



SUSTAINABILITY REPORT

CONTEXTUAL INFORMATION	
Name of Organization	Figaro Coffee Group, Inc. (FCGI) (PSE:FCG)
Location of Headquarters	116 East Main Ave, Phase V-SEZ, Laguna Technopark, Biñan, Laguna
Report Boundary: Legal entities (e.g Subsidiary) included in this report	Figaro Coffee Systems, Inc. (FCSI)
Business Model. Including Primary Activities, Brands, Products, and Services	Full-service restaurant chain
Reporting Period	July 1, 2021 to June 30, 2022
Highest Ranking Person responsible for this report	Divina Gracia G. Cabuloy, President & CEO Michael T. Barret, Director/ CIO
Contact for questions regarding the report	Investor Relations corporate@figaro.ph

MATERIALITY PROCESS

FIGARO COFFEE GROUP, INC., as a Parent Company of its wholly owned operating subsidiary, Figaro Coffee Systems, Inc. (“FCSI” or the “Subsidiary”), has minimal activities. The sustainability report of the Company depends on the actions performed by its Subsidiary to manage risk and capitalize on possible opportunities. Thus, references to “FCG”, the “Company” or “Group” throughout this report pertains to both the Parent Company and its Subsidiary, unless otherwise specified in the statement.

We always practice good governance and actively pursue the cause of socio-cultural and environmental concerns. The Group creates long-term value for its shareholders and business partners through profitable operations and business sustainability, and dignity of life for its employees. As the Company moves towards the accomplishment of its corporate goals and ultimately to create and sustain increased value for all its shareholders, the Board of Directors, the management, officers and employees of the Company believe that sound and effective governance is fundamental to its continued success and long-term existence.

a. Environment

FCG's Environmental, Social and Governance ("ESG") Policy goals are embedded and remain our core in everything we do in business. We believe we have a responsibility to minimize the energy, carbon, water and waste impacts of our business and recognize that these impacts occur not just in the daily operations of our portfolio but also through our entire value chain. As a result, we strive to reduce environmental impacts across the full life cycle of our buildings and our corporate operations.

b. People

A deep commitment to social responsibility is core to who we are as a Company. We believe people are the heart of our business and take pride in our outstanding work culture. We strive to be an optimal player to our employees, business partners, as well as valued partners to our communities.

We create fun, spirited work environments that reward innovation and collaboration at all levels. Also, the health and safety of our employees, tenants, and vendors is of the utmost importance to us. Each year, we conduct various health seminars and awareness programs which require our employees to complete safety training.

Our management team has a strong background in the food and beverage industry, with an average of 31 years of exposure in different aspects of restaurant/café operations management such as store operations, business development, sales and marketing, international store expansion, research, and development. We maximize our employees' potential by honing their unique skills and motivating them to become an important part of the organization. We continue to develop processes and procedures to train our employees on the techniques required to effectively operate our kitchens.

c. Product

The Company Mission is to deliver quality, innovative and value-for-money food favorites that every customer will love and want to share. Our Company continues to work towards our vision to be the top-of-mind food company in delivering happiness to customers and value to our partners and shareholders. We ensure that our products are of top quality and meet the requirements of Food Safety Regulators. FCG also develops products that health-conscious individuals would love.

Our products are produced under the strict supervision of our Quality Assurance Department, making sure that all produced goods will be of the highest quality. With the well-established systems and the presence of the dynamic individuals from the Research and Development group, we are highly confident that we can capture a larger share of the food and beverage segment by providing a variety of new products to a broader spectrum of customers. Principles of professionalism, sustainability and customer focus runs our business philosophy. We operate our own roasting facility, warehouse and supplies and commissaries to cater and supply our stores and business partners. Our commissary is capable of producing high volume products without compromising on its quality. Our roasting facility operations guarantee the freshness and quality of our coffee products. Our Roasting Team members are trained at the Institution of Coffee Excellence located in Mandaluyong City. Training courses include Coffee 101, Roasting and Third Wave,

among others. We highlight the importance of Quality, Consistency and Value in all the goods that we are producing.

Our commissary was previously Halal certified and HACCP compliant. Due to the pandemic, this has not yet been renewed. However, the Company's operations continue to adhere to the strict standards on food preparation, safety and quality. Our facilities also adhere to the highest quality standards and having complied with the Rules and Regulations Governing the Operations of Food and Food Products Manufacturing and Processing Establishments, and the Good Manufacturing Practices Requirements under Administrative Order No.153, series of 2004, the Food and Drug Administration issued a Certificate of Good Manufacturing Practices (GMP) in favor of the Company, valid until 05 May 2024.

COVID-19 IMPACT AND DEVELOPMENTS

The COVID 19 Pandemic is a wake-up call as the Group was forced to put health concerns, family and team members at the forefront of focus and priorities. The Group was accelerated to right size operations and streamline processes to meet the demands of the new normal.

At the onset of this pandemic, everything was in disarray and full of uncertainty. Mobility and supply chain were challenged, sales were going down, additional costs related to safety and security were popping up and a lot of regulatory measures were being implemented. There were biweekly adjustments and re-adjustments in community quarantine. The Group was forced to align and realign with these IATF measures. As the operation adjusts, the Group needs to act fast in adjusting to the requirements of customers and maintaining safety and security of employees while looking out for the Group's profitability and viability. The Group did not wait for the new normal. The Group's Safety Officer regularly attends seminars to improve our safety measures. This has become crucial to our operations, especially during the COVID-19 pandemic. In compliance with the government's COVID-19 Health & Safety Protocols, FCGI has set its own COVID Guidelines & Policy ("COVID Policy") and Pandemic Preparedness Plan as embodied in the ESG Policy. The Company's COVID Policy includes, among others, store safety protocols and guidelines. Under the said protocols, all staff are expected to abide with strict measures including the procedures enumerated below. These measures have since then been accordingly adjusted and re-calibrated based on the prevailing COVID alerts, mandates and guidelines set by government health authorities.

1. Non-Contact temperature screening will be done upon entering the store. Temperature checking should be done every time an individual enters the store.
2. A standardized Health Declaration Form will be given to be strictly used.
3. A foot bath will be set up at the main entrance door.
4. A Guest Contact Tracing Form will also be provided.
5. A "No Face Mask No Entry" policy will be strictly implemented
6. Wearing of PPEs such face shields and hand gloves will be required for all staff on duty
7. A Cash Tray will be made available to use by guests to settle their payments to minimize physical contact with others
8. Preventive and safety signage will be provided to be posted on all visible areas in the store.
9. All utensils, wares and equipment must undergo a comprehensive sanitation procedure using the food grade Liquid Chlorine Sanitizer (Chlorinex).
10. Observe physical distancing in the work area
11. Clean and disinfect all tables, chairs and all frequently handled/used surfaces regularly.

As of end of September 2022, the Group has completed 100% inoculations for all employees as to the first dose, 100% of the employees for the second dose, and 80% with booster shots.

Notwithstanding the challenges of the pandemic, our delivery business significantly increased and has been breaking historical sales records. Please refer to the Company’s Annual Report for the fiscal year ended June 30, 2022 for the details on FCG’s sales and revenues, with the Management’s Discussion and Analysis of these financial results. Further, the Company was still able to successfully launch a total of 123 new stores, company and franchise-owned stores within the fiscal year period covering 01 July 2021 to 30 June 2022. The following table shows the total number of stores launched for the fiscal year period from 01 July 2021 to 30 June 2022:

STORES	NEW STORES OPENED
FIGARO	56
ANGEL’S PIZZA	53
TIEN MA	6
TFG EXPRESS	8

The online store we launched last 2020 – the Figaro Group Online (www.thefigarogroup.ph) to cater to the ever-changing consumer demand brought by the pandemic continues to serve our customers and we ensure that our systems are up-to-date, reliable and secure. We have successfully directed our efforts in developing ready-to-eat (RTE) meals and capitalized in our strong delivery team to provide convenience to our valued customers. We make sure that our well-loved products can still be enjoyed in the comforts of their homes or offices. Among the products targeted for health-conscious customers that were launched for this fiscal year period include (i) Tien Mas’s Fresh Vegetarian Spring Rolls, Steamed Vegetable Dumpling and Asparagus & Mushrooms, and (ii) Figaro Coffee’s Sugar-Free Keto Brownies, Honey, Nuts and Oatmeal Bars, Keto Coconut Tiramisu and Gourmet Tuna Sandwich.

The Group's Angel’s Pizza brand became one of the top food delivery brands identified by Grab, and Creamy Spinach continues to be the Group's top selling Pizza variant.

This COVID 19 Pandemic is a positive wake up call to be more vigilant in growing the Group's market, improving service to clients and being more resilient in addressing the challenges of tomorrow and converting these challenges into opportunities on what will make the Group a better and stronger brand for the new normal.

CORPORATE SOCIAL RESPONSIBILITY

Despite the global pandemic, the Company remained committed to continue its Corporate Social Responsibility ("CSR") program in line with our commitment in “Strengthening our Communities” as stated in our ESG Policy. We have a long history of providing meaningful, and often transformational, support to the communities in which we operate. We support activities and programs geared towards community welfare and environmental protection. We also provide charitable support to key industry and professional organizations, often in the form of event sponsorships.

Our CSR activities for this fiscal year period include the following:

- Donations and visit at Hospicio De San Jose on March 19, 2022. FCG has been supporting Hospicio de San Jose, a welfare institution in Manila that serves as a foster home for orphans,

the abandoned, children with special needs and the elderly. More activities are lined up as initiated and supported by FCG for this institution, including a Christmas celebration this year.

- Food sponsorship for GMA Kapuso Foundation’s “Kalusugan Karavan” Medical Mission on June 07, 2022 in Obando, Bulacan. The medical missions of GMA Kapuso Foundation provide medical assistance to indigent Filipinos, particularly done in areas where basic health services are inaccessible. The Company provided and distributed packed Ready-To-Eat (RTE) meals to the beneficiaries as well as to the volunteers during the duration of the program.
- The “Sagip Dugtong Buhay” project of GMA Kapuso Foundation, which upholds the value of volunteerism through blood donation in order to help save or extend lives. This bloodletting project of the network started in 2017, and FCG has served as one of the sponsors for this project by primarily providing food for the blood donors and the volunteers during the activities:
 - 05 November 2021, in partnership with the Armed Forces of the Philippines, Philippine Red Cross and Ever Gotesco Mall/Go Tong Foundation;
 - 30 May 2022, in partnership with the Philippine Red Cross and UP-PGH.
- Sourcing of poultry products only from animal-friendly farms and growers through partnership with The Philippine Animal Welfare Society (PAWS) for The Better Chicken Option (TBCO) campaign.
- Local sourcing of fresh vegetables. Our supply of vegetables for our NCR stores are sourced from Baguio and Nueva Ecija. FCG is committed in promoting and sustaining the Angkat sa Baguio initiative in support of the farmers in Baguio, Benguet and the rest of the Cordillera Administrative Region. Our provincial stores also source fresh vegetables directly from the local community markets where the stores are located.

ECONOMIC

ECONOMIC PERFORMANCE

DISCLOSURE	AMOUNT	UNITS
Direct Economic value generated (revenue)	2,453,472,780.00	Php
Direct economic value distributed:		
a. Payments to Suppliers and Operating Costs	1,069,527,224.00	Php
b. Taxes given to government	56,256,089.00	Php
c. Interest payments to loan providers	1,608,491.00	Php
d. Dividends given to stockholders	208,138,000.00	Php
e. Employee wages and benefits	285,457,640.00	Php
f. Investment to communities (eg. Donations, CSR)	1,032,253.00	Php

Management Approach on Economic Performance

Php 1,622 million of Php 2,453 million revenues is funneled towards our key stakeholders, including our business partners, suppliers, stockholders, employees, banks, and government agencies.

The Group continues to make its mark in industry through the growth of store network and product developments. From 96 number of stores in 2021, our Subsidiary, in less than six (6) months after being publicly listed, has 123 stores nationwide as of 30 June 2022. Additional 27 stores are still in progress as part of the 150 stores target by end of the year 2022.

FCG owns 100% of its Subsidiary, thus any negative effect in the Subsidiary's business would greatly affect the financial performance of the Company.

Climate Related Risks and Opportunities

Impacts of climate change in the Philippines are immense. Heavy rainfall and floods are just some of the major impacts which also is a risk to our business.

We are committed to driving down our energy and carbon impacts, as we believe that climate change is one of the greatest risks to our world. The company supports a vision to be net zero carbon and to reduce our greenhouse emissions. Our sustainability program is committed to environmentally sustainable initiatives that deliver near-term efficiency, value, and health for our business, tenants and community.

Climate change is a priority issue for our business. We have a long-standing strategy to reduce our carbon footprint. We approach this challenge by reducing the impact we have on climate change; by identifying the risks a changing climate has on our business; and by collaborating with key stakeholders to amplify our actions. Our climate strategy supports our sustainable agriculture, water and waste strategies.

We are committed to driving down our energy and carbon impacts, as we believe that climate change is one of the greatest risks to our world. The Company supports a vision to be net zero carbon and to reduce

our greenhouse emissions. Our sustainability program is committed to environmentally sustainable initiatives that deliver near-term efficiency, value, and health for our business, tenants and community.

Our business is a contributor in the emission of greenhouse gas emissions, be it direct or indirect, beginning from our business partners, including suppliers and franchisees, up to our consumers. To help the environment, we have established Company policies on different aspects of our business – whether our water, waste, and energy conservation efforts. These Company Policies and Guidelines being strictly implemented by the Group include (i) Stores Proper Waste Management Policy, (ii) Commissary Proper Waste Management Policy, (iii) Waste Management & Disposal Guidelines, (iv) Drainage System Guidelines, (v) Waste Segregation & Disposal Guidelines, and (vi) Waste Collection Guidelines.

PROCUREMENT PRACTICES

DISCLOSURE	QUANTITY	UNIT
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers*	47% (Local) <u>53% (Imported)</u> 100% (Procurement Budget)*	%

**The Company sources all its materials (both local and imported materials and ingredients) for its products through FCG's accredited local suppliers and distributors.*

The Company uses raw materials that are manufactured locally and abroad. All of the Company's supply of fresh vegetables, processed meat and coffee beans are sourced locally from our accredited local suppliers, while our supply of dairies, mozzarella, cream cheese, frozen spinach and shrimp are imported from foreign suppliers through our accredited local distributors. Our store equipment, furniture and fixtures are likewise manufactured overseas but we procure through local distributors as well. Meanwhile, our stainless equipment is locally fabricated. The following summary provides details on the percentage of our procurement budget spent on local and imported materials:

LOCAL	%	IMPORTED	%
Perishable (vegetables, processed meat, coffee)	35%	Perishable (Dairies, Shrimp, frozen spinach)	45%
Non-perishable	1%	Non-perishable	4%
Equipment	3%	Equipment	4%
Packaging	8%	Packaging	0

Management Approach on Procurement Practices

Food Safety is a top priority and we dedicate significant resources, including our supply chain team and quality assurance team, to help ensure that our customers enjoy safe, quality food products. We have taken various steps to mitigate food quality and safety risks, including having personnel focused on this goal together with our supply chain team. Our stores undergo third-party food safety reviews, internal safety audits and routine health inspections. We also consider food safety and quality assurance when selecting our suppliers.

Maintaining a high degree of quality in our stores depends in part of our ability to acquire from reliable suppliers' ingredients and other necessary supplies that consistently meet our specifications. We carefully select suppliers based on quality and their understanding of our brand, and we seek to develop mutually beneficial

long-term relationships with them. We work closely with our suppliers and negotiate the terms of our contracts consistent with the industry standards. We rely on key suppliers for certain raw materials. We do not depend on a single supplier that would have a material adverse effect on its operations. Despite having key suppliers, we do not have any exclusive supply agreements and instead have several suppliers for each key raw materials and equipment needs.

To ensure high quality and safe materials, supplies, equipment and services by accrediting suppliers and regularly evaluating their performance. The procedure covers the activities from the assessment of the application for accreditation to the evaluation of the performance of accredited suppliers. They are also being audited by our Quality Assurance Department based on a comprehensive Assessment Checklist to make sure that suppliers meet the set standards.

As of date, FCG engages local suppliers and distributors for all of the raw materials needed for our products. Fresh vegetables are sourced from Baguio and Nueva Ecija for the NCR stores and Commissary, while for our provincial stores, we give priority to the communities and local markets in their respective areas to supply fresh products once approved by our Purchasing Department and R&D Team. Further, while our dairy products are imported, the Management is currently in discussion with a local manufacturer of dairy products for evaluation and testing.

In addition, the Company has continued to champion the local Barako coffee and now offers a wide selection of different coffee flavors, as our Figaro Coffee brand has become the epitome of what a world-class global homegrown Filipino brand can become. We source our coffee beans from local suppliers that have passed our stringent accreditation standards to ensure that every batch of coffee beans supply has passed our strict Quality Assurance. We have no long-time warehousing, we do not import roasted coffee and we do not use broken or old green beans. We roast our coffee in our own roasting facility, and directly supply each of our Figaro Coffee branch and other stores serving our brand.

The Company’s Procurement Team is also working on finding additional suppliers for our expansion plans. The Company considers suppliers who not only qualify based on our criteria and standards for accreditation of suppliers, but also those who share the same vision and goals as the Group.

ANTI-CORRUPTION

DISCLOSURE	AMOUNT	UNITS
Percentage of employees to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization’s anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

Management Approach on Anti-Corruption

FCG ensures that all Rules and Regulations, including our Anti-Corruption policies, are properly cascaded to new employees during employees’ orientation. The Company likewise ensures that FCG’s Business Integrity principles are integrated in the engagements, contracts and dealings among franchisees, suppliers, service providers and government authorities. FCG strongly abides with its Code of Business Conduct and

Ethics (“Code”) which upholds Business Integrity at all times through its commitment that, “any form of corruption, extortion and embezzlement shall be prohibited. We shall not offer, pay nor accept bribes or participate in other illegal inducements in business or government relationships. We shall work against corruption in all its forms.”

Incidents of Corruption

DISCLOSURE	AMOUNT	UNITS
Number of incidents in which directors were remove or disciplined for corruption	0	%
Number of incident in which employees were dismissed or disciplined for corruption	0	%
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	%

Management Approach on Incidents of Corruption

As of date, there has been no incident of corruption involving our directors, employees, and business partners. The Company’s HR Policies provide the appropriate procedures and sanctions for violations of Company Policies and Code that will be accordingly implemented by Management should there be any incident of corruption.

ENVIRONMENT

RESOURCE MANAGEMENT

We have a long-term environmental performance target for the portfolio that addresses energy and water consumption. To achieve our targets, each of our properties are monitored regularly by our third-party consultants. Water Potability sampling, testing and monitoring are done on a monthly basis by our accredited service provider, Scientia Tech. Water Potability and LPG usage of the Company are also being monitored by the accredited service providers endorsed by the respective LGUs where the Company’s stores or branches are located. The Company’s LPG or gas line suppliers likewise conducts monitoring and inspection of our stores.

Energy Consumption within the organization

DISCLOSURE	AMOUNT	UNIT	REDUCTION
Energy consumption (LPG)	253,935	Kls	-
Energy consumption (Diesel)	129,824.99	Liters	-
Energy consumption (Electricity)	7,349	GJ	-

Management Approach on Energy Consumption

Our corporate office, stores, and commissaries run primarily on electricity, LPG, and gasoline. The Company is committed to ensure efficiency in energy consumption for its business operations and will continue to study and find ways to be even more efficient in the use of energy resources. Our energy consumption initiatives include energy retrofits, energy management system upgrades, and equipment upgrades. We have adopted sustainability policies for our head office and all corporate and franchise stores that include criteria such as energy-efficient lighting and appliances, water-efficient fixtures, recycling programs, and e-waste collection events which promotes a healthy, safe working environment for all. We also consistently encourage our employees to conserve electricity not just to help the environment but also to optimize the operating expenses of the Company. The Management believes that efficiency in energy consumption is significant in the sustainability program of the Group.

Water consumption within the organization

DISCLOSURE	AMOUNT	UNIT	REDUCTION
Water consumption			
- Stores (Figaro Coffee, Angel's Pizza, TFG Express, Tien Ma's and Café Portofino)	8,880.93	Cubic meter	-
- FCG Head Office (Corporate Offices Commissary and Angel's Pizza Mayon branch)	11,096	Cubic meter	-

Management Approach on Water Consumption

Water is a critical resource in the Company's business. The programs for efficiency in energy consumption likewise cover the Company's water consumption management, which includes the efficient use of water by our employees and implementation of water conservation measures in our stores. The Company regularly monitors water usage through checking of the water bills of the stores on a monthly basis.

ENVIRONMENTAL IMPACT MANAGEMENT

Solid and Hazardous Waste

DISCLOSURE	AMOUNT	UNITS
Total solid waste generated	38,304	kg
Reusable	N/A	kg
Recyclable	No available information	kg
Composted	No available information	kg
Incinerated	No available information	kg
Residuals / Landfilled	38,304*	kg

* Stated amount pertains to solid waste generated from FCG's commissaries and our Head Office.

As this is the first Sustainability Reporting of the Group, the Company has not yet established the systems to measure specific quantities and units of pollutants, including air pollutants, solid and hazardous wastes, and effluents for this current fiscal year period. The details will be provided in the next reporting period based on the monitoring systems that FCG has recently established, such as the updated Waste Segregation and Disposal Guidelines recently being implemented in all of the Company's stores.

Management Approach on Environmental Impact Management

Environmental impact may be hard to limit yet we are finding ways to manage our emissions through reducing our energy consumption as much as we can. We are also looking into using only highly efficient and energy saving equipment as we purchase for our newly built stores and for the renovation of old stores.

The FCG corporate office, commissary, and stores are fully compliant with the environmental requirements and permits prescribed by the government. The Company secures all required permits and licenses, including, but not limited to, Business Permit, Environmental Clearance, Locational Clearance and Sanitary, Occupancy and Fire Permits, and complies with all applicable operational and reporting requirements prior to any store openings. Annual and periodic inspections are conducted by the respective LGUs and relevant government authorities prior to the renewal of these permits to ensure our compliance with the business operations standards and requirements, that are relevant to our over-all environment impact management.

Our existing systems in place, such as the ESG Manual and all supporting policies and guidelines including Proper Waste Management Policy of our stores and commissaries, Guidelines for Waste Segregation and Disposal, and Guidelines for Drainage Systems, Waste Water and Hazardous Waste, ensure the safe handling, movement, storage, recycling, reuse or management of waste, air emissions and waste water discharges. Any waste, waste water or emissions with potential to adversely impact human or environmental health must be appropriately managed, controlled and treated prior to release into the environment. We likewise have existing systems to ensure safety in handling, storage and releasing of hazardous materials, as well as procedures to manage and contain accident spills and releases as stated in our Sanitation Standard Operating Procedures. These Guidelines are being reviewed and updated to improve the Company's environmental impact management.

Also, as a matter of policy, our Company has initiated and implemented lesser use of paper and plastic cups at work.

ENVIRONMENTAL COMPLIANCE

Non-compliance with Environmental Laws and Regulations

DISCLOSURE	AMOUNT	UNITS
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

Management Approach on Environmental Compliance

The Company views good governance as essential to creating and preserving value for our shareholders and other stakeholders. This includes a committed approach to corporate governance that complies with all applicable laws, rules, regulations and policies as well as unwavering adherence to our values. Thus, we are committed to fully comply with all applicable environmental rules and regulations covering all of our business operations. Prior to store openings, all required environmental, business, fire, sanitary and occupancy permits, licenses and locational clearances are obtained. To facilitate the government’s annual inspection of our business and the smooth renewal of permits, the Group consistently abides with the environmental laws and regulations, without any violation.

SOCIAL

EMPLOYEE MANAGEMENT

Employee Hiring and Benefits

Employee Data

DISCLOSURE	AMOUNT	UNITS
Total number of employees	1,386	
a. Number of female employees	579	#
b. Number of male employees	807	#
Attrition rate	2.94	Rate
Ratio of lowest paid employee against minimum wage	0	Ratio

Management Approach on Employee Hiring and Benefits

A deep commitment to social responsibility is core to who we are as a Company. We believe that our people are at the heart of our business and take pride in our outstanding work culture. We strive to be an optimal employer to our employees, business partners, as well as a valued partner to our communities.

We provide equal employment opportunity (EEO) to all employees without regard to gender, sexual orientation, religion, ethnicity, age, disability, marital status in accordance with our ESG Manual and applicable government regulations. We embrace and value diversity in all its forms, whether gender, age, ethnicity or cultural background. Equal opportunity is integral to our recruitment process, as we aim to develop a community of diverse talent. We seek to maintain a positive workplace, free from discrimination and harassment. We champion pay equity and mutual respect, promoting an environment of fairness and equality. Our commitment to diversity and inclusion applies to the highest levels of the organization, including at the board level, where we recognize that diversity strengthens board performance and promotes long-term shareholder value.

We contribute positively to the promotion of social responsibility in the community in which we live and work by supporting activities and programs geared towards community welfare and environmental protection. Also, the Company, particularly our stores across all brands, prioritizes hiring locally in providing job opportunities to the community. We ensure that employees are assigned to the nearest branch from their residence.

The hiring, training and development of FCG directly affect the efficiency and productivity of our operations. The Company's rules and regulations ensure, among others, that employees are well informed with respect to salary and benefits. We comply with applicable wage laws, including minimum wage, overtime hours and mandated benefits. Individual KRA assessment is also being done monthly aside from the Performance Evaluation being done quarterly which assesses the level of performance done by employees which will be the basis if they are qualified for incentives and/or salary increases.

As we are still in the phase of recovery from the pandemic, FCG ensures that the health and safety of employees are of utmost priority. Despite the pandemic, we made sure that training is given to employees to educate them such as First Aid conducted by Philippine Red Cross and Basic Occupational Safety and Health by DOLE to promote safety and health in the workplace. We also continue to remind employees of the importance of vaccines especially during this pandemic.

DISCLOSURE	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	6.74	7.06
PhilHealth	Y	15	15
Pag-Ibig	Y	5.53	8.30
Parental Leaves	N	1	0
Vacation Leaves*	Y	34.02	39.78
Sick Leaves*	Y	34.02	39.78
Medical Benefits (aside from PhilHealth)	Y	23.32	23.17
Housing Assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	N		
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible working hours	N		
(Others)	N		

**Vacation leave and sick leaves are paid if not used.*

Compensation and Benefits

The Group sets a competitive and market-based compensation system that is anchored on the principle of equal pay for substantially equal work, in conformance with legally mandated regulations on condition of employment. We offer competitive compensation and benefits to all regular full-time employees, including but not limited to paid holiday, vacation, and sick leave, retirement savings plan and medical, dental, and vision coverage.

Employee Training and Development

DISCLOSURE	AMOUNT	UNITS
Total training hours provided to employees		
a. Store Staff	120	Hours/employee
b. Management Trainees	240	Hours/employee
c. Office Staff	24	Hours/employee

d. Food Safety / Commissary Staff	40	Hours/employee
-----------------------------------	----	----------------

Management Approach on Employee Training and Development

At FCG, employee training both for operations and office staff are vital for the employees to perform at their best. When it comes to promotion, the Management focuses on giving the opportunity internally before posting on job portals for external hiring to recognize the performance of existing employees.

We manage the development of our employees through the following processes:

1. Monthly KRA assessment is conducted to assess the performance of employees. They are evaluated by their supervisors and given appropriate commendations and/or recommendations.
2. Quarterly / Semi-annual Performance Evaluation is also conducted to assess the quality of work of the employee. Recommendations such as salary increase and/or additional allowances are given depending on the results of the evaluation.
3. We also provide continuous learning opportunities to employees such as virtual seminars during the pandemic. Face-to-face seminars are also conducted whenever possible.

To ensure consistent quality in our services, our managers undergo a Basic Supervisory Skills Training Program which is a three-month intensive training program covering, among others, the Figaro Group’s philosophy, concept and established procedures. For franchise stores, our Franchise Relations Team provides operations and marketing support, on-site consultations and spot quality assurance audits of all the stores under the Figaro Group’s brands. We have a Safety Officer who regularly attends seminars to improve our safety measures. This has become crucial to our operations, especially during the COVID-19 pandemic.

We also organize and conduct training programs in coordination with our major suppliers of equipment for Basic Knowledge and Training on Proper Equipment Handling, Usage and Maintenance.

Food safety is a top priority and we dedicate significant resources, including our supply chain team and quality assurance teams, to help ensure that our customers enjoy safe, quality food products. We have taken various steps to mitigate food quality and safety risks, including having personnel focused on this goal together with our supply chain team. We have developed processes and procedures to train our employees on the techniques required to effectively operate our kitchens. Our Manager Training Program adheres to the following curriculum:

1. Company Orientation
2. Basic Behaviour
3. Legendary Standards
4. Company Rules and Regulations
5. WOW Experience.

This Training Curriculum provides the following training points:

- Introduction / Orientation
- Customer Service
- Product-specific Training
- Food Preparation
- Social Responsibility
- Cashier Training
- Product Quality Assessment

- Inventory Training

Labor Management Relations

DISCLOSURE	AMOUNT	UNITS
% of employees covered with Collective Bargaining Agreements	None	%
Number of consultations conducted with employees concerning employee-related policies		
For Corporate stores personnel	Twice per month per store/area	#
Head Office personnel	Weekly	#

Management Approach on Labor Management Relations

Communication is the best way to actively engage with all employees. At FCG, we keep communication channels open throughout the Company through Department Heads and the HR Team to be constantly aware of the employees' well-being and to foster healthy professional relationships. Among others, providing employees with open lines of communication in voicing out their opinions allows Management to manage expectations and risks in relation to labour relations.

Diversity and Equal Opportunity

DISCLOSURE	AMOUNT	UNITS
% of female workers in the workforce	41.77	%
% of male workers in the workforce	58.23	%
Number of employees from indigenous committees and/or vulnerable sector*	0	#

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

Management Approach on Diversity and Equal Opportunity

As a Company with a workforce of about 1,482 employees as of June 30, 2022, our Human Resources Department plays a vital role throughout the hiring process up to development and promotion of employees. We provide equal employment opportunity to all employees regardless of gender, sexual orientation, religion, ethnicity, age, disability, and marital status. Equal opportunity is integral to our recruitment process as we aim to develop a community of diverse talent. We provide a workplace free of harassment, discrimination, harsh and inhumane treatment.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

DISCLOSURE	AMOUNT	UNITS
Safe Man-hours	1,441,440	Manhours
No. of work-related injuries*	3	instances
No. of work-related fatalities	0	#
No. of work-related ill-health**	1	instances
No. of safety drills		#

* The 3 work-related injuries pertain to minor injuries related to (1) equipment use during operation of the unit, (2) vehicle sustained injuries of a delivery rider, and (3) slip/fall accident.

** The 1 work-related ill-health pertain to a natural illness.

Management Approach on Occupational Health and Safety

FCG gives importance to the health and safety of its employees. The Company provides continuous training to all staff from store level up to office level to educate them on the importance of Health and Safety. The Company's Safety Committee likewise ensures that appropriate safety measures are in place and that we always maintain a safe and sustainable working environment.

As stressed in this report, food safety is a top priority of the Group, and we dedicate significant resources, including our supply chain team and quality assurance teams, to help ensure that our customers enjoy safe, quality food products, as well as the health and safety of all our employees. We have taken various steps to mitigate food quality and safety risks, including having personnel focused on this goal together with our supply chain team. Our stores undergo third-party food safety reviews, internal safety audits and routine health inspections. We have developed processes and procedures to train our employees on the techniques required to operate our kitchens effectively and in compliance with the strict health and safety standards.

Labor Laws and Human Rights

DISCLOSURE	AMOUNT	UNITS
No. of legal actions or employee grievances involving forced or child labor	0	#

Management Approach on Labor Laws and Human Rights

The Company and its business partners support and respect the internationally recognized human rights principles and practices that promote and protect human rights, and ensure that we are not complicit in human rights abuses.

Our Human Rights Policy reflects our long-standing dedication to the preservation of basic rights and human dignity in our workplace and beyond. The Figaro Group holds human rights to be an essential component of our business. The Code of Business Conduct and Ethics policy applies to our operations and affiliates in all assets we own and operate.

SUPPLY CHAIN MANAGEMENT

Supplier Accreditation Policy of the Organization

TOPIC	Y/N	If YES, cite reference in the supplier policy
Environmental Performance	Y	Supplier Selection and Accreditation Purchasing Manual on Materials Management
Human rights	Y	Supplier and Purchase Agreements
Bribery and corruption	Y	Supplier and Purchase Agreements

Management Approach on Supply Chain Management

From our supply chain, commissary, manufacturing and logistics, we are fully integrated to ensure high quality products and services, and to maximize efficiency and optimize costs. Through technology, the Company integrates outside partners as well as internal departments to always be up to speed on data analytics needed for quick decision-making and resolution of issues.

The Company expects all of its business partners to exhibit the same values of fairness, transparency, accountability and integrity, as a condition to their engagement. Our business partners must be aligned and demonstrate compliance with the Company's principles and standards as stated in the FCG Code as a condition to their continued business relationship with the Company, as well as apply the Code to the parties with whom they work with in providing goods and services to the Company. Our business partners must value the health and safety of human beings and the protection of the environment. They must adhere to effective and efficient management systems to meet contractual obligations, facilitate continual improvement, and uphold the image and brands of the Company.

To facilitate the selection of our business partners, a summary of FCG's general accreditation process is provided below:

1. FCG shall deal only with legitimate, reputable, reliable, competent and responsible suppliers who will pass the prescribed accreditation process.
2. Product samples are presented by the potential suppliers and must undergo product testing through R&D (Research and Development Department) for the evaluation of the products.
3. Potential suppliers must present all documentary requirements that establish its legal capacity to contract and operate its business and in compliance with Good Manufacturing Practice (GMP) in respect of its facilities and manufacturing processes. The required documents shall be updated regularly.
4. A facility audit or onsite visit shall be conducted as part of the accreditation process to survey the premises, structures, equipment, personnel as well as the procedures in relation to production, receiving, storage, distribution and compliance with the statutory requirements with respect to operations.
5. Suppliers who satisfactorily passed the assessment with product samples that meet standards will proceed with the accreditation process.

RELATIONSHIP WITH COMMUNITY

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)	Does the particular operation have impacts on indigenous people? (Y/N)	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Manpower <i>(stores)</i>	Cities where stores are located (NCR, Luzon, Visayas and Mindanao)	-	N	-	-
Supplier <i>(Local suppliers/ markets)</i>	- Baguio / Benguet - Nueva Ecija - Local suppliers and markets where community stores are located	-	N	-	-

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

Management Approach on Significant Impacts on Local Communities

We have a long history of providing meaningful, and often transformational, support to communities in which we operate. As reported in the previous section on procurement practices and CSR activities, our commissary and stores across all our brands, particularly our provincial stores, provide business opportunities to the local markets for the supply of raw materials, such as coffee beans, vegetables and processed meat. Our supply of vegetables for our NCR stores are sourced from Baguio and Nueva Ecija. FCG is committed in promoting and sustaining the Angkat sa Baguio initiative in support of the farmers in Baguio, Benguet and the rest of the Cordillera Administrative Region. Our provincial stores source fresh vegetables directly from the local community markets where the stores are located. As further reported above, the Company has continued to champion the local Barako coffee. We source our coffee beans from local coffee beans suppliers that have passed our stringent accreditation standards. The Company's Procurement Team is also working on finding additional suppliers from local communities to support our expansion plans.

Our operations have also provided business opportunities and instruments for wealth creation for our franchisees in the Philippines and abroad. Our provincial franchisees are men and women in their respective cities and provinces who share the same vision as the Company to provide quality and sustainable food and food services to Filipinos throughout the country.

Further, as likewise cited above, the Company prioritizes hiring locally, particularly in the areas where our stores are located, thus, providing job opportunities to these communities. As a matter of policy, our employees are assigned to the nearest branch from their residence.

CUSTOMER MANAGEMENT

FCG strives to be the customer’s preferred choice. We listen to our customers to understand and anticipate their needs. Customers choose us because we provide them with products and services that exceed their expectations.

Customer Satisfaction

DISCLOSURE	SCORE	Did a third party conduct the customer satisfaction study (Y/N)
Customer Satisfaction	<i>See discussion below</i>	N

In line with our mission “to deliver quality, innovative and value-for-money food favorites that every customer will love and want to share”, the Company has established programs to assess and monitor customer satisfaction, including our Mystery Shopper Program, Customer Feedback and social media monitoring.

Through our Mystery Shopper Program, we are able to measure the quality of service and gather specific information about the products and services being offered in our stores. This is our principal method for identifying customer service behaviors, measuring employee performance and evaluation in ways to improve and promote excellence in customer service and customer satisfaction. The frequency of this program is done on a monthly basis to all Corporate-owned stores. Our Customer Feedback program is being implemented in our Corporate and franchise stores. Aside from customer feedback received directly in our stores, customer complaints, comments, suggestions and concerns are also being monitored through our Facebook and Instagram brand/corporate accounts, managed by our Marketing Department and our Call Center’s Admin Department. With the assistance of our Area Managers, all customer feedback matters are consolidated on a weekly basis and reported to Management. For product concerns, customers are provided with complimentary gift vouchers for product replacement. Depending on the gravity of the concern, store managers are trained to manage immediate customer concerns. Also, our Digital Marketing Assistant manages FCG’s social media activities through our Facebook pages and Instagram accounts. Our social media platforms enable us to identify customer service behavior, measure employee performance and conduct appropriate evaluation to improve and promote excellence in customer service and customer satisfaction.

It is our Company’s vision is to be top-of-mind company in delivering happiness to customers and value to partners and shareholders. To be value-oriented is one thing, but to be Customer-Value oriented is a higher level in itself. We make every decision and action regarding our products based on what would be the best for our customers and what would delight them the most. We believe in being obsessed with customer satisfaction and aligning every facet of our strategy and goals with our valued customers. We have received the following awards during this fiscal year period in recognition of our continuous commitment to realize our Company’s vision:

- Time Globe Rewards Awardee for 2021
- 2021 Golden Grab Award “Grab Signature Campaign” and “Merienda Masters”
- 2021 Golden Grab Award for “Fan Favorite Pizza”
- 2022 Grab Food Signature Trailblazer Award

Health and Safety

DISCLOSURE	Quantity	Units
------------	----------	-------

No. of substantiated complaints on products or service health and safety*	0	#
No. of complaints addressed	-	-

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

Management Approach on Health and Safety

As of date, no complaints regarding health and safety were filed. Despite that, our Food Safety Practices are all fully implemented in all our branches as well as our commissaries, as managed by the Safety Committee headed by the Company's Safety Officer. In case of complaints, we have existing procedures for handling such complaints, and our personnel training includes Crisis Management and Customer Service modules. Health and safety matters that may be raised by customers are part of the weekly monitoring that is reported to Management, as monitored and consolidated by our Area Managers, Marketing Department and our Call Center.

Marketing and Labelling

DISCLOSURE	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	-	#

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

Management Approach on Marketing and Labeling

As of date, no complaints regarding our marketing activities and strategy were filed against the Company. Our Marketing Department manages the marketing activities of our Group, including activities through our social media platforms. As stated above, a weekly consolidated report is elevated to Management that includes matters on customer management and the function of marketing to manage and improve customer relations and satisfaction.

Customer Privacy

DISCLOSURE	Quantity	Units
No. of substantiated complaints on privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purpose	0	#

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

Data Security

DISCLOSURE	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

Management Approach on Customer Privacy and Data Security

Our Company respects individuals in a manner consistent with the rights to privacy and data protection. We ensure that information about our customers and business partners are used appropriately for necessary business purposes and shall be protected from misuse to prevent undue harm to individuals such as discrimination, stigmatization or other damage to reputation and personal dignity, impact on physical integrity, fraud, financial loss, or identity theft. The Company shall continue to strictly enforce its Data Privacy Policy as integrated in our business operations, including FCG's online customer and delivery portals, to ensure full compliance with the data privacy laws and regulations.

UN SUSTAINABLE DEVELOPMENT GOALS

Our philosophy has always been long-term sustainability and business viability. We achieve this through diversification, prudent investing and growth management. We ensure that capital expenditures will be put to good use to create long-term value for the Company. We expand at our own pace based on what will create the best long-term sustainable value for customers, our shareholders, the Company and our business partners.

Key Products and Services	UN Sustainable Development Goals	Social Value / Contribution to SDG
<ul style="list-style-type: none"> • Purely Filipino and home-grown diversified food group, operating more than 120 corporate and franchise branches nationwide and international territories: Figaro Coffee, Angel’s Pizza, Tien Ma’s, TFG Express and Café Portofino stores • FCG ensures high quality products by controlling our production process, from roasting our own coffee weekly, producing our own breads, pastries and food products, and engaging with suppliers that meet the same high-quality standards. • Extensive and innovative menu offerings that cater to a wide market – families and groups through our large-sized offerings at Tien Ma’s and through our pizzas and bundles at Angel’s Pizza; also cater to corporate and private functions/ events through Figaro coffee. • Developed three different successful store formats – full store, kiosk, and cart. We complement our dine-in services with an efficient delivery system and an expanding online sales platform. • FCG’s Commissary business offers customized and large-volume products to institutional clients in a B2B model. Our products range from rice meals, baked goods, ready-to-eat, frozen 	SDG 2: Zero Hunger	FCG sources raw materials from local farmers and suppliers, like vegetables from Baguio, Nueva Ecija and in the local community markets where our provincial stores are located. Our coffee beans are likewise sourced from local coffee suppliers.
	SDG 3: Good Health and Well-being	As FCG pursues its mission and vision - “spreading happiness through food and value” – we maintain a sustainable working environment and provide high-quality and healthy food products and services to our customers. We have launched new products launched in 2021 that cater to health-conscious customers.
	SDG 5: Gender Equality	FCG provides equal opportunity to all employees without regard to gender, religion, ethnicity, age. We champion pay equity and mutual respect, promoting an environment of fairness and equality. Our women workforce has equal opportunities for career growth, and women continue to hold critical roles in our senior management team.
	SDG 6: Clean Water and Sanitation	FCG’s ESG Manual and all supporting policies and guidelines including Stores Proper Waste Management Policy, Waste Disposal Control, and Guidelines for Waste Water and Hazardous Waste, ensure the safe handling, movement, storage, recycling, reuse or management of waste, air emissions and waste water discharges.

Key Products and Services	UN Sustainable Development Goals	Social Value / Contribution to SDG
<p>food, customized coffee blends, various coffee solutions, among others.</p>	<p>SDG 8: Decent Work and Economic Growth</p>	<p>FCG provides employment through our stores and store network expansion and sets a competitive and market-based benefits, compensation, healthcare, continuous recruitment, training of employees. We also provide business opportunities for our business partners including local suppliers and franchisees. Our food products showcase Philippine culture and products, including how FCG has championed the Philippine barako coffee.</p>
	<p>SDG 12: Responsible consumption and production</p>	<p>Continuous strategic sourcing of our raw materials, goods and services while maintaining and improving service levels; FCG's commitment for sustainable practices including strict implementation of Waste Reduction and Proper Waste Management Policy, Waste Segregation and Disposal Guidelines, and Drainage System Guidelines, to support the environmental impact management of the Group. FCG's Procurement and Supply Chain Management policies are also aligned with FCG's principles and values of fairness, transparency, accountability and integrity.</p>
	<p>SDG 16: Peace and Justice Strong Institutions</p>	<p>FCG has established corporate governance policies and regulations for all employees across all business units (Operations, Support, Sales and Business development), for its Board of Directors, and its business partners.</p>