

Annex C to the SEC Form 17-A: FHI Sustainability Report

Contextual Information

Company Details	
Name of Organization	Fruitas Holdings, Inc. (FHI or FRUIT)
Location of Headquarters	60 Cordillera St. corner E. Rodriguez Sr. Ave., Brgy. Doña Josefa, Quezon City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report mainly covers FHI's business as a Holding Company and its investment to its five 100% owned subsidiaries namely Fruitasgroup, Inc. (FGI), Negril Trading, Inc. (NTI), Soykingdom, Inc. (SKI), CocoDelivery, Inc. (CDI) and Flykitchen Inc.(FKI) with the 75% owned subsidiary Balai Ni Fruitas, Inc. (BNFI),
Business Model, including Primary Activities, Brands, Products, and Services	FHI, as a holding company, own investments in shares of stocks of FGI, NTI, BNFI, SKI, CDI, FKI and in various shares of stocks of companies listed in the Philippine Stock Exchange. The Company also serves as a consultant to its subsidiaries to further improve the businesses.
Reporting Period	January 1 to December 31, 2023
Highest Ranking Person responsible for this report	Lester C. Yu – President and Chief Executive Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

Fruitas Holdings, Inc., as a holding Company, has minimal operations which focus on investments to its subsidiaries, other listed companies through the Philippine Stock Exchange, and different investment instruments through financial institutions. The sustainability of the company is emphasized on the strength of investments in the subsidiaries and the capital market which are expected to produce maximum levels for its shareholders. The report focuses on material topics relating to macroeconomic impact and the actions performed by the Company to manage risk and capitalize on possible opportunities.

In succeeding Sustainability Reports, the 3P's principles will be employed to identify other material topics:

- a.) People – this involves the employees, stakeholders, external customers, and other related groups and individuals directly involved in the Company and subsidiaries.
- b.) Planet – this involves the environment and how the Company directly and indirectly impacts through its operations
- c.) Profit – this involves the financial health and performance of the Company to ensure sustainability of operations

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	2,469,098,397	PhP
Direct economic value distributed:		
a. Operating costs	1,342,836,736	PhP
b. Payments to suppliers (direct cost)	975,545,191	PhP
c. Taxes given to government	44,881,288	PhP
d. Interest payments to loan providers	27,600,379	PhP
e. Dividends given to stockholders	21,503,467	PhP

Direct Economic Value

Discussion on Impact, Risks, and Management Approach

FHI traces its roots from Lush Enterprises Corporation (“LEC”), which was incorporated by Mr. Lester Yu in 2000. LEC opened its first “*Fruitas Fresh from Babot’s Farm*” store in 2002 at SM Manila. Fast forward to 2022, FHI has more than 780 stores across the Philippines generally located in prime commercial establishments and institutions. Since its establishment, FHI and its subsidiaries has expanded its brand portfolio to include *Buko Loco, Buko ni Fruitas, Juice Avenue, Johnn Lemon, Black Pearl, Tea Rex, De Original Jamaican Pattie Shop and Juice Bar, The Mango Farm, and Sabroso Lechon. Balai Pandesal, Soy & Bean, Ling Nam*, to name a few. The Group continues to make its mark in the industry through the growth of its store network, expansion through acquisitions, and development of new business concepts and formats. In addition, FHI through one of its subsidiaries, Fruitasgroup Incorporated (“FGI”), operates 2 foodparks which are both situated in Quezon City, Philippines. FHI recognizes the following risks and implements several management approaches to mitigate the identified risks.

1. Macro-environmental Risks in the Philippines

The Philippines, as a developing economy, is vulnerable to various macro-environmental risks such as politics, economy, social, and technology which can affect the operations of the Company. Several issues have plagued the country over the years which significantly affected the health of the economy as represented in the decline in Peso value, increased unemployment, higher interest rates, greater volatility, high interest days, and low levels in the stock exchange. The health of the economy may affect the financial performance of the Company.

2. Risk on Investments in Subsidiaries

The Company owns six subsidiaries namely Fruitasgroup, Inc., Negril Trading, Inc., Balai ni Fruitas, Inc., Soykingdom Inc, Cocodelivery Inc. and Flykitchen Inc. Since the company’s main revenue stream comes from dividends paid by the subsidiaries, any negative effect in the business of these subsidiaries will also affect the financial performance of the company. The optimum efficiency in operations and financial performance in the subsidiary level will yield greater positive revenue to FHI.

3. Financial Risk

The main financial risks arising from the Company's financial investments are liquidity risk, market risk, and interest rate risk. Liquidity risk involves the capability of the Company to meet its short-term financial obligations. The Company has substantial investments in its subsidiaries which may not be readily convertible to liquid assets necessary to meet urgent financial requirements.

Market risk focuses on the volatility in the market as reflected in price adjustments which affects possible earnings on future earnings and fair market values. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity prices, equity prices, and other market changes. The Company's market risk emanates from its investments in different financial instruments.

The Company's exposure to market risk for changes in fixed interest rates relates primarily to the Company's money market placements and debt securities.

To mitigate these risks, FHI closely monitors macro-environmental issues which include politics, legal, environmental, that may have impact to the Company. In addition, the Company also serves as a consultant to its subsidiaries to ensure the optimum level of operational and financial performance to yield maximum values.

FHI monitors and manages its cash position and overall liquidity position to mitigate financial risks. The Company maintains a sufficient level of cash and cash equivalents ensure continuity of operations and to reduce impacts of fluctuations in cash flows.

FHI constantly monitors the values of its securities and all other factors which could directly or indirectly affect the prices of these instruments. In the event of a projected drop in the equity and securities portfolio, the Company is equipped to take action and grab better opportunities to sustain optimal values.

Discussion of Opportunities

FHI continues to explore possible opportunities in the capital market by building up on its reputation as a prominent holding company through its profitable subsidiaries and successful acquisitions.

[Climate-related risks and opportunities](#)¹

As a holding Company, FHI is not directly at risk of climate-related threats. However, FHI Board of Directors continues to examine and consider high-level risks and opportunities of the Company. At present, the Company alone does not have formal climate-related risk strategies and metrics aside from the ones imposed and followed in the subsidiary level. Nonetheless, the Company will consider adopting a formal enterprise risk management program.

¹ Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

The current direct operations of FHI do not involve spending significantly on local suppliers.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	N/A	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	N/A	%
Percentage of directors and management that have received anti-corruption training	N/A	%
Percentage of employees that have received anti-corruption training	N/A	%

Incidents of Corruption

Disclosure	Quantity	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	#

Currently, the Company does not have a specific program on Anti-corruption aside from the Whistle- Blowing Policy and Insider Trading Policy in which each employee in the organization is made aware of including the directors and officers. Over the years until the end of 2022, the Company did not have any instances of corruption within the organization. Despite the clean record on corruption, the Company will consider to craft a specific program on Anti-corruption within the organization and with business partners to prevent this bad practice from happening.

ENVIRONMENT

Resource Management

FHI's subsidiaries follow best practices in environmental management to manage and mitigate impacts in the environment. They implement waste reduction and proper disposal protocols to minimize adverse effects in their respective territories. Subsidiaries also encourage and welcome ideas and collaborations to further decrease the impact of operations in the environment.

FHI is set to consolidate the data on resource and environmental management of the subsidiaries and will report on these in the succeeding Sustainability Reports.

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	N/A	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A	GJ
Energy consumption (electricity)	N/A	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	N/A	GJ
Energy reduction (LPG)	N/A	GJ
Energy reduction (diesel)	N/A	GJ
Energy reduction (electricity)	N/A	kWh
Energy reduction (gasoline)	N/A	GJ

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	N/A	Cubic meters
Water recycled and reused	N/A	Cubic meters

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume	N/A	
<ul style="list-style-type: none"> • renewable 	N/A	kg/liters
<ul style="list-style-type: none"> • non-renewable 	N/A	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A	%

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN ³ Red List species and national conservation list species with habitats in areas affected by operations	N/A	

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	N/A	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	N/A	Tonnes CO ₂ e
Emissions of ozone-depleting substances (ODS)	N/A	Tonnes

Air pollutants

Disclosure	Quantity	Units
NO _x	N/A	kg
SO _x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate matter (PM)	N/A	kg

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	N/A	kg
Reusable	N/A	kg
Recyclable	N/A	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	N/A	kg
Total weight of hazardous waste transported	N/A	kg

³ International Union for Conservation of Nature

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	#
No. of cases resolved through dispute resolution mechanism	N/A	#

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ⁴	2,107	count
a. Number of female employees	1,239	count
b. Number of male employees	868	count
Attrition rate ⁵	38.32	rate
Ratio of lowest paid employee against minimum wage	1:1	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS			
Maternity	Y	3.87%	0%
Sickness	Y	1.21%	0.92%
Salary Loan	Y	15.82%	12.21%
Calamity Loan	Y	0.48%	0.46%
PhilHealth	Y	3.15%	1.27%
Pag-ibig	Y	21.97	18.09%
Parental leaves	Y	0%	0.23%
Vacation leaves	Y	87.89%	75.35%
Sick leaves	Y	79.50%	75.69%
Medical benefits (aside from PhilHealth))	N		
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)			

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	88	hours
b. Male employees	88	hours
Average training hours provided to employees		
a. Female employees	88	hours/employee
b. Male employees	88	hours/employee

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

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

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	248	count

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	58.80%	%
% of male workers in the workforce	41.20%	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

*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).

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours		Man-hours
No. of work-related injuries	14	count
No. of work-related fatalities	N/A	#
No. of work related ill-health	N/A	#
No. of safety drills	2	count

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	POLICY AND DATA RELATION TO HEALTH, SAFETY, AND WELFARE OF EMPLOYEES INCLUDING COMPANY SPONSORED TRAININGS
Child labor	N	
Human Rights	Y	POLICY AND DATA RELATION TO HEALTH, SAFETY, AND WELFARE OF EMPLOYEES INCLUDING COMPANY SPONSORED TRAININGS

The Company values the importance of a secure and safe working environment which is reflected in the Company policies. The policies imposed and followed by the Company are bounded by the Philippine law which includes protection of workers and human rights such as Policy and Data Relation to Health, Safety, and Welfare of Employees including Company Sponsored Trainings.

Supply Chain Management

The Company does not have direct suppliers due to the nature of the business however; FHI encourages its subsidiaries to consider sustainability factors when dealing with their suppliers. The Company acknowledges the relevance of good business practices to ensure the continuity of its supply chain.

FHI is set to consolidate the data on supply chain management of the subsidiaries and will report on these in the succeeding Sustainability Reports.

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N/A	
Forced labor	N/A	
Child labor	N/A	
Human rights	N/A	
Bribery and corruption	Y	Business Integrity and Ethics Agreement

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)

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

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

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	N/A	#
No. of complaints addressed	N/A	#

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

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	N/A	#
No. of complaints addressed	N/A	#

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

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	N/A	#
No. of complaints addressed	N/A	#
No. of customers, users and account holders whose information is used for secondary purposes	N/A	#

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

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	N/A	#