Simultaneously, we also embedded ourselves in the day-to-day operations of the business. From attending daily crisis meetings to giving insights during key decision-making sessions, the team believes that this level of involvement benefits both the company and its investors. Through our participation, we are able to relay the interests and concerns of stockholders so that they are taken into consideration whenever management makes important decisions. Our firsthand experience in delving into operations also enables us to provide investors the best information and insights in this very challenging time.

As a leader in our industry, our company believes that it should continue to be at the forefront of upholding the best practices and best values of prioritizing the safety and welfare of our stakeholders. As these efforts continue to materialize, our IR team will continue to exert our best efforts in protecting the interests of our stockholders.

## INVESTOR RELATIONS TEAM 2021

MYROSE VICTOR

GIOVANNA VERA\*

DAPPY TECSON

JACLYN JIMENEZ\*

CHASE GAERLAN

[investorrelations@shakeys.biz](mailto:investorrelations@shakeys.biz)

*\*No longer with Shakey's Pizza Asia Ventures, Inc.*

**PIZZA** IR

## How We Engage

### GLOSSY ANNUAL REPORT



### MEETINGS WITH CURRENT AND POTENTIAL INVESTORS



### 8 VIRTUAL CORPORATE ACCESS EVENTS



### CONFERENCE CALLS ON QUARTERLY FINANCIAL RESULTS

April 5: Full Year 2021 Earnings Call  
May 12: First Quarter 2021 Earnings Call  
August 11: Second Quarter 2020 Earnings Call  
November 11: Third Quarter 2020 Earnings Call

### SELECTED STORE VISITS



### 19 PRESS RELEASES



### CORPORATE WEBSITE <https://www.shakeyspizza.ph/>



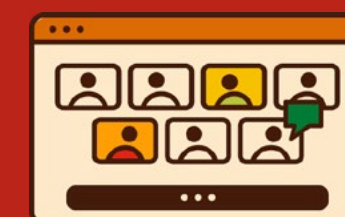
### ATTAINMENT OF SELL-SIDE COVERAGE FROM BROKERAGES

Institution	Analyst	Latest Report
BDO Securities	Rodd Vagilidad	NEUTRAL
BPI	Angelo Torres	BUY
CLSA	Joyce Ramos	BUY
COL Financial	John Luciano	HOLD
Credit Suisse	Hazel Tanedo	OUTPERFORM
PNB	Alvin Arogo	OUTPERFORM
Regis Jefferies	Carissa Mangubat	BUY

### NON-DEAL ROADSHOWS TO KEY FINANCIAL MARKET CENTERS



### WELCOMING ANNUAL GENERAL MEETING



### TRADITIONAL AND SOCIAL MEDIA COVERAGE





# Investor Relations Calendar 2021

## JANUARY

J.P. Morgan Philippine Conference



## MARCH

CLSA Philippine Access Day



## APRIL

FY20 Earnings Release



## JUNE

Citi Pan Asia Regional Investor Conference (Virtual)

Credit Suisse Asia Consumer Corporate Day



## MAY

1Q21 Earnings Release



## JULY

Credit Suisse Philippines Finding Alpha



## AUGUST

2Q21 Earnings Release



## SEPTEMBER

JP Morgan Rising Dragon



## DECEMBER

IR Magazine 2021 Southeast Asia Awards Finalist: Best in Crisis Management

## NOVEMBER

Regis Reverse Roadshow 3Q21 Earnings Release



## OCTOBER

Jefferies & Regis Partners Philippines Corporate Access Day



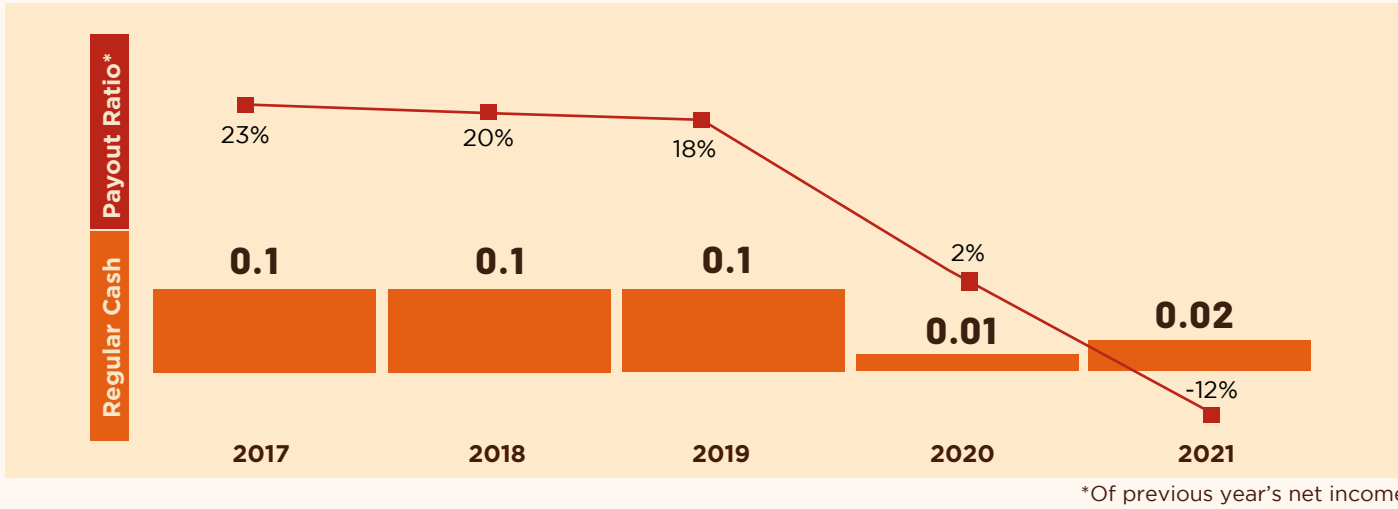


# Stock Highlights

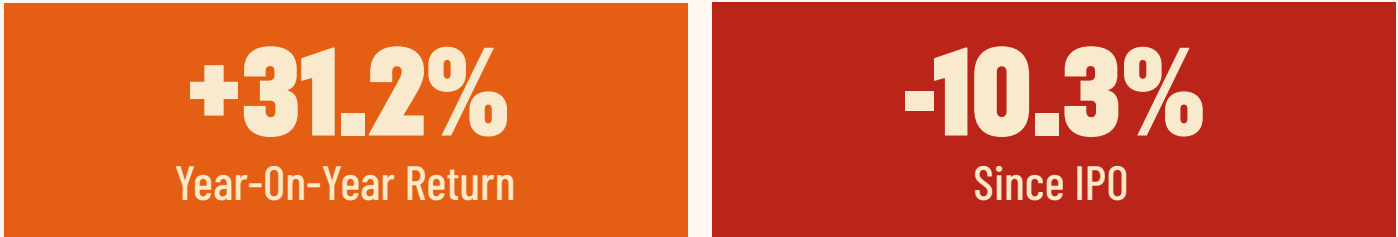
## Stock Exchange

Shakey’s Pizza Asia Ventures, Inc. is a publicly listed corporation. It held its Initial Public Offering (IPO) on December 15, 2016, and is listed on the Philippine Stock Exchange (PSE) with “PIZZA” as its ticker symbol. The stock has a minimum board lot of 100 shares and no foreign ownership limit.

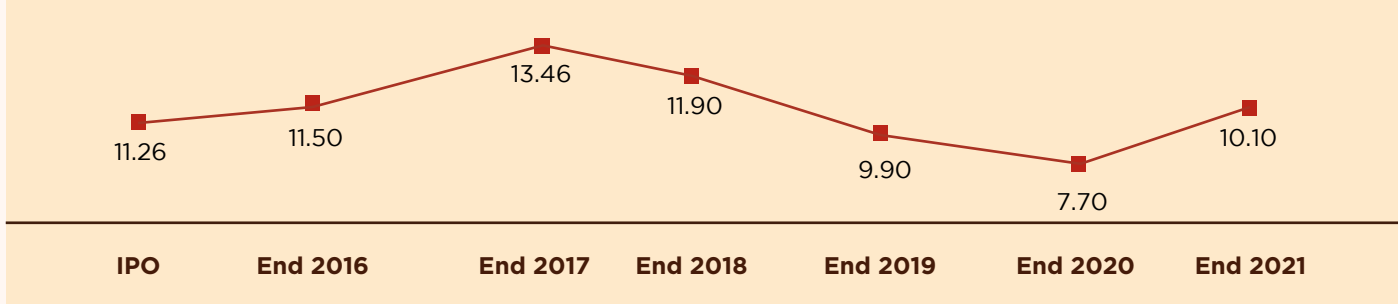
## DIVIDEND HISTORY



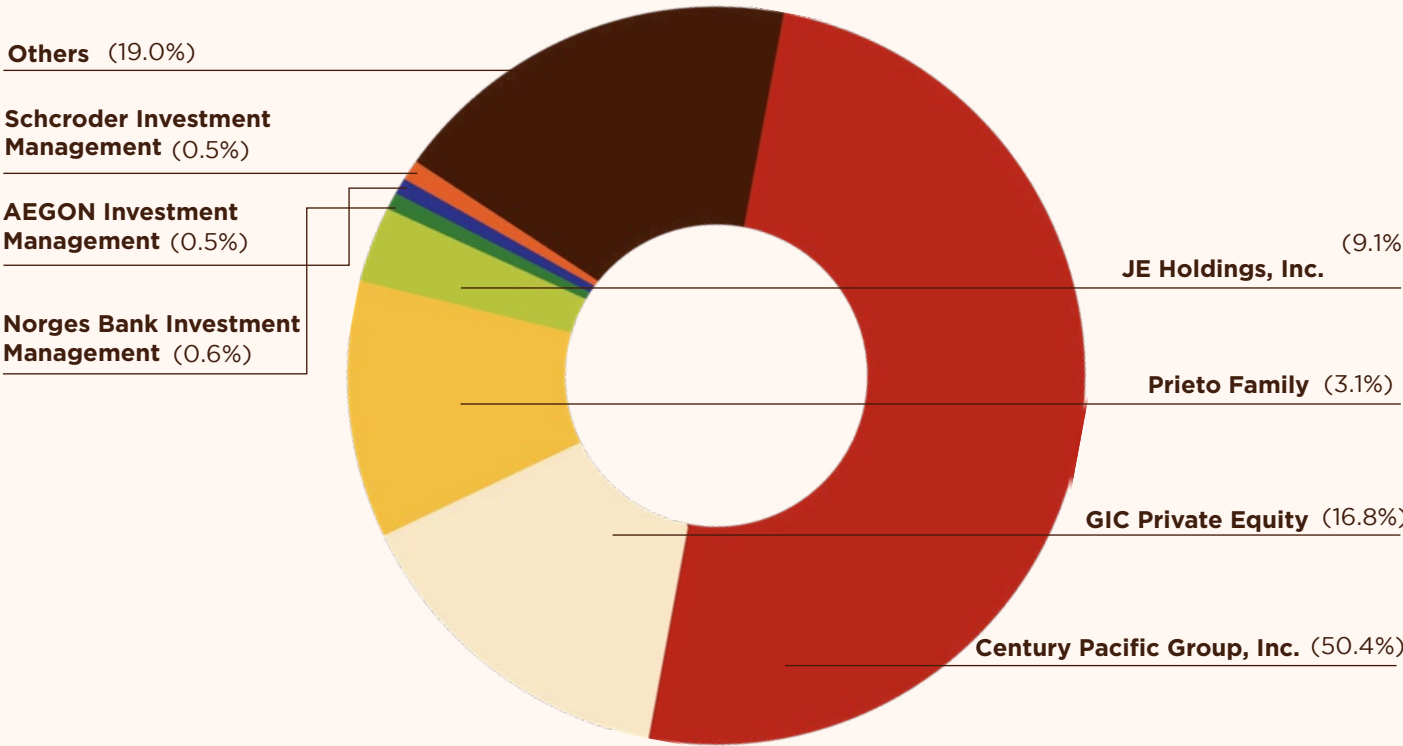
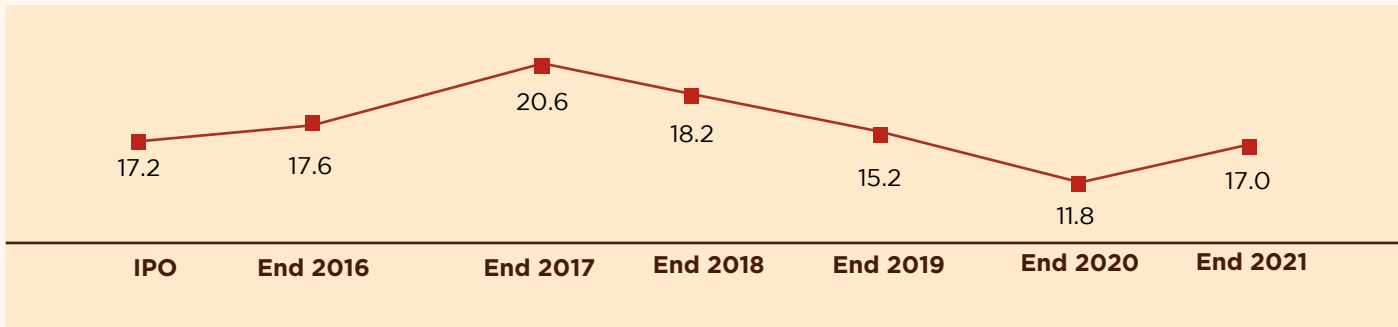
Before going public, PIZZA paid out quarterly cash dividends to its shareholders preceding the above dividends. Quarterly and special cash dividend declarations of PHP150.4 million and PHP986.9 million were approved by its Board of Directors on December 31, 2015, and June 30, 2016, respectively.



## STOCK PRICE in PHP



## MARKET CAPITALIZATION in PHP Billions



## Annual Stockholders’ Meeting

In 2021, we held our Annual Stockholders’ Meeting on July 15.

## Share Capital

As of end 2021, PIZZA’s authorized capital was PHP 2 billion consisting of 2 billion common shares with a PHP1.00 par value. There were 1,683,760,178 listed, issued, and outstanding shares as of the same period.

Based on the closing price of PHP 10.10 per share, the market capitalization of the Company’s common shares as of end-2021 was PHP17,005,977,798.

## Information Disclosures

In compliance, all information required by the Philippine Securities and Exchange Commission and the PSE are filed, disclosed, and promptly made public via the Company’s corporate website and its official PSE online portal page as follows: [www.shakeypizza.phedge.pse.com.ph/companyInformation/form.do?cmpy\\_id=664](http://www.shakeypizza.phedge.pse.com.ph/companyInformation/form.do?cmpy_id=664)



# Management’s Discussion & Analysis

## Consolidated Statements of Financial Position

PIZZA had consolidated total assets of ₱12.63 billion as of December 31, 2021, an increase versus total assets of ₱12.22 billion as of end 2020.

### Cash and cash equivalents

As of end 2021, cash and cash equivalents totaled ₱485 million. Cash includes cash on hand and in banks while cash equivalents are short-term, highly liquid investments that are easily convertible to cash.

### Trade and other receivables

Trade and other receivables stood at ₱724 million as of year-end 2021 compared to ₱551 million in 2020.

### Inventories

As of December 31, 2021, inventories remained steady at ₱433 million from ₱445 million in 2020.

### Property, plant, and equipment

Consolidated net property, plant, and equipment stood at ₱1.37 billion as of year end 2021. Capital expenditures for the year reached ₱279 million, which were primarily invested in the building of new stores.

### Intangible assets

Intangible assets remained steady at ₱7.03 billion from ₱7.05 billion in 2020.

### Accounts payable and other current liabilities

Accounts payable and other current liabilities remained steady at ₱968 million from ₱801 million during the previous year.

### Loans payable

As of December 31, 2021, the Company’s total interest-bearing debt stood at 3.74 billion. The 2020 short-term loans amounting to ₱1.05 billion used to support the Company’s operations amidst the COVID-19 pandemic were fully paid in 2021.

The outstanding loans payable by year end 2021 was primarily used prior to the Company’s IPO in 2016 for the acquisition of the in-house commissary, as well as the trademark companies holding the rights and trademarks of the Shakey’s brand.

### Capital stock and Additional paid-in capital

The increase in capital stock and additional paid-in capital is from the issuance of 152,439,025 primary shares at ₱8.20 per share to JE Holdings, the Company’s new strategic investor. Capital stock increased by 10% while additional paid-in capital increased by 81% as a result of the investment.

## Consolidated Statements of Comprehensive Income

PIZZA saw its full-year 2021 bottomline stood at ₱123 million, a reversal from 2020’s recorded net loss after tax of ₱254 million driven primarily by the impact of the COVID-19 pandemic on the restaurant industry.

Systemwide sales reached ₱7.01 billion, equivalent to 68% recovery of 2019 sales. For most of 2021, the Philippines was under varying phases of lockdowns. Quarantine measures have started to ease by the end of the year, with store traffic inching up slowly during the middle of the fourth quarter.

### Revenues and Systemwide Sales

Systemwide sales, which comprised sales from both company-owned and franchise stores, increased by 6% from ₱6.62 billion to ₱7.01 billion as of end 2021. On a same-store sales basis, excluding the impact of closed stores, sales were flattish year-on-year.

Consolidated net revenues, composed of sales from company-owned stores, franchise and royalty fees from franchisees, and revenues from wholly-owned subsidiaries, reached ₱5.5 billion, increasing by 3% from reported revenues of ₱5.3 billion for the twelve months ending December 31, 2020.

### Cost of Sales

For the year ending 2021, consolidated cost of sales declined by 4% from ₱4.4 billion in 2020 to ₱4.2 billion. Consolidated cost of sales is mainly composed of raw material and packaging costs, direct labor costs, and store-related costs including rent, utilities, etc.

### Gross Profit

Consolidated gross profit amounted to ₱1.27 billion for the full year 2021, representing a 37% increase from the ₱933 million in the previous year. This yielded a gross profit margin of 23%, a significant improvement versus the previous year’s 18%.

### General and Administrative Expenses

For the twelve months ending December 31, 2021, consolidated general and administrative expenses totaled ₱837 million, representing a cost-to-sales ratio of 15%. This is lower than the cost-to-sales ratio of 18% during the same period in 2020.

### Operating Income

Consolidated operating income turned around from a negative at ₱40 million loss in 2020 to ₱436 million in 2021.

### Net Interest Expense

Interest expense of ₱292 million was recorded for the twelve months ending December 31, 2021. This amount pertains to interest on the acquisition loan used to acquire the wholly-owned subsidiaries, as well as the ₱1.05 billion loan used to support operating activities that were negatively affected by the COVID-19 pandemic.

### Other Income

Other income totaled ₱86 million as of year-end 2021. This is composed mainly of other income from franchisees, service income, provisions and loss from store retirement. This is an increase from the ₱5 million reported in 2020 which was impacted by the recognition of provisions and loss from store retirement.

### Net Income

For the year ending 2021, consolidated net income after tax stood at ₱123 million, yielding a net income margin of 2.2%. This is a reversal from 2020’s recorded net loss after tax of ₱254 million.

## Consolidated Statements of Cash Flows

Consolidated net cash provided by operating activities amounted to ₱966 million for the full year 2021, an improvement of 194% versus the previous year’s ₱328 million.

Consolidated net cash used in investing activities was ₱806 million. This is mainly attributable to capital expenditures for new store openings and other corporate investments.

Consolidated net cash used in financial activities was ₱283 million in 2021, which includes the proceeds from the strategic investors, settlement of loans, financing cost and dividend payments.

All in all, net cash used for the year totaled ₱123 million, leading to cash and cash equivalents balance of ₱485 million at year-end 2021.



# Statement of Management’s Responsibility for Consolidated Financial Statements

The management of SHAKEY’S PIZZA ASIA VENTURES, INC. and SUBSIDIARIES (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein as at December 31, 2021 and 2020, and each of the three years in the period ended December 31, 2021, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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



**Christopher T. Po**  
Chairman of the Board



**Vicente L. Gregorio**  
President & Chief Executive Officer



**Manuel T. Del Barrio**  
Vice President & Chief Executive Officer

The Board of Directors is responsible for overseeing the Company’s financial reporting process.

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

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

# Independent Auditor’s Report

The Stockholders and the Board of Directors  
Shakey’s Pizza Asia Ventures Inc.  
15Km East Service Road corner Marian Road 2  
Barangay San Martin de Porres, Parañaque City 1700

### Opinion

We have audited the consolidated financial statements of Shakey’s Pizza Asia Ventures Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

### Impairment

Assessment of Goodwill and Trademarks Under Philippine Accounting Standards 36, Impairment of Assets, the Group is required to annually test the amount of goodwill and trademarks with indefinite life for impairment. As at December 31, 2021, the Group’s goodwill, mainly arising from its acquisition of businesses amounting to P=1,264.08 million and trademarks with indefinite life amounting to P=5,550.55 million, are considered significant to the consolidated financial statements since these account for 54% of the Group’s total consolidated assets. In addition, management’s assessment requires significant judgment and is based on assumptions, specifically forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate. These assumptions are also subject to higher level of estimation uncertainty due to the continuing economic conditions which have been impacted by the COVID-19 pandemic.

The Group’s disclosures about goodwill and trademarks with indefinite life are included in Note 13 to the consolidated financial statements.

### Audit response

We obtained an understanding of the Group’s impairment assessment process and the related controls. We involved our internal specialist in evaluating the methodologies and the assumptions used. These assumptions include forecasted long-term revenue growth rate, operating expenses, gross margin and discount rate. We compared the key assumptions used, such as forecasted long-term revenue growth rate, operating expenses and gross margin against the historical performance of the cash generating units and other relevant external data, taking into consideration the impact associated with COVID-19



pandemic. We tested the parameters used in the determination of the discount rate against market data. We also evaluated the Group's disclosure about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of goodwill and trademarks.

#### Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20 IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2021, which are expected to be made available to us after that date.

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Maria Pilar B. Hernandez.

SYCIP GORRES VELAYO & CO.



# Financial Statements

SHAKEY’S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

in PHP	December 31	
	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	485,414,521	607,674,132
Trade and other receivables	723,983,367	550,692,818
Financial assets at fair value through profit or loss	300,000,000	120,000,000
Inventories	432,876,226	444,941,572
Prepaid expenses and other current assets	187,556,789	142,354,328
<b>Total Current Assets</b>	<b>2,129,830,903</b>	<b>1,865,662,850</b>
<b>Noncurrent Assets</b>		
Property and equipment	1,373,563,312	1,419,634,223
Intangible assets	7,034,324,209	7,051,509,002
Right-of-use assets	1,231,516,139	1,231,516,139
Deferred input value-added tax	28,234,552	48,423,974
Deferred tax assets - net	247,956,292	350,172,528
Other noncurrent assets	589,287,521	173,125,540
Total Noncurrent Assets	10,504,882,025	10,354,329,327
<b>TOTAL ASSETS</b>	<b>12,634,712,928</b>	<b>12,219,992,177</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	968,634,979	801,171,873
Short-term loans payable	-	1,050,000,000
Current portion of:		
Lease liabilities	92,010,032	211,544,249
Long-term loans payable	47,986,963	48,099,942
Contract liabilities	18,965,155	16,020,186
Income tax payable	1,557,290	3,156,468
Total Current Liabilities	1,129,154,419	2,129,992,718
<b>Noncurrent Liabilities</b>		
Noncurrent current portion of:		
Lease liabilities	1,388,726,488	1,319,058,770
Long-term loans payable	3,692,570,991	3,740,497,427
Contract liabilities	63,232,658	73,600,393
Accrued pension costs	96,260,947	131,238,332
Dealers’ deposits and other noncurrent liabilities	83,979,903	41,240,550
Total Noncurrent Liabilities	5,324,770,987	5,305,635,472
<b>Total Liabilities</b>	<b>6,453,925,406</b>	<b>7,435,628,190</b>
<b>Equity</b>		
Capital stock	1,683,760,178	1,531,321,053
Additional paid-in capital	2,451,116,470	1,353,554,797
Retained earnings	2,053,473,219	1,964,168,269
Other components of equity	(7,562,345)	(64,680,132)
<b>Total Equity</b>	<b>6,180,787,522</b>	<b>4,784,363,987</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>12,634,712,928</b>	<b>12,219,992,177</b>

SHAKEY’S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
REVENUE FROM CONTRACTS WITH CUSTOMERS	5,480,427,588	5,296,771,546	8,239,093,787
COST OF SALES	(4,206,711,163)	(4,364,157,309)	(5,827,018,168)
GROSS INCOME	1,273,716,425	932,614,237	2,412,075,619
GENERAL AND ADMINISTRATIVE EXPENSES	(837,345,396)	(972,712,600)	(1,051,602,075)
INTEREST EXPENSE	(292,179,579)	(333,303,573)	(311,472,803)
OTHER INCOME - net	86,488,120	4,890,761	59,306,933
INCOME (LOSS) BEFORE INCOME TAX	230,679,570	(368,511,175)	1,108,307,674
PROVISION FOR INCOME TAX			
Current	24,222,135	73,691,665	267,337,508
Deferred	83,477,277	(188,613,552)	(24,266,101)
	107,699,412	(114,921,887)	243,071,407
NET INCOME (LOSS)	122,980,158	(253,589,288)	865,236,267
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
“Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax) - Actuarial gain (loss) on defined benefit obligation”	75,856,746	(21,826,279)	(94,811,325)
Tax effect	(18,738,959)	6,586,418	28,443,398
	57,117,787	(15,239,861)	(66,367,927)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>180,097,945</b>	<b>(268,829,149)</b>	<b>798,868,340</b>
<b>Basic/Diluted Earnings (Loss) Per Share</b>	<b>0.08</b>	<b>(0.17)</b>	<b>0.57</b>



**SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020, AND 2019

in PHP	Capital Stock	Additional Paid-in Capital	Retained Earnings	Other Components of Equity	Total
Balances at January 1, 2021	1,531,321,053	1,353,554,797	1,964,168,269	(64,680,132)	4,784,363,987
Issuance of new shares	152,439,125	1,097,561,673	-	-	1,250,000,798
Total comprehensive income	-	-	122,980,158	57,117,787	180,097,945
Cash dividends	-	-	(33,675,208)	-	(33,675,208)
<b>Balances at December 31, 2021</b>	<b>1,683,760,178</b>	<b>2,451,116,470</b>	<b>2,053,473,219</b>	<b>(7,562,345)</b>	<b>6,180,787,522</b>
Balances at January 1, 2020	1,531,321,053	1,353,554,797	2,233,070,767	(49,440,271)	5,068,506,346
Total comprehensive loss	-	-	(253,589,288)	(15,239,861)	(268,829,149)
Cash dividends	-	-	(15,313,210)	-	(15,313,210)
<b>Balances at December 31, 2020</b>	<b>1,531,321,053</b>	<b>1,353,554,797</b>	<b>1,964,168,269</b>	<b>(64,680,132)</b>	<b>4,784,363,987</b>
Balances at January 1, 2019, as previously reported	1,531,321,053	1,353,554,797	1,668,017,627	16,927,656	4,569,821,133
Effect of adoption of PFRS 16	-	-	(147,051,022)	-	(147,051,022)
Balances at January 1, 2019, as restated	1,531,321,053	1,353,554,797	1,520,966,605	16,927,656	4,422,770,111
Total comprehensive income (loss)	-	-	865,236,267	(66,367,927)	798,868,340
Cash dividends	-	-	(153,132,105)	-	(153,132,105)
<b>Balance, December 31, 2019</b>	<b>1,531,321,053</b>	<b>1,353,554,797</b>	<b>2,233,070,767</b>	<b>(49,440,271)</b>	<b>5,068,506,346</b>

**SHAKEY'S PIZZA ASIA VENTURES INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Years Ended December 31		
	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax	230,679,570	(368,511,175)	1,108,307,674
Adjustments for:			
Depreciation and amortization	499,875,646	497,433,459	554,013,596
Interest expense	292,179,579	333,303,573	311,472,803
Gain on reversal of liabilities	(24,682,991)	-	-
Provision for (reversal of) legal and other contingencies – net	(1,353,452)	34,779,970	-
Movement in pension costs	40,879,361	31,101,754	(2,834,838)
Loss (gain) on:			
Disposal of property and equipment	121,143	18,749,687	1,883,436
Pre-terminations of leases	(10,529,566)	(14,584,239)	-
Disposal of inventories	12,250,140	(5,498,534)	-
Accretion income	(3,023,323)	(4,243,006)	(3,990,747)
Interest income	(1,276,273)	(2,886,826)	(2,345,458)
Unrealized foreign exchange loss (gain)	(247,925)	332,437	(1,963,181)
Fair value gain on financial assets at fair value through profit or loss (FVPL)	(1,949,288)	(589,306)	(1,016,240)
Income before working capital changes	1,032,922,621	519,387,794	1,963,527,045
Decrease (Increase) in:			
Trade and other receivables	(173,290,549)	148,478,925	(349,939,376)
Inventories	(184,794)	37,684,338	124,018,343
Prepaid expenses and other current assets	(11,085,299)	14,740,059	95,883,964
Increase (Decrease) in:			
Accounts payable and other current liabilities	191,067,983	(195,597,433)	162,622,351
Contract liabilities	(11,172,587)	(23,430,428)	(9,656,214)
Cash generated from operations	1,028,257,375	501,263,255	1,986,456,113
Income taxes paid (including creditable withholding taxes)	(63,556,930)	(175,974,315)	(285,269,628)
Interest received	1,276,273	2,886,826	2,345,458
Net cash provided by operating activities	965,976,718	328,175,766	1,703,531,943
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of:			
Property and equipment	(280,137,822)	(167,168,602)	(417,493,846)
Financial assets at FVPL	(300,000,000)	(120,000,000)	(270,139,412)
Trademark	(1,243,186)	-	-
Software	-	(85,158,730)	(178,159,719)
Franchise right	-	(4,964,977)	-
Peri-Peri business	-	-	(774,521,166)
Proceeds from:			
Redemption of financial assets at FVPL	121,949,288	120,589,306	151,155,652
Disposal of property and equipment	123,547	10,455,402	56,159,830



	Years Ended December 31		
	2021	2020	2019
Decrease (increase) in:			
Deferred input value-added tax	20,189,422	19,539,898	(4,512,041)
Other noncurrent assets	(409,172,651)	(5,432,721)	(44,662,438)
Increase (decrease) in dealers' deposits and other noncurrent liabilities	42,739,353	(5,368,235)	(16,769,843)
Net cash used in investing activities	(805,552,049)	(237,508,659)	(1,498,942,983)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short-term loans	-	1,500,000,000	800,000,000
Proceeds from issuance of capital stock	1,250,000,798	-	-
Payments of:			
Lease liabilities	(204,302,941)	(203,225,951)	(278,999,874)
Short-term loans	(1,050,000,000)	(1,000,000,000)	(250,000,000)
Interest	(194,954,854)	(221,822,567)	(200,496,593)
Dividends	(33,675,208)	(15,313,210)	(153,132,105)
Long-term loans	(50,000,000)	(50,000,000)	(50,000,000)
Net cash provided by (used in) financing activities	(282,932,205)	9,638,272	(132,628,572)
<b>NET INCREASE (DECREASE) IN CASH</b>	(122,507,536)	100,305,379	71,960,388
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	247,925	(332,437)	1,963,181
<b>CASH AT BEGINNING OF YEAR</b>	607,674,132	507,701,190	433,777,621
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	485,414,521	607,674,132	507,701,190

*Disclaimer: The complete set of the consolidated financial statements, including the notes, are covered by the independent auditor's report and are made available to all shareholders through the definitive information statement for the annual stockholders' meeting on June 20, 2022. The consolidated financial statements should be read in conjunction with the notes. A copy of the full set of the consolidated financial statements may be downloaded through the Company's website (www.shakeyspizza.ph)*

# GRI Content Index

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2-2	Entities included in the organization's sustainability reporting	About this Chapter, Page 73
2-3	Reporting period, frequency, and contact point	About the Cover / About the Report / Contact Info About the Cover / About the Report / Contact Info Annual report: Investor Relations, investorrelations@shakeys.biz
2-4	Restatement of information	Energy, water, and emission data: 2019 and 2020 intensity data previously used square meter as denominator and have been recalculated to use system-wide sales for year-on-year comparability. 2019 and 2020 have also been restated based on improved data collection (e.g. inclusion of more stores in the scope) and calculations.
2-6	Activities, value chain and other business relationships	Creating Impact Across Our Business, Page 64
2-7	Employees	<div> <div>People / Employees / Diversity and Inclusion, Page 74</div> <div>People / Employees / Talent and Acquisition, Page 76</div> <div> <div>Workforce Breakdown</div> <div>2021</div> <div> <div>Total count</div> <div>1,299</div> <div>Female</div> <div>571</div> <div>Male</div> <div>728</div> </div> </div> </div>
2-8	Workers who are not employees	2021 workers (non-employees): 2216
2-9	Governance structure and composition	Corporate Governance, Page 96
2-10	Nomination and selection of the highest governance body	Corporate Governance, Page 96
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2-16	Communication of critical concerns	Governance / Corporate Governance / Board of Directors, Page 98
2-17	Collective knowledge of the highest governance body	Governance / Corporate Governance / Board of Directors, Page 98
2-19	Remuneration practices	<b>Remuneration Process:</b> The Company reviews the compensation paid to its executives and officers on a yearly basis. The levels of remuneration of the corporation should be sufficient to be able to attract and retain the services of qualified and competent executives and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance.



2-20	Process to determine remuneration	<p><b>Remuneration Policy and Structure for Executive and Non-Executive Directors:</b> The Company's By-Laws provide that directors shall receive reasonable per diems for their attendance during each Board meeting. Any compensation other than per diems may be allowed subject to the approval of stockholders representing at least a majority of the outstanding capital stock.</p> <p><b>Remuneration Scheme:</b> The Company's By-Laws provide that directors shall receive reasonable per diems for their attendance during each Board meeting. Any compensation other than per diems may be allowed subject to the approval of stockholders representing at least a majority of the outstanding capital stock. The Company's annual reports as well as information and proxy statements include disclosures of all fixed and variable compensation that may be paid, directly or indirectly, to its directors and top four management officers during the preceding fiscal year, which may be subject to objection or ratification of the stockholders. There were no issues on the compensation of directors and officers that were brought up in the last annual stockholders' meeting</p>
2-22	Statement on sustainable development strategy	Introduction / Message from the Chairman, Page 7 Introduction / President's Letter, Page 10
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2-29	Approach to stakeholder	People, Planet, & Pizza / How We Engage, Page 68
2-30	Collective bargaining agreements	People / Employees / Employee Engagement, Page 78
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**Sustainability and Annual Report 2021**

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