

ENABLING COMMUNITIES

2022 SUSTAINABILITY REPORT





About the Cover

The report's theme, **"Enabling Communities,"** depicts Axelum's broader vision of sustainable progress, by empowering communities through active stakeholder engagement and countryside development, aligned with climate objectives and nation-building.

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About the Report

The 2022 Sustainability Report summarizes Axelum's evolving initiatives that seek to meaningfully address fundamental societal gaps that hinder economic inclusion and contribute to marginalization.

REPORTING FRAMEWORK

Global Reporting Initiative Sustainability Reporting Standards (GRI), Securities and Exchange Commission (SEC) and Sustainability Reporting Guidelines for Publicly-Listed Companies

APPROACH TO GRI

This report has been prepared in accordance with GRI Standards

REPORTING PERIOD [2-3]

January to December 2022

DATE OF MOST RECENT REPORT

July 29, 2022

REPORTING CYCLE [2-3]

Annual

CONTACT INFORMATION [2-3]

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About Axelum

[2-1, 2-6]

Since 1986, Axelum has evolved from a small manufacturing enterprise into the leading Philippine fully-integrated manufacturer, exporter and retailer of best-in-class coconut products, with a global reputation built on superior quality, reliability and adherence to ethical standards.

Our unique manufacturing model makes full-use of the entire coconut to produce a wide range of products, primarily catering to the increasing requirements of multinational food and beverage companies, foodservice players and retail chains. For over three decades, we have cemented our position as the preferred supplier of premium coconut products to a diverse top-tier customer base composed of renowned domestic and international consumer household brands.

Our global distribution network covers more than 30 high-growth export markets

across various geographies in North America, Australia, Europe, South America and Asia. At home, we have established a significant presence in Luzon with plans to extend our reach in Visayas and Mindanao.

Our main production facility is situated in the Municipality of Medina, Misamis Oriental, including three offshore distribution hubs in the United States, Australia and Spain. Further, we have partnered with reputable distributors in strategic territories to afford priority customer servicing and capitalize on local market knowledge.

Our manufacturing processes strictly conform to the highest standards in food processing, backed by multiple international quality certifications and subjected to at least 25 comprehensive operational audits conducted by customers and independent auditors every year. As a result of this rigorous discipline, Axelum has obtained key accreditations from some of the largest consumer brands in the world.

MISSION

We are a local company with a global mindset whose main purpose is to nurture people with our products. Axelum aims to be the definition of excellence in food and beverage manufacturing, distribution, and product development.

Axelum unceasingly strives to be:

- ▶ a foreign exchange earner;
- ▶ a labor-intensive employer;
- ▶ a developer of livelihood in socially depressed areas;
- ▶ a leader in cutting-edge technology;
- ▶ a protector of the environment;
- ▶ a promoter of spiritual and honorable Filipino values.



VISION

To become the premier food manufacturer known for its dedication to excellence, client satisfaction and product innovation through our greatest asset: **OUR PEOPLE.**



CORE VALUES [2-23]

QUALITY - We are committed to food safety and delivering premium products to our customers.

MALASAKIT - We nurture the environment and support local communities by creating sustainable livelihood that provide economic security and a sense of pride for the Filipino worker.

BAYANIHAN - We believe in the Filipino tradition of 'bayanihan' - a spirit of communal work, and cooperation. We are united and committed to the success of our people.

CONSTANT IMPROVEMENT - We constantly improve our business through continuous learning and innovation.

INTEGRITY - We uphold the principles of integrity, transparency and accountability in the fulfillment of our duties.

FELLOWSHIP - We always strive to be better and recognize each one's efforts, while staying receptive to new ideas



BEST-IN-CLASS COCONUT PRODUCTS

[2-6]

Through the years, our brands have remained synonymous to freshness and premium quality. We offer an extensive line up of white-meat and coconut water products to a rapidly-growing mainstream market. Our products are commercially-used as universal food ingredient for a host of confectioneries, baked goods, culinary recipes, savory sauces and desserts. Recently, we are witnessing expanded and innovative uses of coconut products for non-food applications particularly as an added input for personal care items.

COCONUT WATER

- ▶ Regular Coconut Water
- ▶ Organic Coconut Water
- ▶ Pressed Coconut Water
- ▶ No Sugar Added Coconut Water
- ▶ Fruit-Flavored Coconut Water Juice



WHITE MEAT

- ▶ Desiccated Coconut
- ▶ Coconut Milk Powder
- ▶ Sweetened Coconut
- ▶ Coconut Milk/Cream
- ▶ Reduced Fat Coconut
- ▶ Coconut Cooking Oil
- ▶ Toasted Coconut
- ▶ Roasted Coconut
- ▶ Crude Coconut Oil
- ▶ Paring Cake

CUSTOMERS

- ▶ Multinational food and beverage companies
- ▶ Private label supermarkets and grocery chains
- ▶ Membership warehouse clubs
- ▶ Foodservice players
- ▶ Organic and plant-based enterprises
- ▶ Retail stores
- ▶ Personal care brands
- ▶ Better-for-you plant-based retailers

GLOBAL BRAND AFFILIATIONS



OWNERSHIP STRUCTURE [2-1]

In 2019, Axelum launched its successful Initial Public Offering in the Philippine Stock Exchange (PSE).

OWNERSHIP AND LEGAL FORM	COMMON SHARES
CP Compass Singapore Pte. Ltd.	799,999,999
Romeo I. Chan (Direct and Indirect)	375,855,142
Henry J. Raperoga (Direct and Indirect)	373,338,887
Paul Rene Z. Tayag (Direct and Indirect)	111,211,035
Various Shareholders (Non-Public)	933,917,299

Axelum's total public float is at 31.7% as of December 31, 2022.

EXTERNAL ASSOCIATIONS

[2-28]

- ▶ United Nations Sustainable Development Goals (SDG)
- ▶ Customs-Trade Partnership Against Terrorism (CT-PAT)
- ▶ Global Food Safety Initiative (GFSI)
- ▶ Hazard Analysis and Critical Control Points System (HACCP)
- ▶ International Organization for Standardization (ISO)
- ▶ Sedex Members Ethical Trade Audit (SEDEX)
- ▶ Good Manufacturing Practice (GMP)

MEMBERSHIPS OF ASSOCIATIONS

[2-28]

- ▶ The United Coconut Association of the Philippines, Inc. (UCAP)
- ▶ Association of Philippine Coconut Desiccators (APCD)
- ▶ Philippine Food Processors and Exporters Organization, Inc. (PHILFOODEX)



AWARDS AND RECOGNITION

▶ OUTREACH PROGRAM ACTIVITY

- ◆ Certificate of Appreciation
- ◆ Headquarters Coast Guard District Northern Mindanao
- ◆ July 30, 2022

▶ ADOPT-A-CONTINUOUS AMBIENT AIR QUALITY MONITORING STATION PROGRAM

- ◆ Plaque of Appreciation
- ◆ Department of Environment and Natural Resources (DENR)
- ◆ December 12, 2022

▶ ACGS GOLDEN ARROW AWARDS NIGHT

- ◆ (2021 ASEAN Corporate Governance Scorecard Assessment)
- ◆ 1 Golden Arrow Recognition
- ◆ Institute of Corporate Directors
- ◆ January 20, 2023





Joint Message of the Chairman and President [2-22]

OUR DEAREST STAKEHOLDERS,

The year 2022 saw us write a new chapter in our storied history, while keeping at the forefront of our sustainability mission. We posted record performance during a period of transition, weighed by a challenging global macroeconomic environment. We reported all-time high sales of P7.0 billion,

resulting to a gross profit of P2.1 billion and P984 million in net income, respectively.

This will allow us to grow the business and strengthen our sustainability commitments as we continue to distribute economic value to respond to the needs of various stakeholders.

CONTINUING INVESTMENTS IN BUILDING STRATEGIC CAPABILITIES

To meet rising market demand, we extended our on-site finished goods warehouse by installing 2,000 additional pallet positions to increase storage capacity by 30%, and expanded nut bodega space by 26% to accommodate larger quantities of raw material. In addition, we adopted a Quick Response (QR) code system to efficiently track inbound and outbound warehousing activity. Further, we implemented a computerized maintenance management system to calculate usage, efficiency and monitor preventive maintenance schedules for all critical equipment to mitigate the risk of unforeseen breakdowns. Lastly, we are currently migrating to an upgraded enterprise resource planning platform that will streamline and integrate various functions including supply chain, finance and sales into a centralized program. This project is expected to generate operational synergies and efficiencies across the business.

EMPOWERING COMMUNITIES THROUGH STAKEHOLDER ENGAGEMENT

Our social objectives are focused on improving the quality of life of community members by enabling access to basic economic services through various civic initiatives. To address the pressing need for basic healthcare, Axelum is nearing completion of the San Isidro Polymedic General Hospital in Gingoog City, its most significant infrastructure and service project to date. Scheduled to open by the third quarter of 2023, this secondary-level hospital is envisioned to provide affordable quality medical services to over 350,000 residents from surrounding communities especially patients from far-flung areas.

In 2022, we expanded our Fairtrade membership from 930 to 1,058 individuals divided into nine cluster groups. Based on the needs assessment survey, a portion of the

Fairtrade premium was allocated for the distribution of grocery bundles, medicines and personal protective equipment to beneficiaries. Our organic community demonstration farm operated with 51 enrollees who benefited from various agricultural training to explore alternative options of livelihood.

On education, we granted academic scholarships to 53 eligible students from host communities to pursue a college degree. Further, we distributed learning materials to 13 elementary schools with a total population of 1,642 students, and approved two classroom renovation projects.

ADVOCATING FOR CLIMATE RESPONSIBILITY

Axelum is enjoined in the unified stand against global warming and climate change. We continue to execute our climate strategies and innovate our ways to reduce our carbon footprint.

In 2022, we managed to cut our direct carbon emission by 5%, driven by lower consumption of coconut shells as feedstock. This can be attributed to the modernization of aging boiler equipment to increase steam output without additional shell requirements. In terms of carbon sequestration, we have planted over 4,400 coconut, mahogany and bamboo seedlings within host communities to help absorb carbon underground, prevent flooding and land erosion.



We constantly strive to create meaningful impact in ways that uplift lives, foster hope and opportunity for others, while safeguarding our planet for the next generation."

To protect our natural habitat, we recycled 25% of our wastewater for other productive uses, while converting Tetra paper waste into 2,335 chipboards that served as table dividers, cabinet partitions and building material for victims of fire.

PAVING A SUSTAINABLE FUTURE

As a sustainability-oriented company, we remain steadfast in our commitment to advancing sustainable development in areas where we are present. We constantly strive to create meaningful impact in ways that uplift lives, foster hope and opportunity for others, while safeguarding our planet for the next generation.

To date, we are revisiting plans to setup a modern solar panel facility in our

manufacturing plant to support peak operating hours and limit dependence on traditional energy sources. This forms an integral part of our evolving climate agenda to combat the adverse effects of global warming.

At this point, we would like to acknowledge the efforts of our esteemed Board of Directors for deeply integrating the principles of sustainability in our strategies. We thank our leadership team and employees for taking on the role of sustainability champions within and outside the organization. We are truly blessed to be amongst like-minded individuals who share the same values and passion in what we do.

Finally, we would like to offer all these to our Lord, from whom we draw profound courage and inspiration to fulfill this duty, for our country, and for our people.

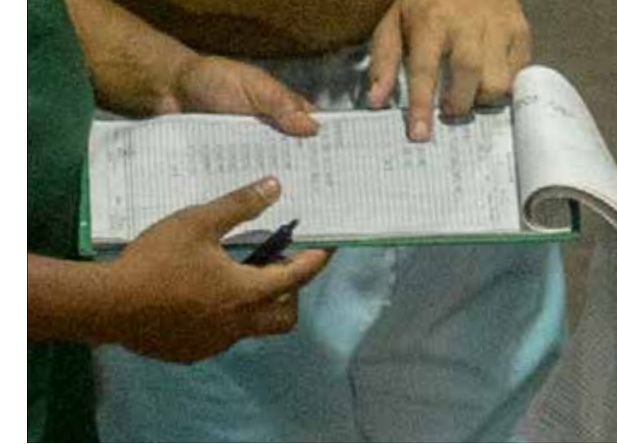
Ad Majorem Dei Gloriam!

ROMEO I. CHAN

CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

HENRY J. RAPEROGA

PRESIDENT AND
CHIEF OPERATING OFFICER



Business Review

For 2022, Axelum posted record performance, driven by all-time high sales, gross profit, EBITDA and net income. Axelum's topline was at ₱7.0 billion, up 9% from ₱6.4 billion in the previous year. Gross profit stood at ₱2.1 billion, translating to an industry-leading gross margin of 30%. EBITDA expanded 25% to ₱1.5 billion, resulting to a net income of ₱984 million. As of end-2022, Axelum maintained a healthy cash balance of ₱1.3 billion and a total debt-to-equity ratio of 0.11x.

FINANCIAL SUMMARY

(in ₱ thousands except total debt-to-equity ratio)

SALES
7,042,589

GROSS PROFIT
2,106,352

GROSS PROFIT MARGIN
29.9%

EBITDA
1,502,266

NET INCOME
983,517

CASH AND CASH EQUIVALENTS
1,292,323

TOTAL DEBT-TO-EQUITY RATIO
0.11x



KEY HIGHLIGHTS

A. COMMUNITY DEVELOPMENT

INVESTMENTS IN AFFORDABLE QUALITY HEALTHCARE

The near completion of the San Isidro Polymedic General Hospital (SIPGH) in Gingoog City, aims to bridge gaps in accessibility and affordability of quality healthcare for more than 350,000 residents from surrounding communities particularly indigent patients. The SIPGH aspires to become the top referral hospital in Northern Mindanao, offering a comprehensive suite of medical services including 100 beds, extended laboratory and diagnostic capabilities, intensive care, hemodialysis center, outpatient clinic, emergency room, radiology, surgery, charity ward and private doctor consultations.



B. STAKEHOLDER ENGAGEMENT

PROMOTING BROAD-BASED SOCIAL INCLUSION

For Axelum, enabling access to basic economic services is key to address various social challenges and ultimately improve lives. In 2022, Axelum broadened its thrust on education by granting new college scholarships to qualified students and distributing learning materials to various community elementary schools. Axelum's organic demonstration farm continued to provide alternative livelihood training,





while serving as intermediary between local farmers and independent agricultural experts to facilitate seamless knowledge transfer. For 2022, Axelum earmarked ₱3.8 million for different community investments.

C. ENVIRONMENTAL PROTECTION

FOCUSED DECARBONIZATION EFFORTS

Axelum continues to introduce new initiatives to decrease its overall carbon footprint as part of its progressive climate agenda. Axelum invests in cutting-edge technology and conducts regular equipment maintenance to maximize energy-efficiency. Axelum organizes tree-planting activities and propagates Napier grass in its community farm to aid in carbon sequestration.

D. BUILDING STRATEGIC CAPABILITIES

STRENGTHENING MANUFACTURING OPERATIONS

To meet rising demand, Axelum extended its onsite finished goods warehouse to boost storage capacity by up to 30%, with the installation of 2,000 additional pallet positions. Moreover, Axelum expanded its nut bodega space by 26% to increase storage room for raw materials. In 2022, Axelum capitalized on digitalization to enhance business operations by adopting a QR-code warehousing system, migrating to an upgraded enterprise resource planning platform and launching a computerized maintenance management system.



BUSINESS STRATEGY AND OUTLOOK [3-3, 203-1]

Axelum's fundamental strategy is centered on delivering stakeholder value, while striving to create lasting solutions to help address various pain-points in society. Axelum is set to accelerate its consumer segment by launching new products and embarking on brand-building campaigns to promote market awareness both domestically and overseas. This move is mainly targeted for a rapidly-growing health-conscious population that are into plant-based eating amidst rising incidents of lactose intolerance and concerns on animal consumption. To date, Axelum is incubating

multiple new products at different stages of development to widen its retail offerings.

Axelum continues to invest in reinforcing manufacturing capabilities to optimize production output and efficiency. At present, Axelum is finalizing plans to expand its coconut water line in response to increasing mainstream demand for this popular better-for-you drink.

For 2023, Axelum is determined to sustain its momentum despite the prolonged impact of global macroeconomic headwinds.

Value Chain [2-6, 203-1]



Axelum deeply integrates sustainability in its value chain by employing best practices in the process of procurement, manufacturing and logistics. Axelum acknowledges the invaluable contributions of its people, who play an important role in its business. Increased focus on stakeholder participation is key to identify intervention areas and opportunities for value chain engagement.



SOURCING

STAKEHOLDERS: Local coconut farming groups and coconut bulk traders

Since 1986, Axelum has been sourcing fresh coconuts from thousands of coconut farmers within a 200-kilometer radius of the Medina Plant. These are densely-populated coconut regions including CARAGA, Lanao Peninsula, Northern Mindanao and Davao, collectively accounting for approximately 30%-35% of total yearly Philippine harvests.



FARMING

Axelum conducts farmer training programs and distributes coconut seedlings as replanting material to boost the population of young coconut trees.



NUT BUYING

To guarantee freshness, all coconuts received are thoroughly inspected based on a criteria (size, weight, diameter and traces of contaminants) that conform to the highest standards of quality. Axelum purchases coconuts at premium prices to ensure sufficient allocation for its daily processing requirements and augment farmer income.



TRANSPORT

Coconuts are delivered to the Medina Plant or collected at strategically situated company-owned nut buying stations.





MANUFACTURING

STAKEHOLDERS:

Employees and labor cooperatives

NUT OPENING

Axelum operates one of the largest standalone nut opening plants in the country, with a maximum daily processing capacity of up to 850 metric tons. Thousands of shellers and parers are engaged from third-party labor cooperatives to handle nut processing activities. Axelum's nut opening facility is configured to effectively implement stringent health protocols and safe physical distancing.

PROCESSING

Axelum makes full-use of the coconut to produce an extensive range of products, resulting to zero-waste generated from raw materials.

- ▶ Coconut shells: feedstock for industrial boilers to produce culinary-grade steam
- ▶ Coconut white meat: desiccated coconut, coconut milk powder, coconut milk/cream, sweetened coconut, reduced fat coconut, coconut cooking oil, toasted coconut, roasted coconut, crude coconut oil and paring cake
- ▶ Coconut water: nutritious liquid inside the coconut

PACKAGING

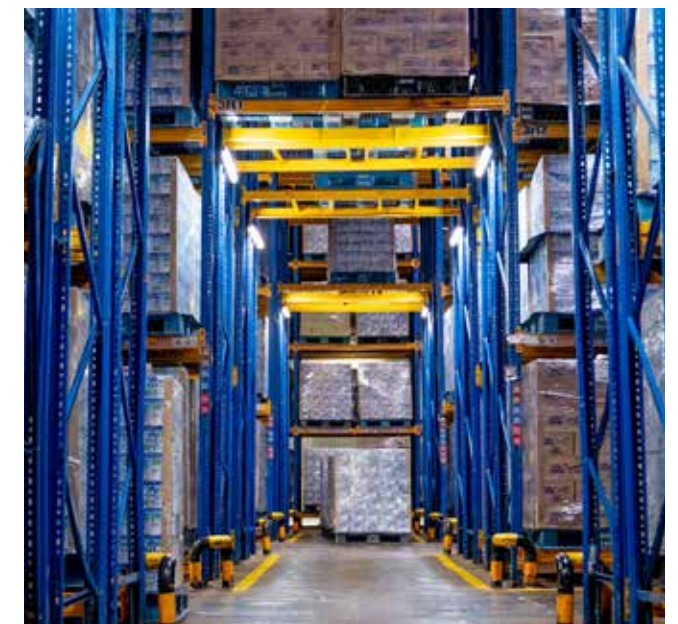
Finished products are subjected to x-ray and metal screening to ensure quality and eliminate risks of contamination. Used Tetra packaging materials are converted into chipboards that serve as alternative plywood, sleeping mats, table dividers and interior wall partitions.

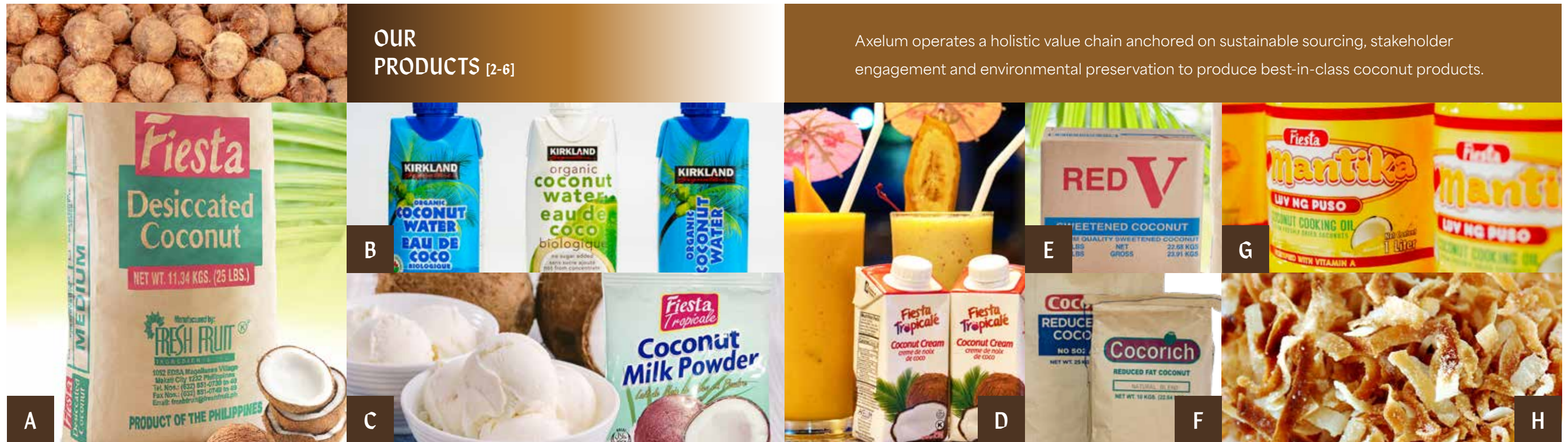
STORAGE

To cater to a demand, Axelum installed additional pallet positions in its onsite finished goods warehouse to increase overall storage capacity by up to 30% and expanded nut bodega space by 26% to handle larger quantities of raw material.

SHIPMENT

Finished goods are loaded into container vans and transported via trucks to designated port terminals for local and international shipping.





OUR PRODUCTS [2-6]

Axelum operates a holistic value chain anchored on sustainable sourcing, stakeholder engagement and environmental preservation to produce best-in-class coconut products.

A. DESICCATED COCONUT

Desiccated coconut is made from shredded high-quality pure white coconut meat, dried to retain the natural aroma of the coconut. It is rich in fiber and carries a maximum fat of 70%. Desiccated coconut is a universal ingredient for confectioneries and bakeries. Axelum offers desiccated coconut in several variants including organic, toasted, roasted and sweetened versions, prepared in special granulated cuts, flakes, chips and others. Axelum's desiccated coconut products are marketed under homegrown brand Fiesta and Red-V.

B. COCONUT WATER

Coconut water is the clear liquid inside the fresh coconut that makes for a nutritiously delicious better-for-you drink. Coconut water is processed using advanced ultra-high temperature technology to preserve the quality and flavor of natural coconut water.

Coconut water can be mixed with a variety of beverage concoctions as juice base. Axelum produces coconut water in 330 ml and 500 ml retail sizes for export markets. Axelum is a major supplier to Vita Coco, the world's largest and most popular coconut water brand.

C. COCONUT MILK POWDER

Coconut milk powder is a fine, creamy white powder produced from freshly squeezed coconut milk blended with natural stabilizers. It was developed and perfected to address the cooking requirements of manufacturers, food service chefs and homemakers, that is shelf-stable and easy to use. Coconut milk powder is a staple in Southeast Asian cuisine and a key input for confectioneries, baked goods, food sauces, desserts and savory dishes. Axelum's Fiesta branded coconut milk powder is available in industrial and retail packaging.

D. COCONUT MILK/CREAM

Coconut milk/cream is the pure extract of coconut meat, combined with natural stabilizers and ultra-high temperature processed to preserve the freshness and natural flavor of newly-squeezed coconut milk. Coconut milk/cream is popularly-used in liquid applications and presents as an excellent milk alternative. Axelum's coconut milk/cream products are sold under the labels Fiesta and Fiesta Tropicale.

E. SWEETENED COCONUT

Sweetened coconut is the shredded flesh of ripened coconut with a soft and chewy texture that can be prepared in unique fancy cuts. Sweetened coconut is regularly-used as batter for baked goods.

F. REDUCED FAT COCONUT

Reduced fat coconut is made from shredded pure white meat, defatted and dried to 45%-55%

fat content. It is best used for applications that require low-fat high-fiber recipe, adding an exciting texture and chewiness to a host of bakery offerings. Axelum's reduced fat coconut products are branded as Cocorich.

G. COCONUT COOKING OIL

Coconut cooking oil is extracted from the dried white meat. Axelum's coconut cooking oil products are marketed domestically under the brand Romantika and comes in industrial and retail sizes.

H. TOASTED COCONUT

Toasted coconut is made from desiccated coconut and is available in both sweetened and unsweetened varieties. This textural nutty ingredient is commonly used for baking, cereals, granola and decorative cake toppings.



Sustainability at Axelum



Axelum crafted its sustainability agenda by integrating climate initiatives and aligning its commitments with the United Nations Sustainable Development Goals. Axelum's approach seeks to uplift the most vulnerable sectors through permanent solutions that alleviate marginalization, while safeguarding natural eco-systems and managing impacts on biodiversity. Axelum's social objectives are centered on providing educational opportunities for underprivileged students including employable technical skills training courses for out-of-school youths and unschooled adults, alternative livelihood projects and access to basic healthcare for community members. To enable climate resilience, Axelum is committed to shifting to renewable energy sources, reducing single-use plastics, while constantly searching for sustainable alternatives to lower its carbon footprint.

OUR SUSTAINABILITY PILLARS

HEAD: CORPORATE GOVERNANCE

Harmonizing economic performance and best business practices within a framework built on integrity, transparency and accountability.



HEART: SOCIAL CONSCIOUSNESS

Beyond financial gain, to act as a beacon of hope and opportunity for various stakeholders through active community engagement and productive collaboration.



HANDS: ENVIRONMENTAL STEWARDSHIP

Resource efficiency is a vital element in safeguarding our natural eco-systems and biodiversity through a sustainable model that promotes recycling, replanting and minimal wastage.



OUR CONTRIBUTIONS TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



FOOD MANUFACTURING AND EXPORTING

1 NO POVERTY



By offering stable jobs, Axelum enables thousands of families to have a steady source of income and access to basic economic services.

5 GENDER EQUALITY



Axelum is considered an equal-opportunity and non-discriminating employer. Axelum protects the welfare and values the contributions of each person, regardless of gender.

For 2022, females accounted for 28% of Axelum's total workforce and are well-represented across the organization.

6 CLEAN WATER AND SANITATION



Axelum operates a modern wastewater treatment facility to ensure that effluents conform to mandated standards prior to discharge.

8 DECENT WORK AND ECONOMIC GROWTH



Axelum abides by the Sedex Members Ethical Trade Audit, the world's leading ethical audit methodology, to comply with standards on labor, safety and environmental performance.

Axelum offers above-average industry compensation, promotes human rights and occupational safety in the workplace.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Axelum's manufacturing operations are backed by multiple international quality certifications on food processing.



BEST-IN-CLASS COCONUT PRODUCTS

2 ZERO HUNGER



Aside from jobs generation, Axelum purchases coconuts at above-market prices from thousands of coconut farmers to augment farmer income.

3 GOOD HEALTH AND WELL-BEING



Coconuts are known for its nutritional properties that promote health and well-being.



CORPORATE SOCIAL RESPONSIBILITY

1 NO POVERTY



In 2022, Axelum expanded its Fairtrade program to 1,058 member beneficiaries. Among its major initiatives include distribution of grocery bundles, medicines and supporting microbusinesses such as poultry and hog raising.

2 ZERO HUNGER



In 2022, Axelum maintained an organic demonstration farm with 51 enrolled farmers, who benefit from agricultural training to explore alternative sources of livelihood.

3 GOOD HEALTH AND WELL-BEING



Axelum is nearing completion of its most significant infrastructure and service project to date, the San Isidro Polymedic General Hospital in Gingoog City. This hospital is envisioned to provide affordable quality healthcare to over 350,000 community residents by the third quarter of 2023.

4 QUALITY EDUCATION



In 2022, Axelum granted scholarships to 53 qualified students from host communities to pursue college education.

Axelum distributed learning materials to 13 community elementary schools, located in far-flung mountainous areas, with a total population of 1,642 students.

STAKEHOLDER ENGAGEMENT

[2-29]

Stakeholders are regarded as partners of growth and play a pivotal role in our success. To build on this relationship, Axelum regularly communicates with various stakeholder groups to help resolve issues and identify avenues for further cooperation.



INTERNAL STAKEHOLDERS

STAKEHOLDER GROUP	TOP CONCERNS IN 2022	CHANNELS OF ENGAGEMENT	AXELUM RESPONSE AND OUTCOME
Host Communities	Request for community social assistance	Human Resources Department	Extended financial support for health-related issues, organized feeding activities and sponsored repairs of dilapidated classrooms.
Employees and Labor Cooperatives	Security of tenure and mobility challenges during weather disturbances	Human Resources Department	Did not implement any manpower reduction program and provided shuttle services to transport workers in the event of typhoon, heavy rainfall and flood.

EXTERNAL STAKEHOLDERS

STAKEHOLDER GROUP	TOP CONCERNS IN 2022	CHANNELS OF ENGAGEMENT	AXELUM RESPONSE AND OUTCOME
Regulators	Strict compliance with reportorial requirements and business permitting	Compliance Department and other assigned business units	Axelum is compliant with regulatory submissions and guidelines of the Securities Exchange Commission, Philippine Stock Exchange, Department of Environment and Natural Resources, Department of Labor and Employment (DOLE), applicable Local Government Unit and other relevant regulatory bodies. For 2022, Axelum was not penalized for related violations or non-compliance.

Host Communities and Coconut Farmers	Sought financial assistance and donations in-kind to support health programs, classroom repairs, feeding activities and other social initiatives.	Human Resources and External Affairs Departments	Axelum sponsored classroom renovations, distribution of school materials and donations of essential goods to host communities.
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OUR MATERIAL TOPICS [3-1, 3-2]

For 2022, Axelum conducted a materiality assessment to identify economic, environmental and social topics that are relevant to its business and stakeholders. Axelum reviewed topics that were considered material for the covered period including Sustainability Accounting Standards Board (SASB) standards in the food and beverage sector. Moreover, Axelum analyzed current sustainability trends and best practices within its industry. To align with 2022 GRI reporting standards, Axelum cited positive and negative outcomes for each of the material topics including its potential actual impacts.



ECONOMIC

- ▷ Profitability
- ▷ Investor Interest
- ▷ Economic Performance
- ▷ Market Presence
- ▷ Indirect Economic Impacts
- ▷ Procurement Practices

ENVIRONMENTAL

- ▷ Materials Used
- ▷ Energy Consumption
- ▷ Water Efficiency
- ▷ Solid Waste
- ▷ Air and Noise Pollution
- ▷ Greenhouse Gas Emissions

SOCIAL

- ▷ Diversity and Equal Opportunity
- ▷ Training and Development
- ▷ Labor Practices, Management, and Relations
- ▷ Human Rights
- ▷ Occupational Health and Safety
- ▷ Employee Engagement
- ▷ Compensation and Benefits
- ▷ Customer Health and Safety
- ▷ Customer Data Privacy
- ▷ Customer Satisfaction
- ▷ Product Quality
- ▷ Marketing and Labeling
- ▷ Corporate Social Responsibility
- ▷ Human Rights
- ▷ Community Development

GOVERNANCE

- ▷ Compliance with Regulatory Requirements
- ▷ Business Ethics and Integrity

2022

ESG DASHBOARD

ENVIRONMENT



SCOPE 1 CARBON EMISSION

Reduced direct carbon footprint by 5%



COCONUT SHELLS

Lowered coconut shell feedstock consumption by 5% due to boiler equipment modernization



LIQUIFIED PETROLEUM GAS (LPG) ENERGY CONSUMPTION

Lowered LPG energy consumption by 32%



WASTEWATER

Recycled 25% of wastewater for other productive uses



TETRA PAK PACKAGING MATERIALS

Converted 48,737 kilograms of recyclable Tetra paper into 2,335 chipboards



TREE PLANTING

Additional 700 mahogany seedlings planted as part of carbon sequestration efforts

SOCIAL



87% completion of the San Isidro Polymedic General Hospital project



Granted new college scholarships to 53 qualified students from host communities



Distributed grocery bundles and medicines to 1,058 beneficiaries under the Fairtrade program



51 farmers enrolled in the organic community demonstration farm initiative



Donated learning materials to 13 elementary schools, located in far-flung mountainous areas, with a total population of 1,642 students



Approved two classroom renovation projects scheduled to commence by January 2023



Organized surgical mission with a total of 261 male participants



Extended financial assistance and donated essential goods to local government units and parish churches



Females comprise 28% of the entire workforce

GOVERNANCE



Attained an ASEAN Corporate Governance Scorecard rating of 92.23 points (from 84.93 points in 2021)





Head CORPORATE GOVERNANCE

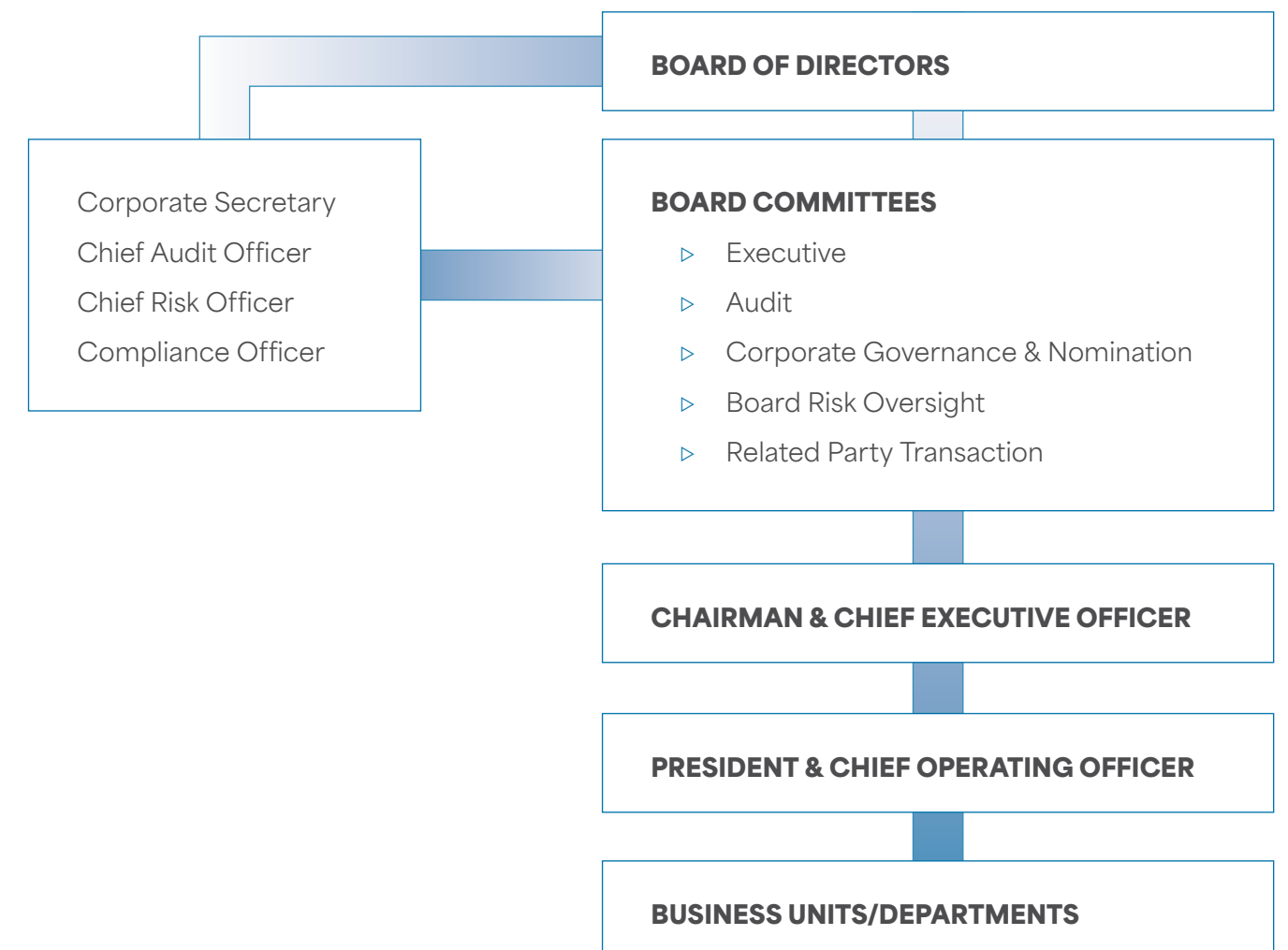
Axelum upholds the highest standards in corporate transparency, accountability and integrity in the conduct of its business, guided by the principles of the Organisation for Economic Co-operation and Development (OECD) as adopted in the ASEAN Corporate Governance Scorecard.

Axelum is compliant with the Revised Corporation Code of the Philippines and statutory requirements of the SEC, PSE, DENR, DOLE and other applicable regulatory bodies.

For 2022, Axelum received an ASEAN Corporate Governance Scorecard rating of 92.23 points, compared to 84.93 points in 2021, following the implementation of new policies aligned with best governance practices.



GOVERNANCE FRAMEWORK [2-9]



THE FOUNDING STEWARDS

Axelum’s founding members remain at the helm of the organization, while continuing to provide strategic direction to the management team, with the guidance of the Board of Directors. Externally on-boarded professionals complement experienced homegrown talent to manage day-to-day operations.

Axelum is governed by a sustainability-oriented Board of Directors, composed of seven members including three independents, to encourage impartiality and balanced interests. Each director possesses the necessary credentials, knowledge and experience to effectively discharge the duties and responsibilities of the position.



BOARD OF DIRECTORS

A

B

C

D

E

F

G



- A. ROMEO I. CHAN**
Chairman and Chief Executive Officer
Founding Member
- B. HENRY J. RAPEROGA**
President and Chief Operating Officer
Founding Member
- C. RICARDO C. LOPA, JR.**
Non-Executive Director
- D. JASON M. ROSENBLATT**
Non-Executive Director
- E. LAURITO E. SERRANO**
Lead Independent Director
- F. ROSEMARIE P. RAFAEL**
Independent Director
- G. RAYMUNDO N. SUAREZ**
Independent Director



KEY OFFICERS [2-11]



- A. ROMEO I. CHAN**
Chairman and Chief Executive Officer
Founding Member
- B. HENRY J. RAPEROGA**
President and Chief Operating Officer
Founding Member
- C. PAUL RENE Z. TAYAG**
Senior Vice-President
Founding Member
- D. PRECIOSA D. CASTILLO**
Corporate Secretary
- E. KARILAGAN IMELDA Z. GOROSPE**
Vice-President for U.S. Operations

- F. MARIA THERESA Z. PAGUIRIGAN**
Vice-President and Chief Finance Officer,
Treasurer and Assistant Corporate Secretary
- G. MACARIO R. PELAEZ**
Vice-President for Manufacturing
- H. PAUL C. CHEAH**
Vice-President and Investor Relations Officer
- I. DOMINIC V. ISBERTO**
Compliance Officer

Please refer to the 2022 Annual Report to view the individual profiles of the Board of Directors and Key Officers.

BOARD COMMITTEES [2-9, 2-10, 2-12, 2-16, 2-19, 2-20]

EXECUTIVE COMMITTEE

The Executive Committee may exercise all the power of the Board (except those expressly reserved by applicable law to the Board) in the management and direction of the business and conduct of the affairs of the Company, subject to any specific directions given by the Board.

The Executive Committee shall have all authority of the Board, except that it shall not have authority to:

- ▶ Approve any action for which shareholders' approval is also required;
- ▶ Fill vacancies in the Board or in any committee thereof;
- ▶ Amend or repeal the By-Laws, or adopt new By-Laws;
- ▶ Amend or repeal any resolution of the Board that which, by its express terms, is not so amenable or repeal-able;
- ▶ Distribute cash dividends to the shareholders;
- ▶ Fix the compensation of Directors for serving on the Board or any committee thereof;
- ▶ Fix or amend the compensation, benefits or perquisites of the Chief Executive Officer;
- ▶ Take any action that the Corporation Code of the Philippines or the Company's By-Laws prohibit the Board from delegating to a committee; or
- ▶ Take any action required by the rules or regulations of the SEC and or PSE to be approved by the full Board or by another committee of the Board.

MR. ROMEO I. CHAN

- CHAIRMAN

Mr. Henry J. Raperoga
Mr. Jason M. Rosenblatt
Mr. Ricardo C. Lopa, Jr.

RELATED PARTY TRANSACTION COMMITTEE

The Related Party Transaction Committee reviews and evaluates all Material Related Party Transactions defined under the Company's Material Related Party Transaction Policy. The Committee ensures the proper identification, assessment, approval, and reporting of related party transactions and the determination, monitoring, and management of material related party transaction. In its functions, the Committee endeavors to enhance transparency in the Company's transactions and promote the best interest of its shareholders and other stakeholders.

MR. RAYMUNDO N.

SUAREZ - CHAIRMAN

Ms. Rosemarie P. Rafael
Mr. Romeo I. Chan

AUDIT COMMITTEE

The purpose of the Audit Committee is to represent and assist the Board in its general oversight of the Company’s accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions. Management is responsible for preparing the Company’s financial statements and the external auditors are responsible for auditing those financial statements.

The Audit Committee shall have the following responsibilities:

- ▶ Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.
- ▶ Provide oversight over management’s activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from management of information on risk exposures and risk management activities.
- ▶ Perform oversight functions over the Company’s internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- ▶ Other duties and responsibilities as stated in the Company’s Manual on Corporate Governance.

**MR. LAURITO E. SERRANO
- CHAIRMAN**

Mr. Raymundo N. Suarez
Ms. Rosemarie P. Rafael

BOARD RISK OVERSIGHT COMMITTEE

The Board Risk Oversight Committee is established for the purpose of assisting the Board of Directors in overseeing the Company’s practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The Risk Committee will assist the Board in providing framework to identify, monitor and manage the risks associated with the Company’s business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company’s risk profile.

**MS. ROSEMARIE P. RAFAEL
- CHAIRWOMAN**

Mr. Raymundo N. Suarez
Mr. Henry J. Raperoga

**CORPORATE GOVERNANCE AND
NOMINATION COMMITTEE**

The Corporate Governance and Nomination Committee is tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices. The Corporate Governance and Nomination Committee shall likewise advise the Board with respect to matters relating to the composition of the Board. The Committee identifies individuals qualified to become Board members and, consistent with criteria reviewed by the Corporate Governance and Nomination Committee and approved by the Board, recommends to the Board nominees for director for election at the next annual meeting of stockholders, including any incumbent directors.

The Corporate Governance and Nomination Committee shall also assist the Board and the Company’s Management in defining the Company’s executive compensation policy and in carrying out various responsibilities relating to compensation of the Company’s executive officers and directors, including: evaluating and approving compensation to the Chief Executive Officer and evaluating and recommending to the Board compensation to all other executive officers; reviewing and recommending to the Board compensation to non-employee directors; and overseeing the development and administration of the Company’s compensation and benefit plans.

**MR. LAURITO E. SERRANO
- CHAIRMAN**

Mr. Raymundo N. Suarez
Ms. Rosemarie P. Rafael



BUSINESS PRINCIPLES AND POLICIES

[2-24, 2-15, 2-25, 2-26, 3-3, 205-2, 206-1]

As a publicly-listed entity, Axelum complies with the Revised Corporate Code of the Philippines and requisite requirements of the SEC, PSE, DENR, DOLE, applicable local government jurisdictions and other relevant regulatory guidelines.

Axelum has adopted a Manual of Corporate Governance and Code of Ethics, which details its governance criteria and procedures. Key policies include mandatory anti-corruption trading for the Board of Directors, management team and employees. In addition, Axelum has instituted various policies to strengthen its overall governance structure including whistleblowing, insider trading, material related party transaction, Board diversity, conflict of interest, business succession planning and information technology governance framework, among others. These policies promote and instill a strong culture of integrity, transparency and accountability.

As the leading coconut manufacturer, Axelum strictly adheres to the highest standards in food processing and safety, backed by multiple quality certifications issued by local and international audit bodies.

To promote fair competition, Axelum abides by the guidelines detailed in the Philippine Competition Act, which prohibits anti-competitive or monopolistic activities. For 2022, Axelum was not penalized for any violation and is not involved in any pending legal case related to anti-trust behavior.

Axelum regularly reviews its business performance in relation to its strategies and long-term objectives. Further, Axelum’s annual financial statements are subjected to audit by an independent auditor.

Governance body members who attended Axelum’s training on anti-corruption policies and procedures:

REGION	NUMBER OF ATTENDEES (%)
Board of Directors and Senior Management	7 (100%)

Employees that attended Axelum’s training on anti-corruption policies and procedures:^{1,2}

POSITION	NUMBER OF ATTENDEES (%)
Senior Management	8 (100%)
Middle Management	137 (100%)
Rank and File	241 (100%)

TOTAL 386 (100%)

¹Orientation of anti-corruption policies form part of the employee on-boarding program. New and updated policies on anti-corruption are disseminated internally.

² New employees receive anti-corruption training during the on-boarding program.



INVESTOR RELATIONS

The Investor Relations Department is responsible for stakeholder engagement particularly with the investing community and media practitioners. It coordinates the timely and structured disclosure of material information to regulators and the general public.

The Investor Relations Department organizes small group meetings, one-on-one sessions, non-deal roadshows and participates in conferences with senior management to engage institutional and retail investors. In lieu of briefings, the Investor Relations Department meets buy-side and sell-side analysts on a quarterly or as needed basis. Aside from face-to-face meetings, the Investor Relations Department interacts with investors via videoconferencing, mobile phone and email.

In addition, the Investor Relations Department updates the corporate website where the latest company presentations are readily accessible. Further, it is in-charge of the publication of Axelum’s glossy annual and sustainability reports.

Axelum has appointed Mr. Paul C. Cheah, as Vice-President and Investor Relations Officer. For investor queries and feedback, Mr. Cheah may be reached via email at investor.relations@axelum.com.ph.

For 2022, Axelum held over 25 virtual and face-to-face meetings with various institutional and retail investors. To date, Axelum maintains active research coverage from four local brokers while constantly in discussions with other equity houses for new initiations.



VALUE ENGINEERING

[3-3, 203-1]

Axelum constantly explores initiatives that generate operational synergies and efficiencies across the business to maximize value creation and enhance its supply chain.

In 2022, Axelum started the process of migrating into an upgraded enterprise resource planning platform to seamlessly integrate major operational functions into a centralized program. As part of its digitalization pivot, Axelum launched a computerized maintenance management system to monitor equipment usage and preventive maintenance schedules of all critical machinery to minimize risks of unforeseen shutdowns. Likewise, Axelum established a QR code system to manage inbound and outbound warehousing activity.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

[201-1, 201-2]

Axelum is recognized as a top taxpayer in the Municipality of Medina in Misamis Oriental, reaffirming its pledge to become a key contributor to economic and social development in Mindanao.

For 2022, Axelum posted record topline of ₱7.0 billion, of which approximately ₱6.3 billion of economic value was distributed to support local commerce and key stakeholder groups. Axelum spent ₱5.6 billion for supplier payments and operating expenses, while ₱400 million was earmarked to compensate its workforce. Tax and bank obligations amounted to ₱268 million and ₱36 million, respectively. Axelum allocated ₱4.0 million to fund various community development initiatives.

AMOUNT
(IN ₱ THOUSANDS)

ECONOMIC
VALUE GENERATED
(REVENUE) 7,042,589

ECONOMIC VALUE DISTRIBUTED

Operating Costs	5,569,994
Employee Wages and Benefits	399,877
Dividends Distributed to Stockholders and Interest Payments to Loan Providers	36,242
Taxes Paid to Government	268,052
Community Investments	3,771

MITIGATING NEGATIVE IMPACTS OF CLIMATE CHANGE

Climate change poses certain financial vulnerabilities resulting from more frequent and intense weather disturbances that may cause business disruption. While Northern Mindanao is generally a typhoon-free region, heavy rainfall may damage coconut trees and hamper raw material supply, while massive flooding will impede mobility of farmers and workers. Potential lesser milling days will lead to increased operational costs and opportunity loss. To fortify against climate change, Axelum has constructed large floodways to divert floodwater away from the Medina Plant. At present, Axelum is finalizing plans to install a modern solar panel facility to power peak operating hours and limit dependence on traditional energy sources. Estimated project cost is around ₱150 million.

PROCUREMENT ACTIVITIES

[3-3, 204-1, 414-1]

Axelum’s supplier network is comprised of reputable vendors with a proven track record of providing high-quality materials. Potential and existing suppliers are subjected to Axelum’s vendor accreditation process to ensure sound business and environmental compliance. Suppliers with established social programs are prioritized for accreditation. Axelum does not engage suppliers that practice child or forced labor.

In 2022, the Purchasing Department accredited 60 new suppliers following a diligent screening process involving comprehensive profiling and background checks to verify business legitimacy and history of non-compliance.

To maintain business integrity, Axelum employees are strictly prohibited from soliciting favors and receiving gifts from suppliers. Instances of bribery, corruption and other unethical behavior may result in outright termination and immediate revocation of supplier accreditation.

For 2022, there were no reported violations of procurement policies involving employees and suppliers.



NUT BUYING ₱1.6 BILLION

Spent for coconut purchases in 2022

The Nut Buying Department is responsible for sourcing coconuts from thousands of coconut farmers and bulk traders to meet its daily processing requirements. Axelum purchases fresh coconuts at above-market prices to guarantee sufficient allocation and augment farmer income.



Heart

SOCIAL RESPONSIBILITY

SOCIAL CONSCIOUSNESS

Since 1986, Axelum strives to fulfill its founding mission to uplift fellow Filipinos by providing various economic opportunities through education, livelihood, health and spiritual formation. Axelum regards its people as its greatest asset and stakeholders as invaluable partners. Axelum is committed to distributing economic value to support rural development and nation-building.



NURTURING OUR PEOPLE [3-3, 406-1]

Axelum promotes human rights and safeguards the welfare of its people by ensuring fair treatment, just compensation, equal-opportunity, occupational safety and career advancement. Axelum offers above-industry compensation including statutory benefits and reasonable working hours. Axelum's recruitment process is solely based on the candidate's qualifications and experience regardless of gender, race, ethnicity, color or religion. The Medina Plant is equipped with facilities that support persons with disabilities and has a history of employing people from indigenous backgrounds. Axelum provides a conducive and hazard-free working environment to ensure worker health and safety.

Axelum extends in-house, external and Technical Education and Skills Development Authority-accredited (TESDA) training courses to employees and workers for upskilling and career progression



REPORTED CASES OR VIOLATIONS RELATED TO ANTI-DISCRIMINATION IN 2022



DEMOGRAPHICS [2-7, 405-1]

Bulk of Axelum's manpower is based in the Medina Plant and are deployed in various areas of operations. Manila-based employees handle sales, marketing, purchasing, treasury and other corporate functions. For 2022, Axelum's total workforce comprised of 386 employees and 4,607 cooperative workers.

EMPLOYEES BY SEGMENT AND GENDER

	MALE	FEMALE	TOTAL
Employees	240	146	386
Cooperatives	3,361	1,246	4,607
TOTAL	3,601	1,392	4,993

EMPLOYEES BY CATEGORY AND GENDER

	AXELUM		COOPERATIVES		TOTAL
	MALE	FEMALE	MALE	FEMALE	
Rank and File	168	73	3,361	1,246	4,848
Middle Management	66	71	-	-	137
Senior Management	6	2	-	-	8
TOTAL	240	146	3,361	1,246	4,993

EMPLOYEES BY CATEGORY AND AGE GROUP

	AXELUM			TOTAL
	BELOW 30	30-44	45 AND UP	
Rank and File	100	95	46	241
Middle Management	25	55	57	137
Senior Management	-	2	6	8
TOTAL	125	152	109	386



HIRING AND ATTRITION [3-3, 401-1]

For 2022, Axelum generated a total of 4,993 regular jobs, providing a steady source of income for thousands of families. Axelum maintained low employee turnover which is indicative of overall employee satisfaction. At the onset of the COVID-19 pandemic, Axelum did not retrench a single employee.

Axelum’s talent selection process is primarily based on a candidate’s qualifications, skills and experience. As an equal-opportunity employer, Axelum does not discriminate on applicants based on gender, color, race, ethnicity and religion. Axelum has a history

of employing persons with disabilities and individuals from indigenous backgrounds.

Some of Axelum’s key employee programs are as follows:

- ▶ Performance Management (Key Personnel)
- ▶ Succession Planning (Individual Performers)
- ▶ STAR Program (High-Performers)
- ▶ Tardiness and Absenteeism
- ▶ Employee Leave Entitlements
- ▶ Employee Health Monitoring
- ▶ Learning and Development

NEW HIRES

AGE GROUP	MALE	FEMALE
Below 30	17	15
30 to 44	13	8
Above 45	8	2
TOTAL	38	25

EMPLOYEE TURNOVER

AGE GROUP	MALE	FEMALE
Below 30	20	19
30 to 44	6	6
Above 45	9	1
TOTAL	35	26

BENEFITS [401-2]

Axelum upholds the principles of fair compensation and implement targeted initiatives that promote financial inclusion for its people. Axelum offers above-industry compensation, statutory benefits and is compliant with the provisions of the Philippine Labor Code. In addition, Axelum provides additional benefits including cash incentives, rice subsidies, product allowances and variable pay. Moreover, employees and cooperative have access to other company-specific benefits including life insurance, hospitalization, multi-purpose loans, telecommuting and leave entitlements.

BENEFITS EXCLUSIVE TO FULL-TIME EMPLOYEES

BENEFITS	METRO MANILA	MISAMIS ORIENTAL
Life Insurance	◇	◇
Healthcare (aside from PhilHealth)	◇	◇
Disability and Invalidity Coverage	◇	◇
Parental Leave	◇	◇
Retirement Provisions (company-specific)	◇	◇
Social Security System	◇	◇
PhilHealth	◇	◇
Pag-Ibig	◇	◇
Vacation Leaves	◇	◇
Sick Leaves	◇	◇
Housing Assistance (aside from Pag-Ibig)	◇	◇
Stock Ownership		
Further Education Support	◇	◇
Telecommuting*	◇	◇
Flexible Working Hours*	◇	◇

*Telecommuting and flexible working hours for Metro Manila-based employees and selected Medina Plant personnel.

PARENTAL LEAVE [401-3]

	M	F
Entitled to Parental Leave	240	146
Parental Leave Availments	10	11
Returnees after Parental Leave ended in 2022	10	7
Returnees after end of Parental Leave and still employed 12 months after Returning	10	7
Retention Rate	125%	140%



TRAINING [3-3, 404-2]

Axelum believes that continuous learning is key to increased employee motivation, retention and productivity. Axelum conducts various in-house training modules for all levels across the organization. Moreover, Axelum offers external and TESDA-accredited technical courses to upgrade individual skill set and support career advancement.

All employees and cooperative workers participated in selected training courses in 2022.

AVERAGE HOURS OF TRAINING PER YEAR [404-1]

BY GENDER	AVERAGE TRAINING HOURS	NUMBER OF EMPLOYEES	TOTAL TRAINING HOURS
Male	40	240	15,440*
Female	40	146	

*386 employees multiplied by an average of 40 hours of individual training.

BY EMPLOYEE CATEGORY	AVERAGE TRAINING HOURS	NUMBER OF EMPLOYEES
Senior Management	25	8
Middle Management	48	137
Rank and File	45	241

EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS [404-3]

BY EMPLOYEE CATEGORY	MALE	FEMALE
Senior Management	100.00%	100.00%
Middle Management	100.00%	100.00%
Rank and File	100.00%	100.00%
TOTAL HEADCOUNT	240	146



REGULAR TRAINING COURSES

PROCESS CONTROL

- ▶ Basic Statistics Training
- ▶ Statistical Process Control Training
- ▶ On-the-Job-Training for Machine/Equipment Technicians

FOOD SAFETY AND QUALITY

- ▶ Hazard Analysis and Critical Control Points Training (HACCP)
- ▶ British Retail Consortium Standards Training
- ▶ Halal Training

ENGINEERING, PREVENTIVE MAINTENANCE, CALIBRATION, AND INSTRUMENTATION

- ▶ Effective Records Management for ISO/IEC 17025:2017
- ▶ Risk-Based Thinking in Lab Quality Management System
- ▶ Risk Assessment Training

QUALITY CONTROL AND ASSURANCE

- ▶ Method Validation and Verification of Test Methods Training

GOOD WAREHOUSING PRACTICES

- ▶ Metal Detector Training
- ▶ Ultra-High-Temperature Coconut Cream Milk/Cream New Process Line Training
- ▶ Coconut Milk Powder and Coconut Cream/Milk Pasteurizer Training
- ▶ Spray Drying Training
- ▶ Training for Coconut Water Drillers
- ▶ Recycling Plant Operation and Maintenance Training

HEALTH AND SAFETY

- ▶ Occupational First Aid and Basic Life Support Cardiopulmonary Resuscitation with Automated External Defibrillators
- ▶ Construction Occupational Safety and Health Training
- ▶ Personal Hygiene
- ▶ Health and Safety Awareness
- ▶ Hazardous Chemical Handling
- ▶ HIV/AIDS Awareness
- ▶ Communicable Diseases
- ▶ Other Safety Training

ENVIRONMENTAL MANAGEMENT SYSTEM

- ▶ Environmental Policy
- ▶ Policy Statement
- ▶ Environmental Management Program
- ▶ Duties and Responsibilities of Pollution Control Officer
- ▶ Waste Identification, Storage and Disposal
- ▶ Oil Spill Response Procedure
- ▶ Polychlorinated Biphenyl Response Procedure
- ▶ Selection Guidelines for Waste Treater and Transporter
- ▶ Emergency Preparedness

ETHICAL POLICIES

- ▶ Annual Corporate Governance Training Session
- ▶ Anti-Sexual Harassment
- ▶ Drug-Free Workplace
- ▶ Code of Business Ethics
- ▶ Anti-Fraud and Bribery
- ▶ Magna Carta for Women
- ▶ Solo Parent's Welfare
- ▶ Anti-Child Labor
- ▶ Anti-Harassment and Non-Discrimination
- ▶ Whistleblowing

OCCUPATIONAL HEALTH AND SAFETY

[3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10]

At Axelum, ensuring the occupational health and safety of its people is of utmost priority. Axelum implements an Occupational Health and Safety (OHS) management system that covers all 4,993 personnel and has adopted international standards related to industrial health and safety. The OHS management system incorporates provisions stated in the Philippine Labor Code, Health Standards and Sanitation Code of the Philippine and SMETA, the world’s leading ethical audit methodology on labor, health and safety, environmental performance and ethics. In addition, the Department of Labor and Employment conducts a yearly audit to monitor Axelum’s compliance with prescribed General Labor Standards and Occupational Health and Safety Guidelines. Axelum strictly enforces occupational health and safety policies to promote a safe working environment and minimize risks of large-scale accidents or injuries. This includes regularly assessing workplace conditions to identify and address potential hazards that threaten worker safety in a timely manner. During the COVID-19 pandemic, in cooperation with local government and health units, Axelum provisioned for vaccines to fully inoculate its workforce and qualified dependents to shield them from critical illness.

MANDATORY HEALTH AND SAFETY TRAINING

All employees and workers are required to undergo at least eight hours of training in health and safety topics including fire safety and proper chemical handling. Additional safety training sessions are conducted for specific purposes.

SAFETY, HEALTH AND PRESERVATION OF ENVIRONMENT (SHAPE) DEPARTMENT

Axelum’s SHAPE Department is responsible for the stringent implementation and monitoring of Axelum’s occupational health and safety policies. The SHAPE Department is composed of representatives from plant management, employees and workers, who meet on a weekly or as needed basis, to review existing safety procedures and identify areas for intervention. Safety officers are assigned or every work shift to oversee compliance with occupational health and safety policies. Safety officers are trained in accordance with Republic Act No. 11058 or an Act Strengthening Compliance with Occupational Health and Safety Standards and Providing Penalties for Violations Thereof. Safety officers are mandated to report encountered or observed occupational health and safety concerns to the SHAPE Department for proper investigation and immediate corrective action.

MEDICAL SERVICES AVAILABLE FOR EMPLOYEES AND WORKERS:

- ▶ 24-hour on-site medical clinic with ambulance unit
- ▶ Vaccination programs
- ▶ Annual health and physical examinations
- ▶ Surgical missions

DISCLOSURE	QUANTITY
Safe Man-Hours	13,226,720 man-hours
No. of Work-Related Injuries (minor abrasions)	35
No. of Work-Related Fatalities	0
No. of Work-Related Illness	145
No. of Safety Drills	35

END-TO-END HYGIENE AND SANITATION

Entrance to production areas are equipped with a state-of-the-art gating mechanism that can be opened by accessing a lever submerged in liquid hand sanitizer to ensure cleanliness and avoid potential contaminants.





LABOR PRACTICES AND HUMAN RIGHTS

[2-23, 2-30, 3-3, 402-1, 410-1]

100%

of employees attended at least four hours of training on human rights policies and procedures

0

Reported issues or violations related to human rights in 2022

Axelum upholds and protects individual human rights aligned with its founding principles and core values. Axelum has instituted various policies that promote and safeguard worker rights including non-discrimination, anti-child labor, reasonable working hours, fair compensation and freedom of association. In practice, Axelum is compliant with the guidelines of the Philippine Labor Code and SMETA international standards.

ENGAGING COOPERATIVE PARTNERS

Axelum works with four reputable labor cooperatives, who provide majority of its manpower for the Medina Plant. Cooperative workers are deployed in different operational areas including nut opening, milling and equipment maintenance. To foster positive relations, Axelum meets with cooperative representatives on a monthly basis to discuss concerns and resolve issues.

PHYSICAL SECURITY

With respect to human rights, Axelum hires professional security personnel to protect its people and physical assets in the Medina Plant and Makati Office from unwanted threats. Security personnel are engaged from third-party agencies and are required to complete all necessary training prior to deployment including proper and effective implementation of applicable company policies.

0

Reported incidents or complaints received involving security personnel in 2022



COMMUNITY DEVELOPMENT [3-3, 203-1, 203-2, 413-1]

Axelum believes that community development is a key pillar towards economic inclusion and nation-building. As such, Axelum champions its social cause through initiatives centered on education, livelihood and health. For 2022, Axelum awarded college scholarship grants to qualified students while approving two classroom renovation projects set to commence by January 2023. To promote sustainable livelihood, Axelum conducted various agricultural training to enrolled farmers in its organic demonstration farm to offer alternative sources of income.

53

New college scholarships granted to community students in 2022

2

Approved classroom renovation projects in 2022

51

Farmers enrolled in Axelum's community demonstration farming initiative in 2022



SAN ISIDRO POLYMEDIC GENERAL HOSPITAL PROJECT

As of end-2022, construction of the San Isidro Polymedic General Hospital (SIPGH), Axelum's most significant infrastructure and service venture to date, was at 87% project completion. Located in Gingoog City, the secondary-level SIPGH is expected to afford quality healthcare to over 350,000 community residents including patients from as far as Butuan City and Cagayan de Oro City, by offering a comprehensive suite of services and modern facilities. SIPGH is envisioned to improve accessibility to professional medical services with long-term aspirations to become the top referral hospital in Northern Mindanao.

SIPGH will operate extended laboratory diagnostic services, 15-seat hemodialysis center, surgical theaters, advanced radiology, intensive care units, emergency room and outpatient clinics. As part of Axelum's social advocacy, a portion of bed availability will be allocated for charity ward patients.

Axelum partnered with the Cagayan de Oro Medical Group, a reputable medical institution in Northern Mindanao, for project design and day-to-day management. During the initial planning phase, Axelum coordinated with local government units and various stakeholder groups to determine priority areas that require expanded care.



HOSPITAL FACILITIES:

- ▷ Emergency Room
- ▷ Rehabilitation Room
- ▷ Radiology
- ▷ Extended Laboratory
- ▷ Surgical Wing
- ▷ Pediatric Ward
- ▷ Outpatient Clinic
- ▷ Isolation Facility
- ▷ Intensive Care Unit
- ▷ Hemodialysis Center
- ▷ Charity Ward
- ▷ Dining/Canteen
- ▷ Administration Office
- ▷ Doctor and Nurses Lounge
- ▷ Meeting Room
- ▷ Nursery
- ▷ Chapel
- ▷ Doctor and Nurse Dormitories
- ▷ Generator Set
- ▷ Wastewater Treatment Area

Slated to commence operations by the second quarter of 2023, the SIPGH will be manned by a roster of approximately 150 medical professionals composed of doctors, nurses and support staff. Aligned with its holistic approach, Axelum constructed adjacent residential dormitories and recreational amenities to house accredited physicians and nurses.

To date, SIPGH is actively securing all requisite permits and approvals to start commercial operations. For its next phase, Axelum intends to further expand its facilities to offer specialized treatments.





ORGANIC COMMUNITY FARMING

Axelum capitalizes on the vast agricultural area surrounding the Medina Plant to complement its civic initiatives. Axelum maintains an organic demonstration farm that doubles as training ground for farmers across 19 barangays in the Municipality of Medina, to improve existing farming practices and maximize harvest quality. In addition, Axelum distributes assorted seedlings and essential planting tools to encourage and jumpstart farming ventures.

Aside from cultivating a variety of fruits and vegetables, Axelum's demonstration farm teaches farmers to create organic pesticides and fertilizer made from kitchen and farming waste. Also, Axelum helps connect farmers to professional agricultural experts to assess the agricultural feasibility of their farmlands and suggest alternative uses, while facilitating knowledge transfer of the latest farming techniques.

ORGANIC COMMUNITY

FARM HIGHLIGHTS:

- ▶ 5,320 coconut seedlings distributed in 2022
- ▶ 30 farmer recipients of planting tools in 2022
- ▶ 10 hectares of Napier grass propagated in 2022

EXPANDING FAIRTRADE PROGRAM

Fairtrade is the most recognized and trusted sustainability label in the world. A global organization that seeks to protect small-scale farmers and workers, who are among the most marginalized in the global trade system.

Axelum launched its Fairtrade initiative with the intention of creating positive impacts in the lives of coconut farmers. Products sold under Fairtrade carry a premium that is accounted for and earmarked separately to fund various social programs. A survey is carried out to identify the most pressing needs of farmers and to effectively develop solutions to address them.

For 2022, Axelum managed to increase the number of enrolled beneficiaries from 1,058 (from 930 beneficiaries in 2021) divided across 9 clusters, with a total savings premium amounting to approximately P24 million. In coordination with Axelum's Fairtrade team,

a portion of the premium was disbursed to support the distribution of medicines, grocery bundles and other essential goods based on the outcome of the needs survey. In addition, Axelum organized financial literacy sessions to help guide and educate farmers on sound financial management.

Axelum's Fairtrade program is subject to annual third-party audit to monitor strict compliance with Fairtrade standards. This exercise involves site visits, procedural audits and farmer interviews.

For 2023, Axelum's Fairtrade team is planning to propose various livelihood projects to offer alternative sources of income through agricultural skills training or entrepreneurship. These initiatives aim to provide opportunities for farmers to augment household earnings and become self-sustaining in the long run. To further its reach, Axelum is determined to expand its Fairtrade customer base in the coming years.





PROMOTING BROAD-BASED SOCIAL INCLUSION: EDUCATION, LIVELIHOOD, HEALTH AND SPIRITUAL FORMATION

Axelum's social development mindset is hinged on four key pillars: education, livelihood, health and spiritual formation.

AXELUM'S SOCIAL DEVELOPMENT PROGRAMS IN 2022

EDUCATION

- ▶ New college scholarships granted to qualified students from host communities: **53**
- ▶ Distributed learning materials to far-flung upland barangay elementary schools: **13**
- ▶ Total student population that received school supplies: **1,642**
- ▶ Approved classroom renovation projects: **2**

HEALTH

- ▶ Number of male participants in the surgical mission (circumcision): **261**
- ▶ Community residents with access to San Isidro Polymedic General Hospital: **over 350,000 people**
- ▶ Donation of Hematology Analyzer equipment to Medina Rural Health Unit

LIVELIHOOD

- ▶ Farmer beneficiaries under the Fairtrade program: **1,058**
- ▶ Farmers enrolled under the organic community farm: **51**

SPIRITUAL FORMATION

- ▶ Financial assistance to parish churches
- ▶ Donations of essential items to parish churches:
 - ◆ San Isidro Labrador Parish
 - ◆ San Vicente Chapel
 - ◆ P6 Maanas Sta. Cruz Chapel

DONATIONS

- ▶ Household and solo beneficiaries of grocery bundles from the Christmas Adopt-a-Family program: **161**
- ▶ Total amount spent on donations to schools and disaster victims: **₱3.2 million**





SERVING OUR CUSTOMERS

[2-27, 3-3, 416-2, 417-1, 417-2, 417-3, 418-1, 419-1]

For over three decades, Axelum has established a reputation built on superior quality, reliability and technical expertise, to become the preferred supplier of coconut products to global consumer brands. Axelum's manufacturing operations are certified by multiple third-party international audit bodies to ensure compliance with the highest standards on food processing. Axelum undergoes at least 25 annual operational audits conducted by customers and independent auditors.

MARKETING AND LABELING

Axelum's products are labeled with accurate product information: ingredients, expiration, nutritional facts, proper usage and disposal, sustainability impacts and other relevant details. To promote brand loyalty and patronage, Axelum taps credible marketing channels and does not engage in false promotional activities. Any form of product or marketing misrepresentation may lead to major lawsuits, customer switching and diminished industry reputation.

0

Reports of major incidents involving customer health and safety issues in 2022

91%

Average customer satisfaction score in 2022

0

Reports of major non-compliance incidents related to marketing, producing, labeling and voluntary codes resulting in customer warnings, regulatory sanctions, fines, and non-monetary penalties in 2022

0

Reports of any loss or breach of customer privacy in 2022

0

Fines or penalties related to socioeconomic compliance in 2022



DATA PRIVACY

Axelum is cognizant that protecting customer data from loss, breach or mishandling, is part and parcel of best business practices. Axelum is compliant with Republic Act 10173 or the Data Privacy Act of 2012 and has appointed a Data Privacy Officer to oversee implementation of its own internal data policy. Axelum's data protocols include password-protected files, secured servers and limiting user access. Axelum continues to invest in enterprise systems to strengthen cybersecurity.

SOCIOECONOMIC COMPLIANCE

Axelum observes socioeconomic compliance by abiding with standards and guidelines of regulators. Axelum is committed to timely and accurate submissions of reportorial requirements, renewal of business permits and licenses, implementation of occupational health and safety policies, among others.



Hands

ENVIRONMENTAL STEWARDSHIP

ENVIRONMENTAL STEWARDSHIP

Safeguarding our natural eco-systems, protecting biodiversity and contributing to climate action are priority focus areas of Axelum's sustainability framework. Axelum's manufacturing operations does not pose significant harmful risks to the environment and welfare of host communities.



ENVIRONMENTAL COMPLIANCE [2-27]

Axelum allocates a portion of its yearly capital expenditure to reinforce environmental programs. In 2022, Axelum was not cited or penalized any environmental compliance-related violations.

Axelum is compliant with environmental laws and regulations including:

- ▶ Philippine Clean Water Act of 2004 (Republic Act No. 9275)
- ▶ Philippine Clean Air Act of 1999 (Republic Act No. 8749)
- ▶ Ecological Solid Waste Management Act of 2000 (Republic Act No. 9003)
- ▶ Promulgating the Code on Sanitation of the Philippines (Presidential Decree No. 856)
- ▶ Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990 (Republic Act No. 6969)
- ▶ Regulations on Disposition of Hazardous Waste and Air Pollution (Department of Environment and Natural Resources)



RESOURCE MANAGEMENT

Improving resource efficiency through responsible consumption and promoting renewable practices are important principles to address scarcity of resources. Axelum’s approach to resource management includes prudently revisiting its value chain in search for areas that may benefit from greater efficiency. To put in motion, Axelum distributes coconut seedlings to farmer groups to increase the population of young coconut trees and uses recycle packaging materials to minimize solid waste.

DID YOU KNOW?

The presence of coconut trees act as windbreakers, increase soil quality, strengthen root systems and contribute to carbon sequestration.



MATERIALS USED [301-2]

MATERIALS USED	WEIGHT/VOLUME
RENEWABLE MATERIALS	
Coconut Shells	47,685,084 kg
Carton	64,351 kg
Paper Bag/Kraft Bag	49,230 kg
Tetra Paper	48,737 kg
NON-RENEWABLE MATERIALS	
Plastic Bag	75,110 kg

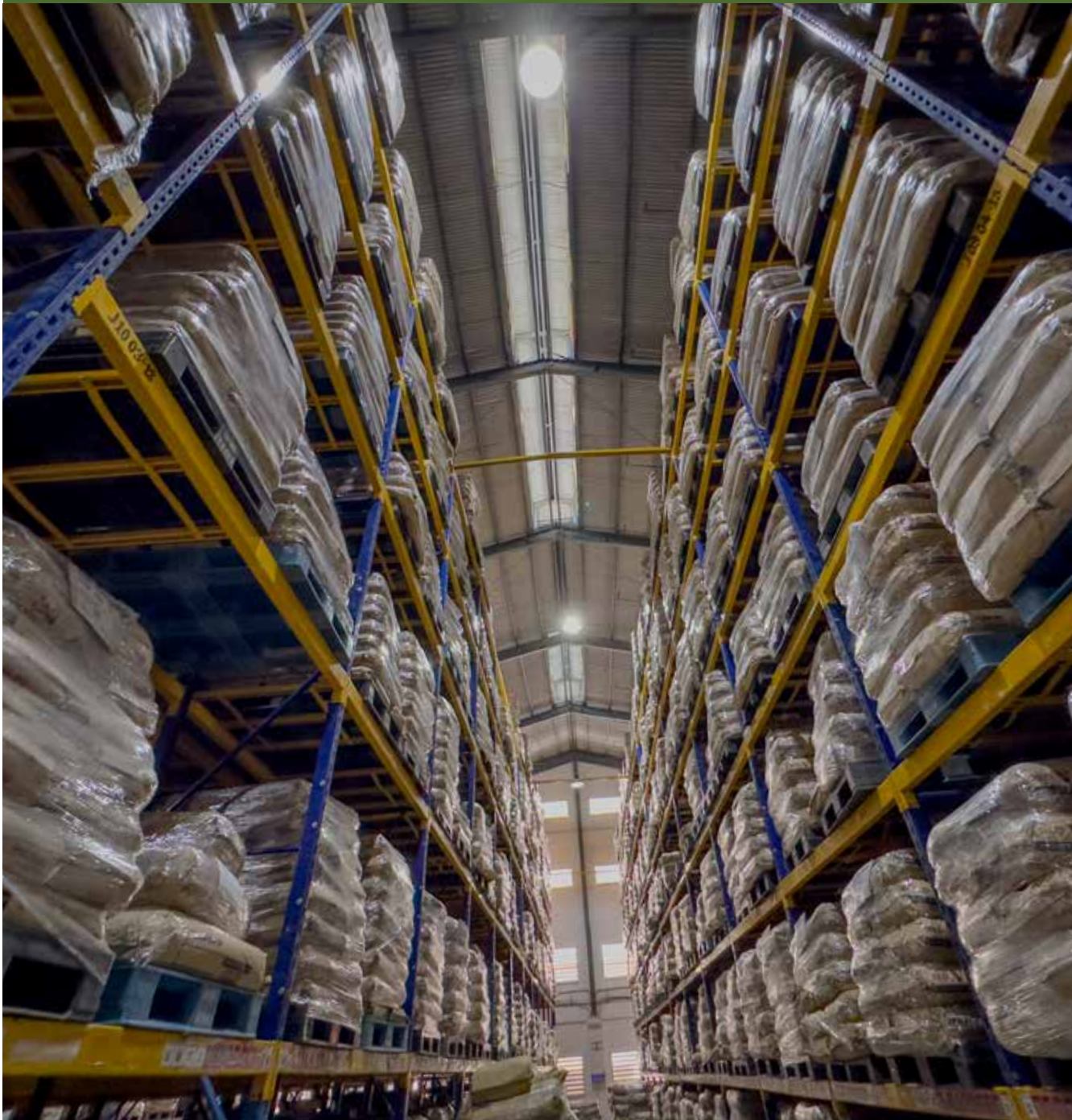
Axelum sources fresh coconuts from densely-populated coconut regions within a 200-kilometer of the Medina Plant including CARAGA, Lanao Peninsula, Northern Mindanao and Davao. Since 1986, Axelum has been transacting with thousands of coconut farmers and major bulk traders to meet its daily processing requirements. Axelum makes full-use of the coconut to manufacture a wide array of white-meat and coconut water products. Coconut shells are used as bio-feedstock to fuel industrial boilers that generate culinary-grade steam.



Another integral part of Axelum’s sustainability practices is its approach to recycling. Axelum pioneered the first Tetra Pak paper recycling facility in Mindanao that converts used Tetra paper into chipboards. Aside from Tetra paper, Axelum is also into recycling of paper bags and cartons, while in the process of formulating policies on single-use plastics.

In 2022, Axelum recycled 48,737 kilograms of used Tetra paper into 2,335 pieces of chipboards that were utilized as table dividers and interior wall partitions.

OPERATIONAL IMPROVEMENTS



Axelum continuously invests in building strategic capabilities to reinforce and future-proof its business. To meet rising demand, Axelum extended its on-site finished goods warehouse by installing additional 2,000 pallet positions, to increase storage capacity by 30%. In addition, Axelum expanded its nut bodega to boost storage space by 26% to accommodate larger quantities of raw material. As part of its digitalization strategy, Axelum adopted a QR code system to track inbound and outbound warehousing activity. Likewise, Axelum rolled out a computer maintenance management system for all critical equipment to calculate usage, efficiency and closely monitor preventive maintenance schedules to mitigate risks of unforeseen breakdowns. The next phase of this project will cover other machinery and ancillary facilities.



ENERGY CONSUMPTION [3-3, 302-1]

Axelum reaffirms its support to the objectives of the Paris Agreement, by spearheading initiatives to limit global warming and combat the negative effects of climate change. This includes tapping renewable energy sources and implementing a more efficient approach to fossil fuel consumption to reduce its carbon emissions.

For 2022, Axelum managed to decrease its total energy consumption by 4%, owing to lower energy output from coconut shells.

This is mainly due to the modernization of aging boiler equipment to enhance steam generation without requiring additional coconut shells. Increased consumption from other energy sources can be attributed to Axelum’s growing base of operations.

Moving forward, Axelum will continue to streamline its logistical network and shift to energy-efficient equipment to improve overall energy consumption. Axelum is also finalizing plans to install a state-of-the-art solar panel facility to power peak operating hours.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION	2022 (GJ PER YEAR)	2021* (GJ PER YEAR)
Gasoline	318.17	278.47
LPG	540.50	791.20
Diesel	34,603.16	31,351.65
Electricity	98,537.16	95,441.04
Coconut Shells for Boilers	991,849.66	1,048,873.70
TOTAL ENERGY CONSUMPTION	1,125,848.66	1,176,736.05

*Data on Energy Consumption within the Organization from 2019-2021 have been restated.
A more detailed explanation for these revisions is provided in the Annex of this report



WATER EFFICIENCY AND WASTEWATER TREATMENT [3-3, 303-1, 303-2]

Water is considered a universal resource that is widely-used for all types of business operations. Groundwater is withdrawn from four deep-wells located within the premises of the Medina Plant to be utilized for sanitation, personal hygiene, surface watering and other operational uses. For 2022, Axelum recycled 25% of its wastewater for other productive means such as vehicle washing and plant watering. Axelum installed a state-of-the-art wastewater treatment plant to ensure that effluents are compliant with regulatory standards including phosphate

requirements prior to discharge. Axelum monitors daily water consumption to remain within acceptable parameters, while constantly identifying ways to improve water efficiency.

WATER USAGE	QUANTITY (IN MEGALITERS)
Water Withdrawal [303-3]	1,314.33
Water Discharged [303-4]	822.50
Water Recycled and Reused [303-5]	328.58



AIR QUALITY [3-3]

In 2020, Axelum began tracking its greenhouse gas emissions (GHG) as part of its evolving climate action response. Axelum has assigned Pollution Officers to regularly monitor emissions emanating from its manufacturing operations to eliminate possible negative effects to human health and the natural environment. For 2022, Axelum reduced its direct carbon footprint by 5% compared to the previous year.

To assess the impact of its GHG emissions on global warming potential rates, Axelum referred to the Global Warming Potentials from the IPCC 5th Assessment Report (2014), Intergovernmental Panel on Climate Change and the Emission Factor in Mindanao based on the 2015-2017 emission factor data from the Department of Energy (DOE). Emission sources that determined NOx and Sox emissions include boilers, generator sets, Parucco dryers or heat exchangers.



GHG EMISSION	QUANTITY/UNIT (TONNES CO ₂ E)
DIRECT (SCOPE 1) GHG Emissions [305-1]	78,898.20 (Carbon Dioxide)
	11,891.26 (Methane)
	378.21 (Nitrous Oxide)
	TOTAL: 91,167.67
ENERGY INDIRECT (SCOPE 2) GHG Emissions [305-2]	21,680.91
*Emission sources for NOx and SOx are from boilers, generator sets, and parruco dryers or heat exchangers.	
AIR EMISSIONS [305-7]	QUANTITY/UNIT (METRIC TONS/ YEAR)
NOX*	260.45
SOX*	4.33
Persistent Organic Pollutants (POPs)	Not available
Volatile Organic Compounds (VOCs)	Not available
Hazardous Air Pollutants (HAPs)	Not available
Particulate Matter (PM)	73.51
*Emission sources for NOx and SOx are from boilers, generator sets, and parruco dryers or heat exchangers.	



CARBON SEQUESTRATION THROUGH TREE PLANTING

Carbon sequestration is defined as the process of capturing and storing carbon dioxide from the Earth’s atmosphere. This can be achieved through reforestation, the most popular method of climate protection. Since 2017, Axelum has planted approximately 4,400 mahogany, bamboo and coconut seedlings within host communities, while distributing thousands of coconut seedlings to farmers and various planting tools to encourage repopulation. This is a continuing effort that forms part of Axelum’s decarbonization program. In 2022, Axelum held one tree-planting activity attended by 20 participants to plant 700 mahogany seedlings in Sitio Kabistel, Barangay San Roque in the Municipality of Medina.

Aligned with this initiative, Axelum propagates Napier grass in its community farm to behave as active carbon sinks by absorbing carbon underground to prevent emissions from heating up the atmosphere.



SOLID WASTE	QUANTITY (IN METRIC TONS)
Total Non-Hazardous Waste Generated* [306-3]	44,801.65
Total Hazardous Waste Generated [306-3]	9,208.04
Lead Compounds**	0.33
Mercury and Mercury Compounds**	0.03
Used Industrial Oil	3.58
Vegetable Oil with Sludge	9,204.10
Total Waste Diverted from Disposal [306-4]	53,939.24
Total Waste Disposed to Landfill [306-5]	70.41

*Non-hazardous waste consists of carton, garbage, paper bag, plastic bag, tetra paper, and coconut shells.

**Used batteries



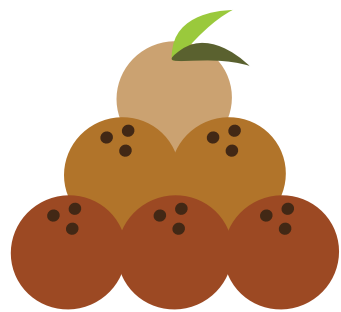
SOLID WASTE AND EFFLUENTS

[3-3, 306-1, 306-2]

To minimize its impact on the environment, Axelum actively monitors waste generation and implements reduction initiatives to promote waste efficiency. Axelum enforces a multi-step strategy on waste management from segregation and proper disposal including storage, treatment and transportation of hazardous waste. Axelum operates a material recovery facility and recycling plant that manages solid waste.

The SHAPE Department and Pollution Control Officer are jointly tasked to measure and collect waste-related information for reference. Non-hazardous waste are diverted to designated landfills via trucking system. Hazardous waste are carefully handled in a specialized storage facility prior to hauling by a third-party waste transporter accredited by the DENR. Axelum operates a modern wastewater treatment plant, equipped with chemical and biological treatment capabilities, to ensure that effluents are compliant with regulatory standards.

To date, Axelum is firming up its policy on single-use plastics to further strengthen its waste management program.



Annex

RESTATEMENT: ENERGY CONSUMPTION WITHIN THE ORGANIZATION (2019 TO 2021)

[2-4, 302-1]

ENERGY CONSUMPTION	2019		2020		2021		2022
	PREVIOUS QUANTITY (IN GJ)	CORRECTED QUANTITY (IN GJ)	PREVIOUS QUANTITY (IN GJ)	CORRECTED QUANTITY (IN GJ)	PREVIOUS QUANTITY (IN GJ)	CORRECTED QUANTITY (IN GJ)	
Diesel	66,994.84	53,579.52	36,046.60	48,280.21	33,808.10	31,351.65	34,603.16
Gasoline	2,412.00	2,167.43	262.66	670.03	299.20	278.47	318.17
Coconut shells	877,684.20	1,300,579.70	805,787.00	971,103.74	917,960.03	1,048,873.70	991,849.66
LPG	840.65	726.80	524.40	917.70	395.60	791.20	540.50
Electricity	73,493.30	67,957.16	76,912.26	81,380.88	94,580.64	95,441.04	98,537.16
TOTAL	1,021,424.99	1,425,110.61	906,637.70	1,102,352.57	1,031,672.01	1,176,736.05	1,125,848.66



The restatements of values reported under *GRI 302-1: Energy Consumption* within the Organization were applied to standardize the energy conversion factor rate of Joule (J). Previously, Axelum cited multiple references that resulted in different conversion values for selected figures disclosed from 2019 to 2021. This correction is intended to address prior discrepancies and maintain consistency in the consolidation of *GRI 302-1* and *GRI 305: Emissions 2016* data for succeeding reports.

GRI Content Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
GENERAL DISCLOSURES					
GRI 2: General Disclosures 2021	2-1 Organizational details	1, 3, 7	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available		
	2-2 Entities included in the organization's sustainability reporting	In the 2022 Audited Financial Statements of Axelum Resources Corp in their 2022 Annual Report			
	2-3 Reporting period, frequency and contact point	1			
	2-4 Restatements of information	78			
	2-5 External assurance	None			
	2-6 Activities, value chain and other business relationships	3, 5, 17, 21			
	2-7 Employees	50			
	2-8 Workers who are not employees				
	2-9 Governance structure and composition	34, 38			
	2-10 Nomination and selection of the highest governance body	38			
	2-11 Chair of the highest governance body	37			
	2-12 Role of the highest governance body in overseeing the management of impacts	38			
	2-13 Delegation of responsibility for managing impacts	Direct answer in "Explanation"			

STATEMENT OF USE	Axelum Resources Corp. has reported in accordance with the GRI Standards for the period 01 January 2022 to 31 December 2022.
GRI 1 USED	
APPLICABLE GRI SECTOR STANDARD(S)	
	GRI 1: Foundation 2021
	None

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
GENERAL DISCLOSURES					
				In addition, the senior management team is tasked to monitor internal and external developments that may impact the organization.	
				During every Board meeting, the Chief Executive Officer reports assessed organizational impacts and plans for action or mitigation.	
	2-14 Role of the highest governance body in sustainability reporting	Direct answer in "Explanation"		The Board provides strategic guidance on the organization's sustainability approach and framework.	
				Reported information on sustainability is approved by the Chief Executive Officer and President.	
	2-15 Conflicts of interest	41			
	2-16 Communication of critical concerns	38			
	2-17 Collective knowledge of the highest governance body	Direct answer in "Explanation"		Inputs from each member of the Board are gathered and carefully considered.	
				There are plans to establish a yearly self-assessment exercise to formalize performance evaluation of the Board.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
GENERAL DISCLOSURES					
	2-18 Evaluation of the performance of the highest governance body	Direct answer in "Explanation"		There are plans to establish a yearly self-assessment exercise to formalize performance evaluation of the Board.	
	2-19 Remuneration policies	38			
	2-20 Process to determine remuneration	38			
	2-21 Annual total compensation ratio		Confidentiality constraints	In general, compensation-related data are covered under confidentiality.	
	2-22 Statement on sustainable development strategy	9			
	2-23 Policy commitments	4, 57			
	2-24 Embedding policy commitments	41			
	2-25 Processes to remediate negative impacts	41			
	2-26 Mechanisms for seeking advice and raising concerns	41			
	2-27 Compliance with laws and regulations	65, 68			
	2-28 Membership associations	7			
	2-29 Approach to stakeholder engagement	27			
	2-30 Collective bargaining agreements	57			
MATERIAL TOPICS					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	28	A gray cell indicates that reasons for omission are not permitted for the disclosure or that a GRI Sector Standard reference number is not available.		
	3-2 List of material topics	28			
Economic Performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	43			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	43			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Economic Performance					
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	43			
	201-3 Defined benefit plan obligations and other retirement plans	Direct answer in "Explanation"		The organization has a formal noncontributory and funded defined benefit retirement plan covering all of its regular employees.	
	201-4 Financial assistance received from government	Direct answer in "Explanation"		For 2022, the organization was entitled to a tax benefit amounting to P54.2 million, related to the sale of certain products that are covered by existing tax holidays.	
Market Presence					
GRI 3: Material Topics 2021	3-3 Management of material topics				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	See direct answer in "Explanation"		All male and female employees are paid above the minimum wage set by the National Wages Productivity Commission. Significant locations of operations here are limited to the Medina Plant and Corporate Head Office in Metro Manila.	
	202-2 Proportion of senior management hired from the local community		Information unavailable/incomplete	The organization has plans to provide a breakdown of the proportion of senior management hired from the local community, as part of improving the information database on our employees.	
Indirect Economic Impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 58			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Indirect Economic Impacts					
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	16, 17			
	203-2 Significant indirect economic impacts	58			
Procurement Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	44			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	44			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	See direct answer in "Explanation"		For 2022, there were no reported violations of the organization's anti-corruption policies.	
	205-2 Communication and training about anti-corruption policies and procedures	41			
	205-3 Confirmed incidents of corruption and actions taken	See direct answer in "Explanation"		There were no confirmed incidents of corruption in 2022	
Anti-competitive Behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	41			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Not identified as material topic	
GRI 207: Tax 2019	207-1 Approach to tax		Not applicable	Not identified as material topic	
	207-2 Tax governance, control, and risk management		Not applicable	Not identified as material topic	
	207-4 Country-by-country reporting		Not applicable	Not identified as material topic	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Materials					
GRI 3: Material Topics 2021	3-3 Management of material topics	70			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	70			
	301-2 Recycled input materials used	70			
	301-3 Reclaimed products and their packaging materials		Not applicable	There are no reclaimed products and packaging materials in the organization	
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	72			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	72			
	302-2 Energy consumption outside of the organization		Information unavailable/incomplete	There are plans to establish a process to accurately measure energy consumption outside the organization, tied with the calculation of our Scope 3 GHG emissions.	
	302-3 Energy intensity		Information unavailable/incomplete	There are plans to establish a process to accurately measure energy intensity ratio.	
	302-4 Reduction of energy consumption		Information unavailable/incomplete	There are plans to include this metric as part of the total calculation of energy consumption.	
	302-5 Reductions in energy requirements of products and services		Information unavailable/incomplete	There are plans to include this metric as part of the total calculation of energy consumption.	
Water and Effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	73			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Water and Effluents					
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	73			
	303-2 Management of water discharge-related impacts	73			
	303-3 Water withdrawal	73			
	303-4 Water discharge	73			
	303-5 Water consumption	73			
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Not identified as material topic	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		Not applicable	Not identified as material topic	
	304-2 Significant impacts of activities, products and services on biodiversity		Not applicable	Not identified as material topic	
	304-3 Habitats protected or restored		Not applicable	Not identified as material topic	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		Not applicable	Not identified as material topic	
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	74			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	74			
	305-2 Energy indirect (Scope 2) GHG emissions	74			
	305-3 Other indirect (Scope 3) GHG emissions		Information unavailable/incomplete	There are plans to establish a process to accurately measure energy intensity ratio.	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Emissions					
GRI 305: Emissions 2016	305-4 GHG emissions intensity		Information unavailable/incomplete	Axelum plans to establish a methodology to properly measure GHG emissions intensity ratio.	
	305-5 Reduction of GHG emissions	See direct answer in "Explanation"		For 2022, the organization managed to decrease its Scope 1 GHG emissions by 5%.	
	305-6 Emissions of ozone-depleting substances (ODS)		Information unavailable/incomplete	Axelum is to consider inclusion of emissions of ozone-depleting substances (ODS) in future reporting.	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	74			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	76			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	76			
	306-2 Management of significant waste-related impacts	76			
	306-3 Waste generated	76			
	306-4 Waste diverted from disposal	76			
	306-5 Waste directed to disposal	76			
Supplier Environmental Assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Not identified as material topic	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		Not applicable	Not identified as material topic	
	308-2 Negative environmental impacts in the supply chain and actions taken		Not applicable	Not identified as material topic	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	51			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	51			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	52			
	401-3 Parental leave	52			
Labor/Management Relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	57			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	57			
Occupational Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	55			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	55			
	403-2 Hazard identification, risk assessment, and incident investigation	55			
	403-3 Occupational health services	55			
	403-4 Worker participation, consultation, and communication on occupational health and safety	55			
	403-5 Worker training on occupational health and safety	55			
	403-6 Promotion of worker health	55			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	55			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Occupational Health and Safety					
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	55			
	403-9 Work-related injuries	55			
	403-10 Work-related ill health	55			
Training and Education					
GRI 3: Material Topics 2021	3-3 Management of material topics	53			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	53			
	404-2 Programs for upgrading employee skills and transition assistance programs	53			
	404-3 Percentage of employees receiving regular performance and career development reviews	53			
Diversity and Equal Opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	48			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	50			
	405-2 Ratio of basic salary and remuneration of women to men		Confidentiality constraints	In general, compensated- related data is covered by confidentiality. The organization is compliant with mandatory wages and statutory benefits in accordance with the Philippine Labor Code.	
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	48			
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	48			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Freedom of Association and Collective Bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Not identified as material topic	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		Not applicable	Not identified as material topic	
Child Labor					
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Not identified as material topic	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor		Not applicable	Not identified as material topic	
Forced or Compulsory Labor					
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Not identified as material topic	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor		Not applicable	Not identified as material topic	
Security Practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	57			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	57			
Rights of Indigenous Peoples					
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Not identified as material topic	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples		Not applicable	Not identified as material topic	
Local Communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	58			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	58			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Local Communities					
GRI 413: Local Communities 2016	413-2 Operations with significant actual and potential negative impacts on local communities	See direct answer in "Explanation"		Potential suppliers undergo a stringent vendor accreditation process which requires submissions of financial statements, company profile and other relevant documents. Suppliers are required to secure a valid business permit from the local government. Suppliers with active social programs are preferred.	
Supplier Social Assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	44			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	44			
	414-2 Negative social impacts in the supply chain and actions taken	See direct answer in "Explanation"		Potential suppliers undergo a stringent vendor accreditation process which requires submissions of financial statements, company profile and other relevant documents. Suppliers are required to secure a valid business permit from the local government. Suppliers with active social programs are preferred.	
Public Policy					
GRI 3: Material Topics 2021	3-3 Management of material topics		Not applicable	Not identified as material topic	
GRI 415: Public Policy 2016	415-1 Political contributions		Not applicable	Not identified as material topic	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		GRI SECTOR STANDARD REF. NO.
			REASON	EXPLANATION / DIRECT ANSWER	
MATERIAL TOPICS					
Customer Health and Safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	65			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	See direct answer in "Explanation"		All of the organization's product segments are regularly assessed for health, safety and further improvement.	
	416-2 Incidents of non- compliance concerning the health and safety impacts of products and services	65			
Marketing and Labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	65			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	65			
	417-2 Incidents of non- compliance concerning product and service information and labeling	65			
	417-3 Incidents of non-compliance concerning marketing communications	65			
Customer Privacy					
GRI 3: Material Topics 2021	3-3 Management of material topics	65			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	65			



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