



# **SUSTAINABILITY REPORT**

<b>CONTEXTUAL INFORMATION</b>	
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 Brands: Angel's Pizza, Figaro Coffee, Tien Ma's and Café Portofino
Reporting Period	July 1, 2022 to June 30, 2023
Highest-ranking person responsible for this report	Divina Gracia G. Cabuloy President & CEO Michael T. Barret Director/ EVP, COO & CIO
Contact for questions regarding the report	Investor Relations <a href="mailto:corporate@figaro.ph">corporate@figaro.ph</a>

## 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.

Company Mission: Spreading Happiness Through Food and Value

*Diversity and Balance.* Through a diverse selection of brands and concepts, we minimize risk and volatility during challenging periods, while maximizing returns during strong economic backdrops. This streamlined brand allocation in the portfolio allows the company to maximize its back-end strengths and utilize economies of scale which creates a refined balance in the Company’s return ratios and capital allocation.

*Customer-Value Oriented.* To be value-oriented is one thing, but to be Customer-Value Oriented is a higher level in itself. At FCG, we make every decision and action 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.

*Integrated.* From our supply chain, commissary, manufacturing, and logistics, we are fully integrated to ensure high quality 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.

*Sustainable Execution.* 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, shareholders, and the Company.

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 Board Committees, particularly the Corporate Governance Committee, 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 throughout 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 in 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 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 run our business philosophy. We operate our own roasting facility, warehouse and supplies, and commissaries to cater to 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, these certifications have not yet been renewed. However, the Company's operations and processes have been further enhanced to consistently adhere to the strict standards on food preparation, safety, and quality. Our facilities also adhere to the highest quality standards and have 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. Also, through our commissary, we now offer a variety of ready-to-eat and frozen meals, including pastries, available to the market and our employees at the head office.

## COVID-19 IMPACT AND RECENT 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 accelerated to the right-size operations and streamlined 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 bi-weekly 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 the 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 and Safety Protocols, FCGI has set its own COVID Guidelines and 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 by 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 the government health authorities.

1. Non-contact temperature screening is enforced 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 as 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 the 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.

The World Health Organization (WHO) announced on May 5, 2023, that COVID-19 is now an established and ongoing health issue that no longer constitutes a public health emergency of international concern (PHEIC). The WHO further reported that the world has made significant and impressive global progress since the declaration of the PHEIC in January 2020 reaching the point where COVID-19 can be considered as no longer constituting a global health emergency.

In this connection, under Proclamation No. 297 issued last July 21, 2023, the Philippine Government has declared that all prior orders, memoranda, and issuances effective only during the state of public health emergency shall be deemed withdrawn, revoked or canceled and shall no longer be in effect. The Company is aligned with the government in recognizing that while the state of public health emergency is lifted, we must remain vigilant and proactive in our approach to health and safety. We believe that continued awareness and adherence to recommended health protocols are paramount to safeguarding ourselves and our stakeholders from potential serious health risks.

Notwithstanding the government's declaration of the lifting of the state of public health emergency in July 2023, all kitchen and store staff continue to wear face masks. In instances wherein, the employee or staff's temperature is higher than 37.5C, they are advised to stay at home and inform immediately their supervisor. The Group continues to comply with the Department of Health's prevailing guidelines.

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 30 June 2023 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 [167] new stores, company, and franchise-owned stores within the fiscal year period covering 01 July 2022 to 30 June 2023. The following table shows the total number of stores launched for the fiscal year period from 01 July 2022 to 30 June 2023:

<b>STORES</b>	<b>NEW STORES OPENED</b>
	<b>2023</b>
FIGARO	57
ANGEL'S PIZZA	96
TIEN MA	9
CAFÉ PORTOFINO [FORMERLY TFG EXPRESS]	5
<b>TOTAL</b>	<b>167</b>

*Our Angel's Pizza concept includes full stores and kiosks. There is an increasing number of stores of Angel's Pizza Express while TFG Express was rebranded as Café Portofino.*

To cater to the ever-changing consumer demand brought by the pandemic, the Figaro Group Online ([www.thefigaro.ph](http://www.thefigaro.ph)) and Angel's Pizza Online Store ([www.angelpizza.com.ph](http://www.angelpizza.com.ph)) launched in 2020, continue to serve our customers. 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 on our strong delivery team to provide convenience to the comforts of their homes or offices.

### **New Products**

The Company's new products launched within this fiscal year period include:

- (i) Angel's Pizza
  - Cucumber Lemonade
  - Creamy Spinach Sushi Bake
- (ii) Figaro's
  - Dulce de Leche NY Cheesecake
  - Red Velvet Ensaymada
  - Black Forest Ensaymada
  - Keto Meal
  - Sugar-free Keto Brownie
  - Oatmeal Bar
  - Keto Coconut Tiramisu
  - Keto Double Chocolate Cocoa Muffin
  - Piña Colada Cake
  - Spanish Latte

- Iced Americano
- Iced House Brewed Coffee
- Iced Flat White
- Layered Pomegranate & Espresso
- Layered Matcha & Espresso
- Frozen Coffee Cube Latte
- Orange Juice
- Orange & Carrot Juice
- Lemonade Aloe
- Green Earth Detox
- Beachside Calm
- Tropical Sunset
- San Francisco

(iii) Tien Ma's

- Honey Walnut Chicken
- General Tso's Chicken
- Spinach Soup

The Group's Angel 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. The Research and Development Team, in collaboration with our Marketing Team, continues to identify and keep up with the recent trends that influence the consumer's behavior and preferences by comparing previous and present data and conducting product revamp and dry run. We ensure that every option that consumers are looking for is available in our stores.

Further, in the first quarter of 2023, Management commenced the Scrap Recovery initiative which has been recently found successful in generating good results. Several benefits to the community and financial gains for the company are anticipated for the coming years.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company remains committed to continuing its Corporate Social Responsibility ("CSR") program in line with our commitment to "Strengthening our Communities" as embodied 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:

- Hospicio De San Jose visit on 10<sup>th</sup> December 2022 where FCG representatives celebrated an early Christmas activity with the children fostered in this welfare institution in Manila, with around 10 FCG volunteers and 120 beneficiaries.
- The "Sagip Dugtong Buhay Bloodletting Project" of GMA Kapuso Foundation which upholds volunteerism through blood donation to help or extend lives. This bloodletting project of the network started in 2017 and FCG has served as one of the sponsors by primarily providing food for the blood donors and the volunteers for this year's activity.
  - 26<sup>th</sup> February 2023 held in Ever Commonwealth in Quezon City in partnership with the Philippine Red Cross, comprising around 1,705 blood donors;
  - 10<sup>th</sup> March 2023, in partnership with the Armed Forces of the Philippines (AFP) in BGC Taguig;

- 25<sup>th</sup> March 2023 held in Camp Capinpin, Tanay, Rizal with around 200 blood donors;
- 25<sup>th</sup> March 2023 held in Fort Magsaysay Palayan, Nueva Ecija with around 400 blood donors;
- 29<sup>th</sup> March 2023 held in Capas, Tarlac with around 500 blood donors
- The Vitameal Feeding program on 03 March 2023. In partnership with Hope Worldwide Foundation, FCG provided donations to support the “Feed A Kid” initiative project of the foundation by providing Vitameal to undernourished children in the Philippines,
- Baseco Feeding Program. Baseco Compound Port Area, Manila  
FCG conducted a feeding program with the theme “End Hunger for a Better Tomorrow” which aims to provide free food to the urban community of the Baseco Compound in Port Area Manila. With assistance from the Manila Department of Social Welfare, this is a bi-weekly feeding program for the Baseco community to help alleviate the malnutrition problem of our country. To cater to the needs of the community, we aim to serve 500 persons per session. We produce and distribute food stubs that participants will present to make sure everyone has the chance to enjoy their food. Every month, nearly 4,000 children including their families benefit from this ongoing program. We inform and assign FCG departments on a weekly schedule and the assigned departments are in charge of designating their representatives to facilitate the program.

## **ECONOMIC**

### **ECONOMIC PERFORMANCE**

<b>DISCLOSURE</b>	<b>AMOUNT</b>	<b>UNIT</b>
	<b>2023</b>	
Direct Economic value generated (revenue)	4,284,080,714.00	Php
Direct economic value distributed:		
a. Payments to Suppliers and Operating Costs	2,953,180,468.00	Php
b. Employee wages and benefits	441,584,160.00	Php
c. Interest payments to loan providers	1,728,674.00	Php
d. Dividends given to stockholders	–	Php
e. Taxes given to government	123,128,036.00	Php
f. Investment to communities (eg. Donations, CSR)	1,143,057.00	Php

### **Management Approach on Economic Performance**

Php million of Php 4,284 million revenues are funneled towards our key stakeholders, including our business partners, suppliers, stockholders, employees, banks, and government agencies.

The Group continues to make its mark in the industry through the growth of store network and product developments. From 123 number of stores, we have 167 stores nationwide as of 30 June 2023. An additional of 73 stores are opened from 01 July 2022 up to 30 September 2023. Further, 20 stores are still in progress to form part of the 250 target number of stores by the end of the year 2023.

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



A newly-formed subsidiary of Figaro Coffee Systems, Inc. has also been introduced this year, which is the Figaro Innovation and Development, Inc. (FIDI). It has been recently certified as an Accredited Coffee Exporter by DTI and PEZA with ICO Identification No. 372 from the Department of Trade and Industry. It is authorized to engage in the production of various coffee blends, including House Reserve, Espresso Blend, and French Roast. Further, FIDI's PEZA Certificate of Registration issued on September 7, 2023, certifies that PEZA has duly registered FIDI as an Export Enterprise engaged in the production of roasted coffee such as: (a) House Reserve, (b) Espresso Blend, and (c) French Roast at the Laguna Technopark – Special Economic Zone ("LT-SEZ"). The PEZA Certificate of Registration further states that the registered project or activity of FIDI is entitled to income tax holiday for five (5) years, special corporate income tax for ten (10) years, duty exemption for fifteen (15) years, and VAT exemption and zero rating for fifteen (15) years, subject to the representation and commitments set forth in FIDI's application for registration, the applicable laws and regulations and the terms and conditions of the Registration Agreement. FIDI plans to start commercial operations within September 2023.

## **Climate Related Risks and Opportunities**

The 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.

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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 and in line with FCG's ESG Policy that embodies our sustainability advocacy, we have established specific Company policies on different aspects of our business – whether our water, waste, or 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, (vi) Waste Collection Guidelines, (vii) Waste Transportation Guidelines, and (viii) Water Safety Policy

## **PROCUREMENT PRACTICES**

<b>DISCLOSURE</b>	<b>QUANTITY 2023</b>	<b>UNIT</b>
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers*	57% (Local)  43% (Imported)  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. With store expansion, the Company strengthened its local procurement of materials and ingredients and started importing packaging this year. The Company prioritizes providing opportunities for local products to be recognized nationwide. 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:

<b>LOCAL</b>	<b>2023 %</b>	<b>IMPORTED</b>	<b>2023 %</b>
Perishable (vegetables, processed meat, coffee)	41%	Perishable (dairies, shrimp, frozen spinach)	37%
Non-perishable	5%	Non-perishable	1%
Equipment	1%	Equipment	6%
Packaging	8%	Packaging	0.20%

### **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 on 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, Cavite, 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, our supplier for mozzarella, whom we are giving about 70% of our consumption, is now being produced locally.

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**

<b>DISCLOSURE</b>	<b>AMOUNT 2023</b>	<b>UNITS</b>
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 into 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, or 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 2023	UNITS
Number of incidents in which directors were removed or disciplined for corruption	0	%
Number of incidents in which employees were dismissed or disciplined for corruption	0	%
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	%

### **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 the 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 is 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 conduct monitoring and inspection of our stores.

### **Energy Consumption within the organization**

DISCLOSURE	AMOUNT 2023	UNIT	REDUCTION
Energy consumption (LPG)	437,417	Kls	-
Energy consumption (Diesel)	153,448.61	Liters	-
Energy consumption (Electricity)	23,082.13	GJ	-

### **Management Approach on Energy Consumption**

Our corporate office, stores, and commissaries run primarily on electricity, LPG, and gasoline. The Company is committed to ensuring 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 with 3<sup>rd</sup> party service providers, and e-waste collection events which promote 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.

The increase in electricity consumption for this reporting period is due to the following reasons: (i) acquisition of various kinds of updated equipment, (ii) opening and/or expansion of physical stores/dine-in areas to accommodate more guests and walk-ins since the lifting of the state of public health emergency, and (iii) week-long store operations, including 24-hours stores schedule and activities in line with the store network expansion.

#### **Water consumption within the organization**

<b>DISCLOSURE</b>	<b>QUANTITY 2023</b>	<b>UNIT</b>	<b>REDUCTION</b>
Water consumption			
- Stores (Figaro Coffee, Angel's Pizza, Tien Ma's and Café Portofino)	387,548.85	Cubic meter	-
- FCG Head Office (Corporate Offices Commissary and Angel's Pizza Mayon branch)	13,613	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 the 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.

The increase in water consumption reported for this period is mainly due to the increasing number of operating stores inside and outside Metro Manila and the placing of additional staff for each store. Implementing 24-hour store operations is likewise a major factor. Further, when store sales increase, water and electricity consumption also increase correspondingly.

#### **ENVIRONMENTAL IMPACT MANAGEMENT**

##### **Solid and Hazardous Waste**

<b>DISCLOSURE</b>	<b>AMOUNT 2023</b>	<b>UNITS</b>
Total solid waste generated	448,672	kg
Reusable	No available information	kg
Recyclable	No available information	kg
Composted	No available information	kg

Incinerated	No available information	kg
Residuals / Landfilled	448,672	kg

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

The Company is committed to ensuring the safety of all consumers and workers and maintaining the highest quality of raw materials used in food processing. Wastes generated from store operations are collected by third-party waste collection service providers, duly certified and accredited by the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB), who handle and manage the proper treatment, storage, and disposal of the waste. The Management ensures that these selected providers engaged by the Company are government-certified and adhere to the strict waste management, treatment, storage, and disposal guidelines and regulations. In addition, the stores also implement waste segregation, in which all store personnel and managers are responsible for identifying waste materials.

**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 overall environment impact management.

Our existing systems in place, such as the ESG Manual and all supporting policies and guidelines including the 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 wastewater discharges. Any waste, wastewater or emissions with the 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. We have a long-term established proper waste management for used oil. The local government strictly implements that oil waste shall not be disposed of, thus there is a corresponding penalty for noncompliance. In this regard, we have accredited oil waste collection service providers for our head office and stores in NCR, while the provincial stores have their respective accredited waste collection service providers. A minimum of three cans of used oil are sold every Monday and Thursday to accredited collectors and eventually used for Biodiesel and feeding of farm animals. Furthermore, the stores, commissary, and warehouse are the primary departments that continue to practice extensively the recovery of scrap since its implementation as one of the ways to reduce the environmental impact of operations and productions. Our Internal Audit Department initiated and headed the program to closely monitor the process and ensure both the effectiveness and efficiency of this project.

## **ENVIRONMENTAL COMPLIANCE**

### **Non-compliance with Environmental Laws and Regulations**

<b>DISCLOSURE</b>	<b>AMOUNT 2023</b>	<b>UNITS</b>
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**

<b>DISCLOSURE</b>	<b>AMOUNT 2023</b>	<b>UNITS</b>
Total number of employees	2,271	
a. Number of female employees	1,089	#
b. Number of male employees	1,182	#
Attrition rate	7.99	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, and 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, or marital status in accordance with our ESG Manual and applicable government regulations. We embrace and value diversity in all its forms, regardless of gender, age, marital status, 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. In an era where social media is a powerful tool to find qualified jobseekers, we ensure to post the right job qualifications that are respectful to anyone who can see our job advertisement.

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 to provide 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 which is 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, the health and safety of employees remain the utmost priority of FCG. 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 vaccine boosters as protection against prevailing COVID variants. We conduct Annual Physical Exam for all employees which helps both the Company and the employees to be well-informed on their health conditions.

<b>DISCLOSURE</b>	<b>Y/N</b>	<b>% of female employees who availed for the year 2023</b>	<b>% of male employees who availed for the year 2023</b>
SSS	Y	7%	6%
PhilHealth	Y	2%	2.5%
Pag-Ibig	Y	1.5%	1.6%
Parental Leaves	Y	0.9%	0.3%
Vacation Leaves*	Y	27%	22%
Sick Leaves*	Y	13%	20%
Medical Benefits (aside from PhilHealth)	Y	10.9%	16.8%
Housing Assistance (aside from Pag-ibig)	Y	0.3%	0.4%



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.

The housing assistance that the Group provides for the employees from the head office is the Company's affiliated which is the Charmview Building. This provides safe and comfortable accommodation for employees to avoid commuting from their hometown to the office.

### **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**

<b>DISCLOSURE</b>	<b>AMOUNT 2023</b>	<b>UNITS</b>
Total training hours provided to employees		
a. Store Staff	120	Hours/employee
b. Management Trainees	240	Hours/employee
c. Office Staff	8	Hours/employee
d. Food Safety / Commissary Staff	160	Hours/employee

### **Management Approach on Employee Training and Development**

At FCG, employee training both for operations and office staff is 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 increases 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, 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 from the Quality Assurance Department 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. We prepared a Training Kit which serves as a starter pack to orient the trainees. For personal and team growth, Training Seminar and Refresher Courses have been continuously provided.

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**

<b>DISCLOSURE</b>	<b>AMOUNT 2023</b>	<b>UNITS</b>
% 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 an open line of communication in voicing out their opinions allows Management to manage expectations and risks in relation to labor relations.

### **Diversity and Equal Opportunity**

<b>DISCLOSURE</b>	<b>AMOUNT</b> <b>2023</b>	<b>UNITS</b>
% of female workers in the workforce	48%	%
% of male workers in the workforce	52%	%
Number of employees from indigenous committees and/or vulnerable sectors*	0	#

*\*Vulnerable sectors include 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 2,271 employees as of 30 June 2023, the Human Resources Department plays a vital role throughout the hiring process up to the 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, and harsh and inhumane treatment.

### **Workplace Conditions, Labor Standards, and Human Rights**

#### **Occupational Health and Safety**

<b>DISCLOSURE</b>	<b>AMOUNT</b> <b>2023</b>	<b>UNITS</b>
Safe Man-hours	4,687,344	Manhours
No. of work-related injuries*	11	instances
No. of work-related fatalities	0	#
No. of work-related ill-health**	0	instances
No. of safety drills	1	#

*\*The 11 work-related injuries pertain to minor injuries related to (i) equipment use during operation of the unit, (ii) vehicle sustained injuries of a delivery rider, and (iii) slip/fall accident.*

### **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 strict health and safety standards.

### **Labor Laws and Human Rights**

<b>DISCLOSURE</b>	<b>AMOUNT 2023</b>	<b>UNITS</b>
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

<b>TOPIC</b>	<b>Y/N</b>	<b>If YES, cite reference in the supplier policy</b>
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 of 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 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 their legal capacity to contract and operate their 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, and 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 have passed the assessment with product samples that meet standards will proceed with the accreditation process.

## **RELATIONSHIP WITH COMMUNITY**

### **Significant Impacts on Local Communities**

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

*\*Vulnerable sectors include 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 is

sourced from Baguio, Cavite, and Nueva Ecija. FCG is committed to 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. For this year, the Company has marketing collaborations with Pepsi-Cola Products Philippines, Inc. and Nestle Philippines. One of the engagements with Pepsi-Cola is to promote health and wellness by replacing 7Up with Sugar with 7Up No Sugar. To further promote the livelihood of our local farmers, we are pleased to add to the list our new vegetable supplier from Cavite.

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**

<b>DISCLOSURE</b>	<b>SCORE</b>	<b>Did a third party conduct the customer satisfaction study (Y/N)</b>
Customer Satisfaction	See discussion below	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 evaluating 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 evaluations to improve and promote excellence in customer service and customer satisfaction.

It is our Company’s vision to be a 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 realizing our Company’s vision:

- 2022 Grab Food Signature Trailblazer Award
- 2022 Golden Grab Awards (Luzon’s Finest – Cities of Tomorrow)  
 Angel’s Pizza is the only brand in Luzon that received the Golden Grab Awards for showing aggressive growth in the region.

**Health and Safety**

DISCLOSURE	QUANTITY 2023	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 Labeling**

DISCLOSURE	QUANTITY 2023	Units
No. of substantiated complaints on marketing and labeling*	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 have been 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**

<b>DISCLOSURE</b>	<b>QUANTITY 2023</b>	<b>Units</b>
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**

<b>DISCLOSURE</b>	<b>QUANTITY 2023</b>	<b>Units</b>
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 into 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"> <li>• Purely Filipino and home-grown diversified food group, operating more than 167 corporate and franchise branches nationwide and international territories: Figaro Coffee, Angel's Pizza, Tien Ma's, and Café Portofino stores</li> <li>• 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.</li> <li>• 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.</li> <li>• Developed three different successful store formats – full store, kiosk, cart, and dual concept. We complement our dine-in services with an efficient delivery system and an expanding online sales platform.</li> <li>• 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 food, customized coffee</li> </ul>	SDG 2: Zero Hunger	FCG sources raw materials from local farmers and suppliers, like vegetables from Baguio, Nueva Ecija, Cavite, 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 in 2023, including new product items to supplement our menu of products catering to health-conscious customers, and those who love to explore innovative tastes.
	SDG 5: Gender Equality	FCG provides equal opportunity to all employees without regard to gender, religion, marital status, ethnicity, or 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, or management

Key Products and Services	UN Sustainable Development Goals	Social Value / Contribution to SDG
<p>blends, and various coffee solutions, among others.</p>		<p>of waste, air emissions, and wastewater discharges.</p>
	<p>SDG 8: Decent Work and Economic Growth</p>	<p>FCG provides employment through our stores and store network expansion and sets competitive and market-based benefits, compensation, healthcare, continuous recruitment, and 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. FCG continues to provide internship programs to college and graduating students from particular schools in Mindoro and NCR as part of their requirements for various degrees, assigning them to the head office or company-owned stores.</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 to 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 business partners.</p>	