



SPHERA

BEYOND THE RESTAURANTS

# Sustainability Report

2020  
2021

KFC



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# About the Report

**Sphera Franchise Group** released its third Sustainability Report, for the period of January 2020 to December 2021, in order to transparently present information related to the key aspects of the business, the actions, challenges, outcome and performance of companies in the portfolio. The information related to the economic, social and environmental performance given in this report refers to the work carried out by the six companies in: Romania, Moldova and Italy.

The scope of this report includes the operations of Sphera Franchise Group and the companies in the portfolio: **USFN Romania** (KFC Romania\*), **USFN Moldova** (KFC Moldova\*), **USFN Italy** (KFC Italy\*), **American Restaurant System** (Pizza Hut Romania, Pizza Hut Delivery Romania\*), **California Fresh Flavours** (Taco Bell Romania\*), as part of an integrated approach.<sup>1</sup>

## The General Reporting Framework

The third Sustainability Report for the activities of Sphera Franchise Group SA presents the results achieved in 2020 and 2021 in terms of the economic, social and environmental impact. The report presents a fair and true picture of non-financial aspects of the activity that has an impact in achieving the transition towards a sustainable business model, in line with the sustainability goals addressed by the 2030 Agenda. The latest Sustainability Report was published in 2019.

We will go back to the annual reporting of our performance in order to be close to our stakeholders, and provide them with relevant information.

This report has been prepared by representatives of Sphera Franchise Group. The report has been drafted following the SASB (Sustainability Accounting Standards Board) reporting frameworks of the two specific industry and the methodology proposed by GRI (Global Reporting Initiative) standards which meet the requirements of the Core option. The full list of standards and indicators belonging of the two reporting frameworks, used for communicating the information in this report, may be found in the last section, called 'GRI & SASB Index'.

The report also complies with legislative provisions: the requirements of Directive 2014/95/EU, the national requirements of Order no. 1938/2016, with the subsequent amendments, Order no. 3456/2018 and Order no. 1239/2021 issued by the Minister of Public Finance.

## The Definition of the Reporting Framework

The report is based on a process of materiality analysis carried out at Company level. The analysis was carried out in two stages: a first stage – of re-examination along the value chain with the determination of material themes, risks, and opportunities, by involving the organization management, during the fourth quarter of 2021, in order to identify the business relevance – and a second stage, through the involvement and extensive consultation internal and external stakeholders of the organization, carried out between February and March 2022. This defined the reporting framework for sustainability performance. We report the quantitative indicators for 2020 and 2021 compared to the last reporting year. Unavailable data are marked as N/A (Not Available).

## Report Assurance

This report has not been verified by an independent external audit company.

## Thanks

This report has been drafted under the coordination of the Public Relations specialists of Sphera Franchise Group with the help of the qualified external Sustainability consultant, **denkstatt Romania**.

We would like to thank all stakeholders who have contributed to the preparation of this report by being actively involved in our consultancy initiatives.

## Contact

This report is accessible online, at <https://spheragroup.com/sustenabilitate/?lang=en>. Any opinions, suggestions or queries regarding it may be sent to this email address: [contact@spheragroup.com](mailto:contact@spheragroup.com)

## The Company Address

Sphera Franchise Group SA, 239 Calea Dorobanților, room 4, 2nd floor, 010567, Bucharest, 1st District, Romania

<sup>1</sup> Please note that abbreviated company names will be highlighted in this report (\*)

# Message from the CEO

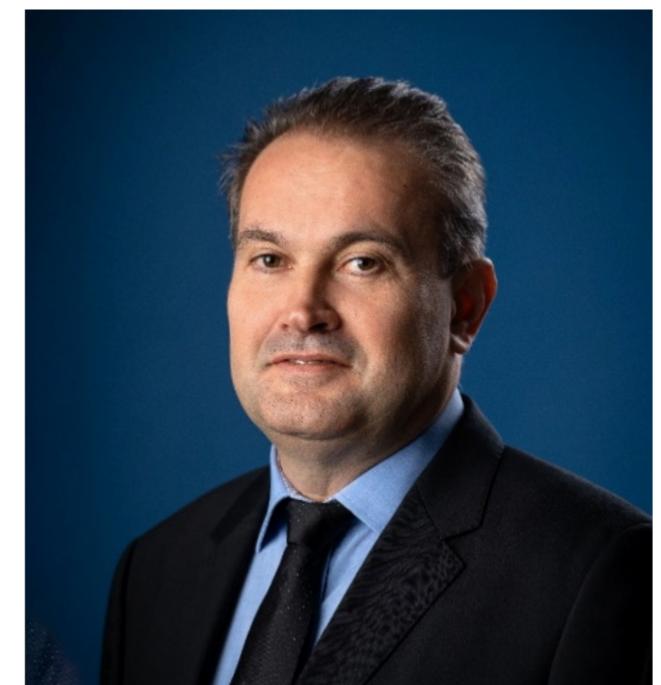
Dear shareholders,

We have reached our third Sustainability Report for Sphera Franchise Group, which I am honored to present to you and invite you to read.

It covers the period January 2020 – December 2021 and is an exercise in transparency towards all stakeholders, but also a good practice in assessing the key aspects of the business, actions, challenges, outcome and performance of our companies.

For over 28 years, we have been developing in Romania some of the most beloved brands worldwide – **KFC**, **Pizza Hut** and **Taco Bell**.

Listed on the Bucharest Stock Exchange in November of 2017, Sphera Franchise Group is the largest company in the food service industry in Romania.



With a portfolio of **170\*** restaurants and operations in three markets – Romania, Moldova and Italy – Sphera vision is based on ongoing development as an industry leader, by staying relevant and reliable.

## Craving chicken #pebune, authentic pizza and #livemas flavored tacos

From ringing the bell on the Bucharest Stock Exchange to the present day, our mission has been to give customers a memorable experience, through excellent service and unique products, prepared by passionate teams every day.

Beyond the restaurant experience, over time, we have built a sustainable business with a portfolio of responsible brands. As the Company grows, our responsibility towards the local communities in which we operate, employees and the environment also increases. We have set ourselves general and specific medium and long-term objectives, with targets for 2025, and we want to communicate our progress constantly, to highlight our achievements against the set indicators.

In this regard, we have a series of internal procedures and endeavors, and we have also continued working in various communities with partners who support initiatives focused on education, health, food waste reduction, equal opportunities and increasingly on minimizing the environmental impact. It is important to make sure that we manage the entire business process as efficiently as possible, from food, ingredients and packaging used to the development of food donation programs, to have a positive social im-

pact and prevent food waste, to energy efficiency or social inclusion and the development of employee programs.

In the light of socio-medical and political contexts of recent years, we have all seen that a responsible business does not only mean products, services and figures; instead, it considers sustainability in relation to all operating chain partners: customers, employees, suppliers, shareholders etc. I am proud of the efforts made by our frontline teams, backed by colleagues from the support area, to continue standing by our customers and giving them the confidence that they can safely consume their favorite products. Being a strong company, we have managed to overcome recent events and to quickly adapt to new conditions which have helped us better improve for the future.

Thank you for your support and commitment to Sphera Franchise Group.

**Călin Ionescu**,  
CEO,  
Sphera Franchise Group

\* Including 1 PAUL restaurant

## 1

# About the Company

CONTENTS

ABOUT THE COMPANY

THE SUSTAINABILITY STRATEGY

OUR PRODUCTS

CARE FOR THE ENVIRONMENT

PEOPLE AND COMMUNITY

GRI AND SASB INDEX

## About Sphera Franchise Group

**Sphera Franchise Group SA** (“Sphera” or “the Company”) was established on May 16, 2017 as a joint stock company, with its registered office in Bucharest, 239 Calea Dorobanților, room 4, 2nd floor, and is the largest operator in the food service industry in Romania. It carries out specific activities and geographically serves three markets: Romania, Moldova and Italy.

Together with its subsidiaries/companies – in which favor it provides management, marketing, development, sales support, human resources and other services – US Food Network SA (“USFN”), U.S. Food Network S.r.l. Italy (“USFN Italy”), U.S. Food Network SRL Moldova (“USFN Moldova”), California Fresh Flavors S.R.L. (“CFF”) and American Restaurant System S.A. (“ARS”), it forms “the Group” (or “SFG”).

**Sphera Franchise Group SA is listed on the Bucharest Stock Exchange since 2017, with the ‘SFG’ stock symbol.**

The restaurant portfolio held by Sphera has grown annually reaching **148\*** locations in Romania, **2** in Moldova and **20** in Italy in 2021.



### VISION

Be leaders of the food service industry in Romania and become a major player at European level.



### THE CORE VALUES

of Sphera define our business model and are based on the five pillars that have contributed to the Company’s operational performance over the years.



### MISSION

Give customers a memorable experience, through excellent service and unique products, prepared by passionate teams.



Team

Trust

Development

Action

Gratitude

\* Including 1 PAUL restaurant

# About the Company

**Sphera** owns the companies that operate these brands in franchise system:

- **Kentucky Fried Chicken (KFC);**
- **Pizza Hut Dine-In;**
- **Pizza Hut Delivery** (in master-franchise system);
- **Taco Bell.**

Sphera sustainability strategy is based on our mission: **“Give customers a memorable experience, through excellent service and unique products, prepared by passionate teams”.**

We operate according to the four pillars around which we have developed our core values across the Company, positioned us as market leaders:

- **Business** – Excellence in everything we do;
- **Products** – Safe and quality food;
- **People and Community** – Social responsibility and community involvement;
- **The Environment** – Environmental responsibility.

Our companies operate in three areas, i.e.:

- Quick-service restaurants (KFC and Taco Bell);
- Dine-in restaurants (Pizza Hut Dine-In);
- Home delivery (Pizza Hut Delivery and KFC Delivery).

**Sphera** is present in three countries, with a network of restaurants consisting of:

## ROMANIA

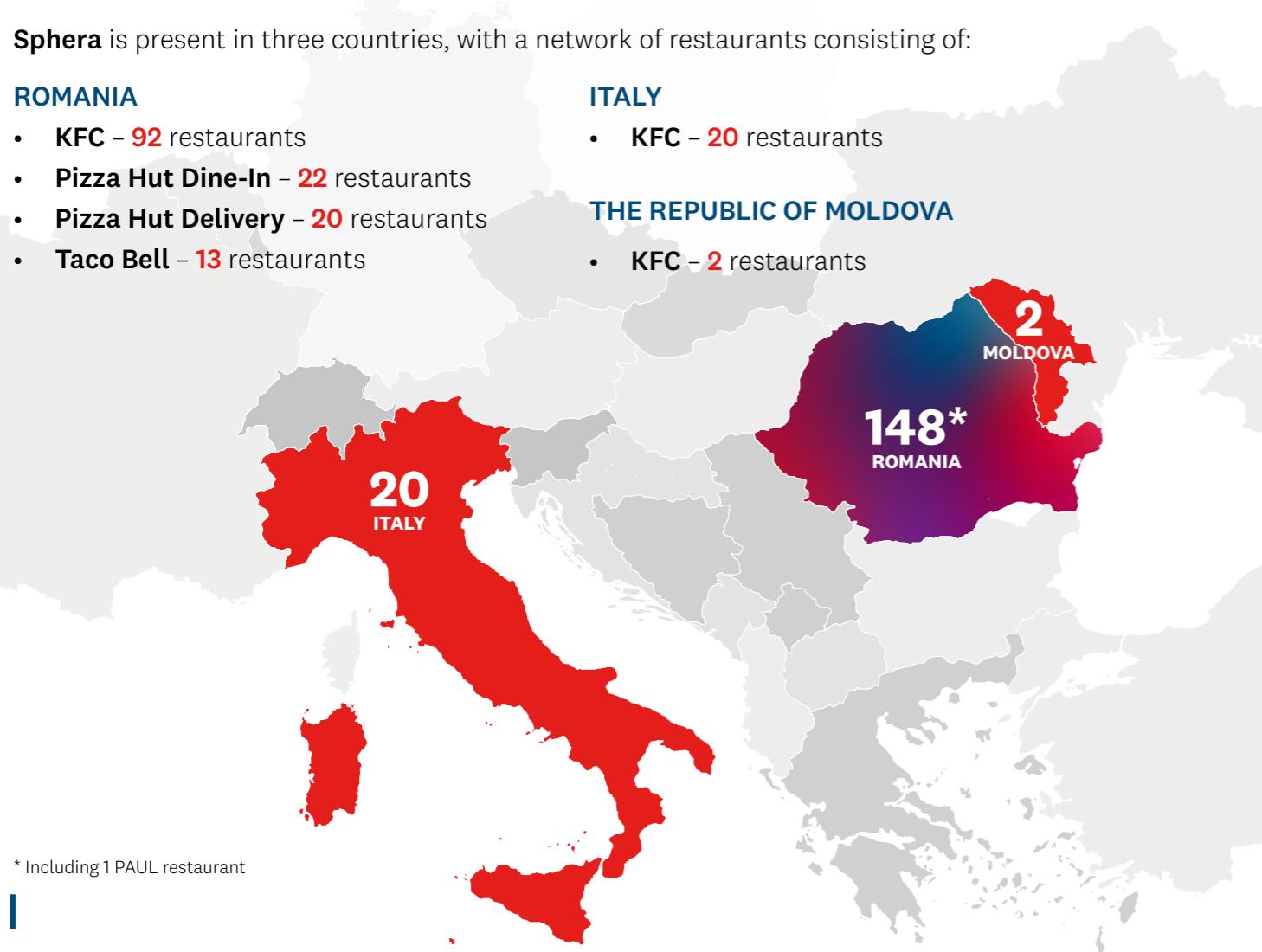
- **KFC** – **92** restaurants
- **Pizza Hut Dine-In** – **22** restaurants
- **Pizza Hut Delivery** – **20** restaurants
- **Taco Bell** – **13** restaurants

## ITALY

- **KFC** – **20** restaurants

## THE REPUBLIC OF MOLDOVA

- **KFC** – **2** restaurants



**Sphera Franchise Group SA** is the parent company for these companies:

- **US Food Network SA**, which holds franchise rights for the operation of restaurants under the KFC brand in Romania;

**Registered office:** 239 Calea Dorobanților, 2<sup>nd</sup> floor, room 11, Bucharest, 1<sup>st</sup> District.

- **American Restaurant System S.A.**, which owns franchise rights for the operation of restaurants under the Pizza Hut and Pizza Hut Delivery brands in Romania;

**Registered office:** 239 Calea Dorobanților, 2<sup>nd</sup> floor, room 1, Bucharest, 1<sup>st</sup> District.

- **California Fresh Flavors S.R.L.**, which holds franchise rights for the operation of restaurants under the Taco Bell brand in Romania;

**Registered office:** 239 Calea Dorobanților, 2<sup>nd</sup> floor, room 11, Bucharest, 1<sup>st</sup> District.

- **U.S. Food Network S.r.l.**, which owns franchise rights for the operation of restaurants under the KFC brand in Italy;

**Registered office:** 5 Via Francesco Restelli, 20124, Milan, Italy.

- **U.S. Food Network SRL**, which operates restaurants under the KFC brand in the Republic of Moldova;

**Registered office:** 45 Mitropolit Bănelușcu-Bodoni St., Chișinău MD-2005.

## 1.1 Developments in the Market

The year 2020, marked by the global health emergency, had a negative impact on the entire HoReCa industry. The new reality imposed by measures taken against the spread of the Covid-19 virus motivated us to continue innovating our units and to develop the restaurant network.

As a result, the number of units increased year on year, with small decreases along the Pizza Hut chain for 2020.



|             | 2019 | 2020 | 2021 |
|-------------|------|------|------|
| KFC Romania | 82   | 86   | 92   |
| KFC Italy   | 15   | 18   | 20   |
| KFC Moldova | 2    | 2    | 2    |



|                     | 2019 | 2020 | 2021 |
|---------------------|------|------|------|
| Pizza Hut (Dine-In) | 23   | 21   | 22   |
| Pizza Hut Delivery  | 22   | 19   | 20   |



|           | 2019 | 2020 | 2021 |
|-----------|------|------|------|
| Taco Bell | 10   | 11   | 13   |

## 1.2 The Diagram of the 2020-2021 Period

| PRIME INDICATORS            |                      | 2020<br>(the reporting period from 01.01.2020 to 31.12.2020) |            |                    |  |                         |                  | PRIME INDICATORS           |   | 2021<br>(the reporting period from 01.01.2021 to 31.12.2021) |                    |  |                         |                  |                    |  |  |  |  |
|-----------------------------|----------------------|--|------------|--------------------|--|-------------------------|------------------|----------------------------|---|--|--------------------|--|-------------------------|------------------|--------------------|--|--|--|--|
| CONTENTS                    | ABOUT THE COMPANY    | Organization*  | SFG        | USFN (KFC Romania) | ARS (Pizza Hut & Pizza Hut Delivery Romania) | CFF (Taco Bell Romania) | USFN (KFC Italy) | USFN (KFC Moldova)         | Organization*                                     | SFG  | USFN (KFC Romania) | ARS (Pizza Hut & Pizza Hut Delivery Romania) | CFF (Taco Bell Romania) | USFN (KFC Italy) | USFN (KFC Moldova) |  |  |  |  |
| <b>ECONOMIC</b>             |                      |  |            |                    |  |                         |                  |                            |   | <b>ECONOMIC</b>  |                    |  |                         |                  |                    |  |  |  |  |
| THE SUSTAINABILITY STRATEGY | OUR PRODUCTS         | No. of restaurants**   | -          | 88                 | 39   | 11                      | 18               | 2                          | No. of restaurants**                              | -  | 94                 | 41   | 13                      | 20               | 2                  |  |  |  |  |
|                             |                      | Net income (KRON)  | 109 047.00 | 527 588.00         | 68 403.00                                    | 29 512.00               | 77 182.00        | 8 678.00                   | Net income (KRON)                                 | 66 493.00  | 736 276.00         | 91 325.00                                    | 48 771.00               | 114 141.00       | 12 428.00          |  |  |  |  |
| CARE FOR THE ENVIRONMENT    | PEOPLE AND COMMUNITY | Net income (KEURO)   | 22 544.00  | 109 071.00         | 14 141.00                                    | 6 101.00                | 15 956.00        | 1 794.00                   | Net income (KEURO)                                | 13 513.00  | 149 634.00         | 18 560.00                                    | 9 912.00                | 23 197.00        | 2 526.00           |  |  |  |  |
|                             |                      | Taxes (excluding the social costs below) (KEURO)             | 3.00       | 659.00             | 187.00                                       | 43.00                   | (1 273.00)       | 15.00                      | Taxes (excluding the social costs below) (KEURO)  | 48.00  | 735.00             | 197.00                                       | 60.00                   | (826.00)         | 40.00              |  |  |  |  |
| GRI AND SASB INDEX          |                      | Costs of employee salaries and benefits*** (KRON)            | 20 907.00  | 102 428.00         | 20 663.00                                    | 6 586.00                | 27 997.00        | 1 627.00                   | Costs of employee salaries and benefits*** (KRON) | 24 571.00  | 158 085.00         | 27 551.00                                    | 12 151.00               | 36 794.00        | 1 798.00           |  |  |  |  |
|                             |                      | Net profit/loss (KRON)                                       | 66 375.00  | 31 256.00          | (17 624.00)                                  | (4 222.00)              | (21 099.00)      | 396.00                     | Net profit/loss (KRON)                            | 29 799.00  | 43 603.00          | (11 217.00)                                  | (4 366.00)              | (15 345.00)      | 1 194.00           |  |  |  |  |
| <b>SOCIAL</b>               |                      |  |            |                    |  |                         |                  |                            |   | <b>SOCIAL</b>  |                    |  |                         |                  |                    |  |  |  |  |
| THE SUSTAINABILITY STRATEGY | OUR PRODUCTS         | No. of employees****   | 152        | 3 234              | 677  | 242                     | 281              | 76                         | No. of employees****                              | 164  | 3 529              | 727  | 265                     | 348              | 78                 |  |  |  |  |
|                             |                      | Total training (hours)                                       | -          | 216 528            | 53 928                                       | 20 544                  | 41 108           | 1 880                      | Total training (hours)                            | -  | 271 273            | 49 880                                       | 28 949                  | 41 108           | 3 720              |  |  |  |  |
| CARE FOR THE ENVIRONMENT    | PEOPLE AND COMMUNITY | Donated food (kg)  | -          | 2 300              |  |                         | N/A              |                            |   | Donated food (kg)  |                    |  | 8 400                   |                  |                    |  |  |  |  |
|                             |                      | Community investment (EUR)                                   | 258 800.00 |                    |  |                         |                  | Community investment (EUR) |   |  |                    |  | 116 330.00              |                  |                    |  |  |  |  |
| <b>ENVIRONMENTAL</b>        |                      |  |            |                    |  |                         |                  |                            |   | <b>ENVIRONMENTAL</b>   |                    |  |                         |                  |                    |  |  |  |  |
| THE SUSTAINABILITY STRATEGY | PEOPLE AND COMMUNITY | Paper/cardboard waste (tons/year)                            | -          | 501.21             | 145.43                                       | 7.43                    | 100.88           | 16.00                      | Paper/cardboard waste (tons/year)                 | -  | 541.62             | 177.73                                       | 9.37                    | 189.23           | 17.20              |  |  |  |  |
|                             |                      | Plastic waste (tons/year)                                    | -          | 24.11              | 6.90   | 1.63                    | 54.84            | 0.60                       | Plastic waste (tons/year)                         | -  | 25.32              | 8.26   | 1.89                    | 71.83            | 0.20               |  |  |  |  |
| CARE FOR THE ENVIRONMENT    | GRI AND SASB INDEX   | Waste oil residues (tons/year)                               | -          | 209.02             | 1.97   | 7.83                    | 50.69            | 4.90                       | Waste oil residues (tons/year)                    | -  | 201.34             | 1.89   | 10.19                   | 62.39            | 6.10               |  |  |  |  |
|                             |                      | Food waste (tons/year)                                       | -          | 17.65              | 0.07   | 0.52                    | 39.04            | 3.70                       | Food waste (tons/year)                            | -  | 23.09              | 0.20   | 1.20                    | 50.90            | 5.20               |  |  |  |  |
| GRI AND SASB INDEX          |                      | Electricity consumption (MWh/year)                           | -          | 25 366.40          | 4 758.32                                     | 1 245.76                | 3 468.64         | 497.67                     | Electricity consumption (MWh/year)                | -  | 28 663.95          | 5 854.43                                     | 1 693.02                | 4 608.40         | 517.44             |  |  |  |  |
|                             |                      | Water consumption (m³)                                       | -          | 176 975.00         | 27 579.00                                    | 5 201.00                | 13 900.00        | 4 960.00                   | Water consumption (m³)                            | -  | 199 982.00         | 33 936.00                                    | 6 399.00                | 18 300.00        | 4 198.00           |  |  |  |  |

\* The financial data are presented on an individual basis, including transactions between Sphera Franchise Group companies

\*\*from an administrative point of view, USFN (KFC Romania) operates: 86 KFC restaurants, 1 Cluj Pizza Hut Delivery restaurant and 1 PAUL restaurant, and ARS (Pizza Hut & Pizza Hut Delivery Romania) operates: 21 Pizza Hut Dine-In restaurants, 17 Pizza Hut Delivery restaurants and a Pizza Hut Delivery sub-franchise

\*\*\* including social costs

\*\*\*\* active employees at 31 December 2020

\* The financial data are presented on an individual basis, including transactions between Sphera Franchise Group companies

\*\* from an administrative point of view, USFN (KFC Romania) operates: 92 KFC restaurants, 1 Cluj Pizza Hut Delivery restaurant and 1 PAUL restaurant, and ARS (Pizza Hut & Pizza Hut Delivery Romania) operates: 40 Pizza Hut Dine-In restaurants + Pizza Hut Delivery restaurants + 1 sub-franchise + 1 Downtown Cluj Pizza Hut Delivery facility

\*\*\* including social costs

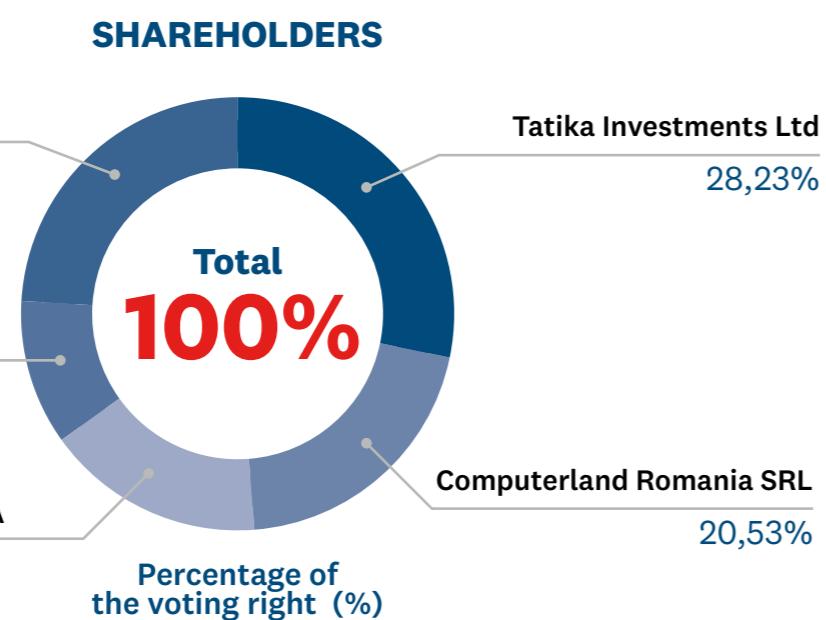
\*\*\*\* active employees at 31 December 2021

## 1.3 Corporate governance

Sphera Franchise Group takes special interest in the activities carried out within the Company, through internal policies designed to prevent corruption and conflicts of interest. Sphera is committed to complying with the principles and requirements of internal conduct that express the commitments and responsibilities regarding the management of the Company business and activities, including supplier assessment, providing transparency in terms of complaints received.

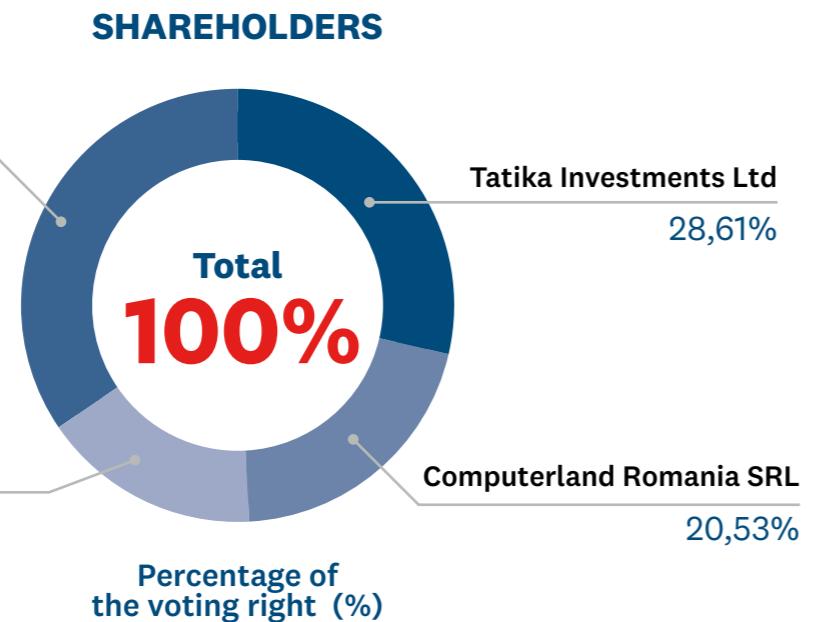
### Sphera shareholding structure

at 31 December 2020



### Sphera shareholding structure

at 31 December 2021



### Assets held by Sphera Franchise Group in 2020

| ASSETS (KRON)       | 2020       |
|---------------------|------------|
| Non-current assets: | 513 794.00 |
| Current assets:     | 153 481.00 |
| Total assets:       | 667 275.00 |
| Total equity:       | 149 121.00 |

### Assets held by Sphera Franchise Group in 2021

| ASSETS (KRON)       | 2021       |
|---------------------|------------|
| Non-current assets: | 540 873.00 |
| Current assets:     | 193 441.00 |
| Total assets:       | 734 314.00 |
| Total equity:       | 132 052.00 |

Corporate governance within Sphera is based on a number of policies and codes of conduct on which basis the related internal procedures have been developed. These policies provide a transparent and structured framework for carrying out operational and reporting activities:

- The Policy on Human Rights and Key Supply Chain Commitments;
- The Sustainable Packaging Policy;
- The Animal Welfare Policy;
- The Responsible Marketing Policy;
- The Data Protection Policy;
- The Anti-corruption Policy;
- The Sustainable Animal Protein Principles.

The policies may be accessed by all internal and external stakeholders on the Sphera website, under **Sustainability** and **Corporate Governance** respectively. Internal policies containing specific requirements and principles, that meet an internal need, are only available to employees of companies within the Sphera portfolio.

Due to implementing and properly managing corporate governance based on our values and principles, during the reporting period we did not register any instances of, or incidents related to conflicts of interest, bribery and corruption.

### Conflicts of Interest

The Company Conflicts of Interest Policy stipulates the obligations incumbent on members of the Board of Directors and executive directors. Thus, all of them have a duty of loyalty to the Company and are required to strive to avoid conflicts of interest, defined as situations in which their own personal or professional interest renders it, either directly or indirectly, difficult to act impartially and independently in the best interests of Sphera Franchise Group and all its shareholders.

## Fighting Corruption and Bribery

Managing the Company in a responsible manner is the basis of our organizational culture. Requirements for compliance with applicable anti-corruption and anti-bribery laws have been closely and diligently observed, so that Sphera values should be respected and its reputation protected.

**There have been no cases of corruption within the organization and we are very careful in preventing their occurrence.**

## The Board of Directors

The Company management is ensured by the Board of Directors and by the General Shareholders' Meeting, and decision-making powers and the functioning mechanism are established by the provisions of the Instrument of Incorporation and of the Companies Law no. 31/1990.

The role of the Board of Directors is to define the main Company direction, activity and development, and to approve the business plan and any changes thereof, respectively.

The Board of Directors consists of five members, all of whom are non-executive, who ensure the unified Company management, by delegating executive directors and a Chief Executive Officer (CEO).

Members are appointed by the General Shareholders' Meeting for a period of four years, except for the first members appointed for a period of two years. The Board of Directors has delegated the management of Sphera to the executive directors, who perform their functions on the basis of mandate contracts.

## Changes compared to 2019

The year 2020 came with some major changes in terms of the Board of Directors:

- On 23<sup>rd</sup> of April 2020 Mr. Georgios Argentopoulos resigned from the office of CEO, and in late May of 2020 he also resigned from the office of director (executive director until 23<sup>rd</sup> of April 2020) of Sphera;
- On 08<sup>th</sup> of October 2020 Mr. Anastasios Tzoulas resigned from the office of administrator of Sphera;
- The natural decrease in the number of directors from 7 (seven) to 5 (five) members.

Given the pandemic context, the priority for the Board of Directors was to streamline the activity and costs.

The Extraordinary General Shareholders' Meeting approved the amendment of the Company Instrument of Incorporation, in the sense of reducing the number of directors making up the Board of Directors from 7 (seven) to 5 (five).

**The members of the Board of Directors** as at 31<sup>st</sup> of December 2020, also applicable in the exact same way as at 31<sup>st</sup> of December 2021, were the following:

**Lucian HOANCA** – President;  
**Silviu-Gabriel CÂRMACIU** – Vice-President;  
**Georgios-Vassillios REPIDONIS**;  
**Valentin ARNAOUTOU**;  
**Răzvan LEFTER**.

The delimitation of duties between the Board of Directors and the Company CEO or the Company directors, including the value thresholds of power for legal acts concluded by Sphera, is included in the Rules on the Organization and Functioning of the Board of Directors, in contracts governing their activity and/or may be established by decisions of the Board of Directors.

According to the law, members of the Board of Directors have duties of diligence and loyalty towards the Company, as provided for in the Instrument of Incorporation and other internal regulations thereof. Moreover, they are responsible for performing all useful and necessary acts in order to achieve the objectives of Sphera, except for duties conferred on general shareholders' meetings by law.



The activity of the committees is regulated by internal regulations (the Rules of the Audit Committee and the Rules of the Nomination and Remuneration Committee) and is established based on legal requirements and the provisions of the Company Instrument of Incorporation, and in line with the Code of Corporate Governance of BVB (the Bucharest Stock Exchange) and capital market regulations.

Both the Audit Committee and the Nomination and Remuneration Committee are composed of three members elected by the Board from among its members, one of whom is appointed as the President.

The duties of the Board of Directors and of the President have remained the same according to the 2018 report.

## Performance Assessment

Sphera development can be achieved by improving our teams' performance, which is why we continue implementing specific annual performance assessment activities for Board members, management teams and all other employees.



The performance assessment methodology remained the same during the reporting period, compared to 2019. For further information on the assessment process and procedures, please consult the Sustainability Report for 2019 (pp.12-13) or 2018 (pp.13-14).

## Risk Management

Sphera responsibly manages aspects of the business that can generate certain risks and identifies opportunities that can help the business in the long run. We always identify these opportunities in close collaboration with both internal and external stakeholders.

### Our goal is development by staying relevant and reliable

| CONTENTS | ABOUT THE COMPANY   | THE SUSTAINABILITY STRATEGY   | OUR PRODUCTS  | CARE FOR THE ENVIRONMENT  | PEOPLE AND COMMUNITY | GRI AND SASB INDEX |
|----------|---|---|---|---|----------------------|--------------------|
|          |  | <b>Business risks</b> <ul style="list-style-type: none"> <li>Risk of non-compliance with the laws</li> <li>Market risk</li> <li>Branding risk</li> <li>Risk of breach of business codes of conduct</li> <li>Risks of stock outages and crisis</li> <li>Cyber risks</li> <li>Financial risks</li> <li>Sustainability risks (social, environmental and governance)</li> </ul> |  | <b>Operational risks</b> <ul style="list-style-type: none"> <li>Occupational health and safety risk</li> <li>Food safety risk</li> <li>Environmental risk</li> <li>Risk of operational shutdowns</li> </ul> |                      |                    |

#### Our risk management actions

- We assess legislative compliance issues and abide by both national and international legal requirements
- We assess vulnerabilities in all operational areas
- Sphera consistently works towards stabilizing external factors and reducing market risks
- The Company has developed an internal culture that promotes proper conduct for all employees and members of the management team
- We conduct regular audits on food safety issues and have strict criteria for compliance with them, both at supply chain level and at operational level
- We regularly assess operational risks in terms of occupational health and safety and draw up prevention and employee protection plans. We regularly monitor and control all risks associated with our activities. We work closely with an external consultant for support concerning these issues
- We assess environmental aspects that can generate a negative impact and are proactive in generating potential mitigation solutions
- The Company mitigates risks by monitoring and control by the Legal Department

In the 2020-2021 period, considering the context generated by the health crisis arising as a response to the pandemic, we identified potential operational and business risks that could affect us and we quickly focused on specific impact mitigation and crisis management actions, such as:

- Reducing the risk of SARS-CoV-2 contamination both along the supply chain and along the customer service and delivery chain. We implemented strict procedures by applying the imposed legal requirements, as well as other procedures to support the security of our units.
- We made sure that all our employees understood the risks; we communicated extensively, and we trained the staff.
- We created specific flows for supply, processing, service and delivery.

## 1.4 Cyber Security

Cyber security is extremely important for Sphera, since it protects all categories of data, regardless of whether we are talking about data theft or destruction. Under data categories one can include sensitive data, personal identification data, industry IT systems, but also other types.

All types of cyber-attacks can cause economic losses within an organization and can have an impact on the social component by directly harming people affected by personal data leakage or theft. Through internal processes, Sphera ensures the monitoring and management of potential crisis situations caused by cyber-attacks with impact on infrastructure, business continuity and people's safety.

Together with the IT team, we regularly assess all possible risks identified by them and ensure that we have tools and systems in place to combat potential cyber fraud. The IT team has traceability in terms of all incidents and ensures that all staff are trained, the equipment used with IT infrastructure is protected, so that all data should be secured against loss, theft or damage.

Thus, the most important systems in the activity of companies in the financial and operational sector were audited both

- We collaborated with suppliers to prevent any problems in terms of operation.
- We set up staff retention systems, so as to be able to keep the restaurants in operation during periods of relaxation, and to financially support employees during periods of total lockdown.
- We had to close down some restaurants temporarily or even permanently because they were under pressure of long-term downtime considering the context of the pandemic.



internally and by an independent entity, and the recommended steps were taken. Communications between work, ERP, order systems and platforms, integrations with payment systems and classified documents were encrypted to prevent data leakage. In fact, no data breaches were found for any of our companies.

Another important mission was to monitor suppliers' compliance with CIS security and data protection policies, and, even if they revealed attacks on major partners, conducted analyses showed that they had not generated any data leakage originating from Sphera, and its computer systems had not been affected in any way.

## The GDPR Policy of Sphera Franchise Group

Within Sphera there is a dedicated Data Protection Officer (DPO), who implements the specific GDPR Policy and procedures, developed according to legislative rules in force. The main duties thereof are of support and assistance, but also audit on compliance with the legal framework. In doing so, policies already in place were updated and sup-

plemented with procedures tailored to the requirements of each entity within Sphera. Seeing as the greatest vulnerabilities are ones generated by human resources, the Company focuses on staff training and risk awareness. The guidelines of the European Data Protection Board (EDPB) are used in the drafting and implementation of the policies.

**There were no security incidents or incidents of compromise/unauthorized disclosure of personal data.**

## 1.5 The Executive Management

There are three levels of management controlled by the Chief Executive Officer (CEO)<sup>1</sup> of Sphera Franchise Group.

The CEO develops the management and strategy plans, controls the achievement of the performance by the subsidiaries and the Company as a whole. He/she supervises and decides on banking operations, business plan development, capital requirement, management and budgeting processes. He/she also legally represents Sphera before all stakeholders, actively involving the top management in the development of the business and strategy and in the pursuit of the objectives and targets set annually.

In April 2020, as a result of Mr. Georgios Argentopoulos' resignation from the office of CEO, the Chief Operating Officer (COO) also took over the position of Acting CEO, and, on October 8, 2020, the latter was appointed as the CEO with full powers. The other managers of the top management are involved in managing the activities of specific departments.

The head of a specific department (Finance, Marketing, Development, Human Resources or Legal) has strict responsibilities and obligations in terms of coordinating the development of the department, in achieving the objectives and targets set both strategically and operationally.



1 In Romania, the management of each restaurant network has a dual structure, i.e. a line of regional managers leading area managers.

1

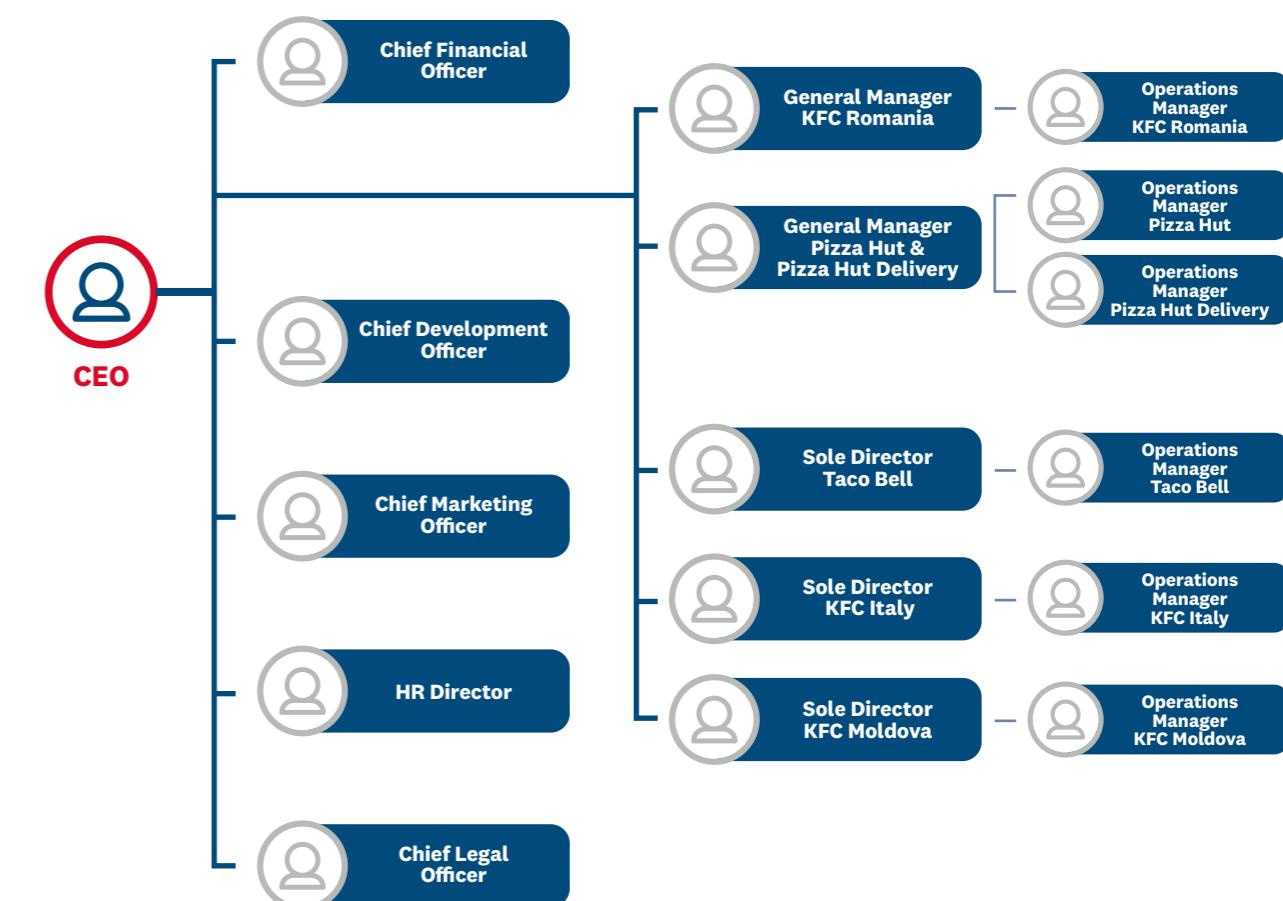
2 In Moldova, the responsibility for KFC restaurant management devolves on the appointed Sole Director, with the support of the operational departments of KFC Romania.

2

3

3 In Italy, since September of 2019, the responsibility for managing the restaurants has devolved on the appointed CEO, who leads a dedicated team based in Milan, including a COO running the activity and expansion for the network in this country.

**The organization is run on three management levels.**



<sup>1</sup> For further information on the roles and responsibilities of the top management, please check in extenso the 2018 Sustainability Report (chapter 1.2.2, pp. 16, 17, 18).

## 1.6 The Value Chain

We are aware of the importance of the value chain and that is precisely why we want to add value to every segment thereof, which is why we try to identify the need and expectations of the stakeholders with whom we interact, both internal and external. We rely on a close collaboration at all stages of the value chain with many groups of stakeholders and we address issues that are relevant to them and our business alike. In 2020 we started working intensively with service providers specializing in delivery to ensure that our products continue to reach our customers. The process was not straightforward, but we managed to create fruitful collaborations.

### Farms

- Various food products;
- The implementation of Yum! Brands product standards;
- Raw material producer audits.

### Raw material transport

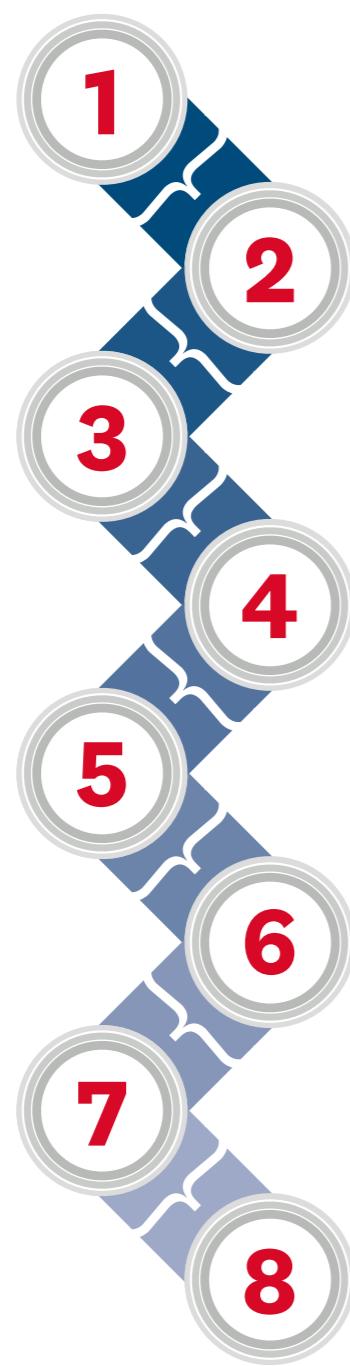
- Raw material transport to the main warehouse;
- Transport requirements and efficiency.

### Delivery

- Transfer to restaurants as planned;
- Transport requirements and efficiency.

### Customer delivery

- Collaboration with providers specializing in delivery services;
- Delivery on time;
- Customer satisfaction and safety;
- Health and safety suppliers and employees.



### Processing

- Primary food processing;
- Standard procurement audit;
- Employee health and safety;
- Sustainable packaging procurement.

### Distribution

- Distribution to the main warehouse;
- Approvals;
- Certifications.

### Restaurants

- Food safety;
- Standard equipment and facilities;
- Audit on compliance with the food standard;
- Restaurants operating according to the food safety standard requirements.

### Consumers

- Quality requirements;
- Food safety requirements;
- Customer satisfaction;
- Site security.



# 2 The Sustainability Strategy

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## The Sustainability Strategy

Our strategy is based on four pillars and relevant material topics defined together with the organization stakeholders. We have set general and specific medium and long-term objectives, with targets until 2025. We want to communicate our progress to highlight the efforts made in strict correlation with the indicators set for the achievement of SDGs (Sustainable Development Goals) at international level.



We ensure a balance between the impact generated by the business, the needs of the society and the environment, wanting to act as a leader in the area of sustainability in the food service industry. We have begun to actively contribute to improving the environmental performance of our operations and we will promote the well-being of communities through social responsibility actions.

### The sustainable development goals to which we have adhered



## Our progress in terms of undertaken targets

| Target   | Description of the target   | Progress   |
|----------|---|--|
| Target 1 | Audits of basic product suppliers according to the Code of Ethics and Conduct and the Sustainability Approach, by 2025          | The Code of Conduct is signed by all our suppliers under their own responsibility. We conduct regular audits for our basic products, both internally and externally. We ensure that all our requirements are met and we work closely with suppliers to maintain high standards.  |
| Target 2 | 100% of restaurants equipped with kiosk ordering systems (where the surface area and design allow it), by 2021                  | We concluded 2021 with all KFC and Taco Bell restaurants equipped with kiosk ordering systems, where the surface area and design allowed it: <ul style="list-style-type: none"> <li>• 62 restaurants across the country;</li> <li>• 20 restaurants in Italy – 100%.</li> </ul> We continue pursuing the implementation of these systems in all newly opened restaurants.   |
| Target 3 | 100% of restaurants equipped with digital menu boards, in all KFC and Taco Bell restaurants, by 2022                            | Currently, all our KFC and Taco Bell locations are equipped with digital menu boards. We are committed to continuing equipping all newly opened restaurants in order to reach our 100% target by 2022.   |
| Target 4 | 100% of consumption packaging made of recoverable or reusable plastic, by 2025  | All purchased products are obtained by responsible, sustainable and ethical methods. Between 2020 and 2021 we replaced various single-use plastic products (stirrers and cutlery) with paper or wood products. We continue striving to reach our target by 2025, so that all consumer packaging distributed in our restaurants should be based on recyclable or reusable plastic. <ul style="list-style-type: none"> <li>• We replaced 100% of plastic straws with paper straws.</li> <li>• We replaced 100% of plastic bags.</li> <li>• We replaced all products in the single-use plastics category according to the relevant European Directive.</li> </ul> Various items containing plastic are marked with the 'Plastic in product' pictogram – wet wipes and cups. |
| Target 5 | 100% energy efficient lighting (LED lighting), by 2024  | We have energy efficient lighting in all Drive Thru and street restaurants. We have ensured that we have energy efficient lighting in all newly opened and renovated restaurants.  |
| Target 6 | 2% of staff hired from vulnerable communities or from among people with disabilities, as well as various nationalities, by 2023 | In our recruitment campaigns we address all categories of prospective candidates able to carry out activities within our business. We currently have employees originating from 16 countries and employ people with disabilities, totaling over 2% of all employees.   |
| Target 7 | 50% of operations training programs being available on apps/in digital format or using gamification, by 2022                    | 90% of operations training programs are available on digital learning platforms.   |
| Target 8 | 80% rate of in-house promotion for restaurant management positions, by 2025   | In 2020, we launched the 'E-learn@SPHERA' project based on a digital learning platform including 12 major categories of topics and over 600 different courses. We reached 75% in-house promotion rate; we continue implementing skill development programs and closely monitoring the in-house human potential.  |

## 2.1 The Materiality Analysis

The Materiality Matrix helps us identify and assess stakeholders' needs and expectations, bringing them into line with the priorities of companies included in the Sphera portfolio and the business strategy, in order to supervise their consistency and to identify any areas for improvement. The identification of the relevance and importance of material topics was achieved through internal and external surveys and questionnaires.

The process of preparing the Materiality Matrix involved four key stages:

## The re-examination of relevant topics

- Global trends in the industry;
- Value chain analysis;
- Industry challenges;
- Industry-specific standards (SASB);
- Opportunities and risks.



## Prioritization

- Internal management analysis;
- Survey among the stakeholders (questionnaire).

## Integration and assessment

- The incorporation of the answers;
- The Materiality Matrix (summary);
- Discussing recommendations;
- The take-over of recommendations into the internal management analysis;
- The setting of priorities in addressing recommendations as specific in-house actions.

## The Materiality Matrix

- Internal validation;
- The final Materiality Matrix.

Since, in 2020, we launched a specific collaboration with service providers specializing in delivery, but also because new challenges arose in the industry, we deemed it important to re-examine material topics for Sphera and its companies. Thus, compared to 2018 and 2019, we identified two new material topics: cyber security, and efficient transport and delivery on time, respectively. We also decided to redefine some material topics considering certain specific aspects related thereto. Thus, we presented a number of 23 material topics, both internally and externally, for identifying the business relevance, as well as the impact or influence on the community.

We define the material topics for our companies, being aware of the negative, as well as the positive impact generated in the economic, social and environmental field.

## Topics of interest for the BUSINESS pillar

### Corporate governance

Sphera carries out its activities with integrity and respect for society. It is a major priority for our Company to implement all aspects related to corporate governance: from compliance with all internal rules and procedures and anti-corruption policies, to supplier assessment, to transparency regarding the complaints received.

### Compliance and risk management

Compliance with the legislation in force, as well as the assessment and management of risks associated with Sphera operations in various areas – food safety, health and safety – are of strategic importance to Company, in all its activities.

### Innovation and digitalization

Digital menu communication and the use of new technologies for ordering, in order to improve our customers' and employees' experience, together with other innovative technologies, are priority initiatives within Sphera in the process of sustainable development.

### Continuity and stability across the supply chain

Sphera promotes transparency across the supply chain and the establishment of long-term relationships with its suppliers and collaborators, along with training and guidance towards sustainable approaches in business, to continuously improving their performance in relation to Sphera and, implicitly, the final consumer. Ensuring the continuity of Sphera business and stability with basic commodity suppliers are a priority.

### Diversity across the supply chain

Diversity across the supply chain is a priority because this is the only way in which we can have the guarantee of product continuity and availability for all our companies. The diversity of producers and suppliers is crucial to the success of Sphera business and is also a competitive advantage.

## Topics of interest for the PRODUCTS pillar

### Traceability across the supply chain

Sphera wants to promote sustainable products, and, in order to achieve this goal, we work closely with our suppliers to ensure that the quality requirements of raw materials and products, environmental and social requirements are observed throughout the supply chain.

### Information accuracy and communication

Sphera and its companies communicate transparently, using simple and useful communication platforms, with a wide range of stakeholders. We believe that the accuracy of the information sent out is important and we want the interaction and communication with the communities in which we operate to be as close and constructive as possible.

### Responsible marketing

Sphera and its companies are committed to managing marketing processes responsibly and in accordance with applicable internal policies and requirements. The integrity and reputation of our brands are very important, and, so, we address all marketing campaigns honestly, transparently, and open to any improvements that may be offered by stakeholders.

### Food quality and safety

Sphera is committed to providing the highest quality products and services that meet consumers' requirements and expectations. Our business depends on the quality and integrity of products sold and consumer perception. Moreover, brand integrity plays an important role.

### Ethical procurement across the supply chain

Sphera relies on ethical procurement across the supply chain, ensuring that all products purchased for restaurants are obtained through responsible and sustainable methods. This also includes the payment of fair wages to workers involved in production activities, along the supply chain of the materials used by Sphera, respect for human rights, facilities being clean and safe working environments and all social and environmental aspects of production activities being taken into account.

## Topics of interest for the ENVIRONMENTAL pillar

### Efficient transport and delivery on time

Sphera selects its restaurant locations and transport collaborators based on the characteristics of efficiency and easy and timely delivery to customers. We also select new locations for our restaurants with great care based on energy efficiency characteristics and proximity to public transport. We are always streamlining our fleet of means of transport, so as to gradually reduce the impact on the environment.

### Carbon emissions and climate impact

Climate change poses potential risks for Sphera, including the possibility of increased energy costs, CO2 emission taxes, sustainable sourcing of agricultural raw materials, water and business disruptions due to severe weather conditions, and through effective energy and carbon management we believe that Sphera's ongoing investment in energy efficiency and low-carbon technologies will benefit the Company and the communities in which we operate.

### Single-use plastic products

Since we want to have a clean environment, we have replaced single-use plastic products – plastic straws with paper straws; cutlery and drink stirrers with wooden ones, in all our restaurants, thus managing to reduce our impact on the environment. We are constantly pursuing compliance with legislative requirements and we are trying as much as possible to be proactive in taking the best actions for reducing single-use plastic product consumption and implicitly the plastic waste generated.

### Energy

For Sphera, energy has special significance since all our processes are based on its effective use. We are aware of the importance of the progressive shift towards renewable options to protect finite natural resources, and that is why we are implementing high-performance technologies and energy-efficient equipment.

### The circular economy – waste recovery and recycling

At Sphera, we are fully aware of our responsibility to the environment and the need for very serious involvement for a quick transition to a circular economy. Our main objective is to protect natural resources and minimize the impact generated by our activity on the environment, by continuously identifying solutions for collection and recycling, and, when waste cannot be recycled, its energy recovery potential.

### Food waste

Food waste occurs when food is left unconsumed and takes place in different stages, starting from production, through to processing and sale and to the final consumer. Sphera deems it particularly important to reduce the amount of unconsumed food, at all stages, by implementing strategic measures and improving its performance in reducing the amount of food waste generated.

## Topics of interest for the PEOPLE pillar

### Employee skill development and competencies

Our business is based on people and their interaction with the customers. Ongoing employee training and motivation, the provision of access to development programs, as well as the creation of a career path for employees is a constant concern us.

### Employee satisfaction and well-being

Sphera supports employee development initiatives, improving the working environment, aspects on health and safety at work, etc. The success of our business depends on the ability to attract and retain talented, happy and responsible people. Access to development programs, as well as a safe working environment are elements that are part of our organizational culture.

### Community involvement and impact on the community

Sphera is committed to initiating partnerships with high school and university educational institutions in order to support future generations in terms of access to the labor market, initiation in career management and professional development. The success of our business largely depends on our customers' quality of life and the well-being of the communities in which we operate.

### Diversity and human rights

Sphera and its companies are committed to making inclusion and equity a priority. Sphera takes into account the diversity of employees in terms of age, gender, nationality, educational level and individual passions. Given its diversity, Sphera organizes recruitment campaigns to attract a workforce both in the country and abroad, targeting migrant inclusion. Over 2% of the staff employed are foreign citizens.

### Employee health and safety

Sphera and its companies understand the importance of its employees' and collaborators' health and safety, which is why we are always sending out information, identifying risks and potential hazards, conducting audits and implementing best practices and training methods to ensure that our health and safety policies and measures are understood and observed. Thus, we ensure that we provide safe jobs for our employees.

### Suppliers' and customers' health and safety

Sphera understands consumers' right to expect the food purchased to be consumed, to be safe and high quality, and the restaurant environment to be risk-free. We also know how important safety is to our suppliers. We want to make sure that our practices comply with all the standards specific to the food sector and we are constantly focused on finding new and varied solutions.

## 2.2 Stakeholders' Involvement

Sphera commitment to stakeholders, as identified in 2018, also involves constantly consulting them on our development directions and priorities via multiple channels. We are always paying attention to identifying new stakeholders if the context of the activities changes. We manage the relationships with them according to their needs and expectations, focusing on finding optimum balance.

Every year we involve stakeholders in a process which helps us understand their priorities in terms of our activity, focusing on the risks identified in reaching sustainable development goals. In order to ensure that

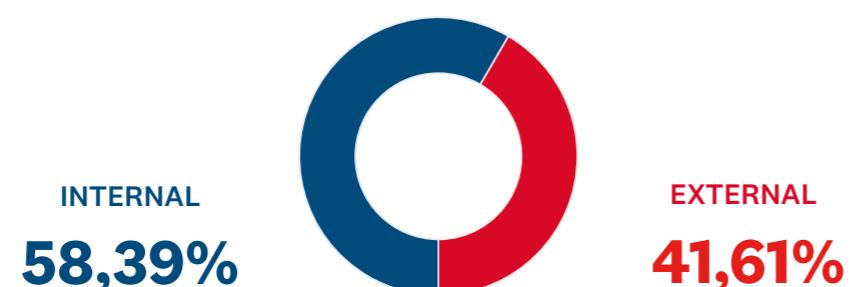
the consultation process and, hence, its outcome faithfully reflect stakeholders' vision, it is organized in several stages:

- Internal and external consultation by launching a questionnaire targeting a wide range of stakeholders in Romania, Italy and Moldova;
- Discussions and interviews with the management.

We have drawn up the Materiality Matrix considering the assessment of 560 answers received from internal and external stakeholders, with different response rates.

| Category - Group/Stakeholder | Groups of stakeholders         | Response share |
|------------------------------|--------------------------------|----------------|
| INTERNAL                     | Employees                      | 46.79          |
| EXTERNAL                     | Public authority/City Hall     | 0.71           |
| EXTERNAL                     | Customers                      | 24.11          |
| EXTERNAL                     | Former employees               | 1.07           |
| EXTERNAL                     | Suppliers                      | 9.11           |
| EXTERNAL                     | Investor/Analyst               | 0.36           |
| EXTERNAL                     | Media (the press/social media) | 0.54           |
| EXTERNAL                     | NGOs                           | 1.61           |
| EXTERNAL                     | Prospective employees          | 0.36           |
| EXTERNAL                     | Specialized service companies  | 0.18           |
| EXTERNAL                     | University/School              | 3.57           |
| INTERNAL                     | Shareholders                   | 0.71           |
| INTERNAL                     | Management                     | 10.89          |

Stakeholders' answers (S - %)



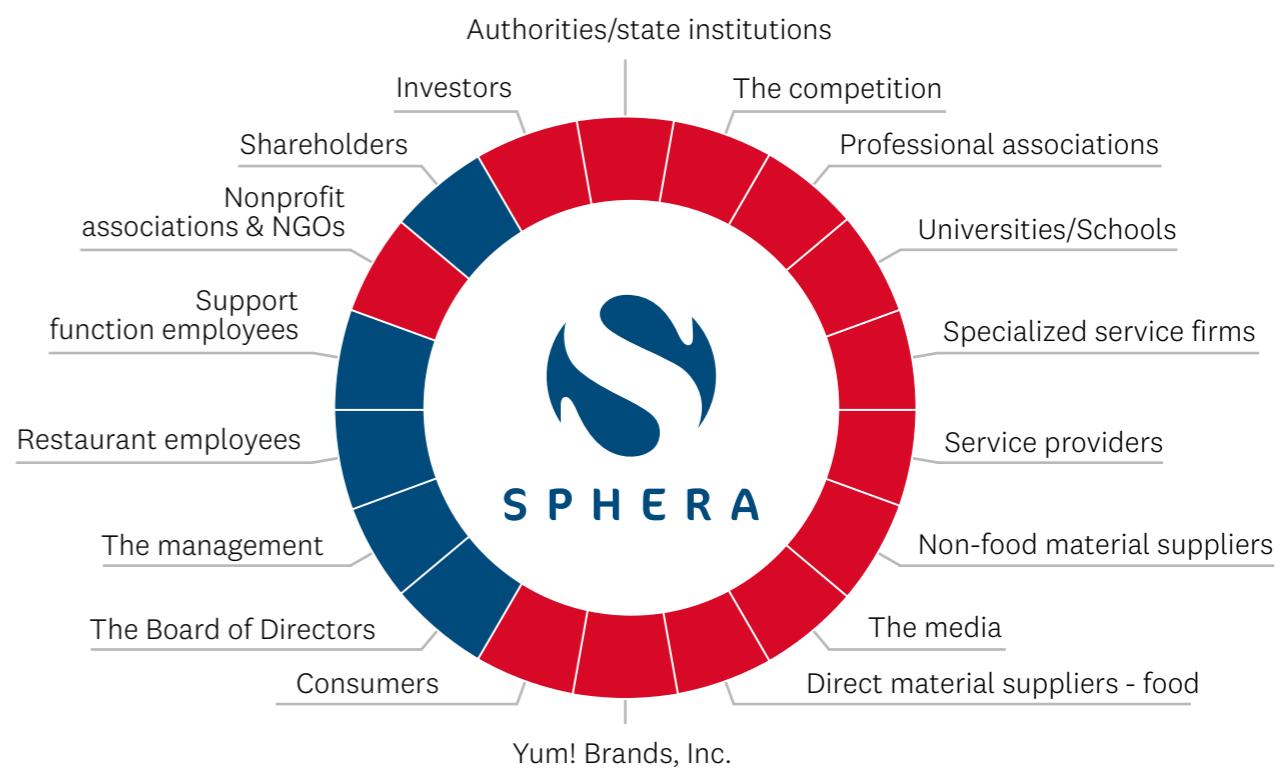
## How do we collaborate?

Stakeholders' opinions and recommendations are collected through direct or online interviews for the preparation of the matrix. We communicate and collaborate with stakeholders in our daily work and together we try to find ways of cooperating and to improve and develop corporate responsibility.

Over the past two years, given the context of the pandemic, we have intensified dialogues with our suppliers and customers. Our aim has been to streamline our activities, avoid operational risks and have the satisfaction of working alongside our companies.

| Internal stakeholders   | External stakeholders  |
|---|--|
| <ul style="list-style-type: none"> <li>Meetings/conference calls or teleconferences</li> <li>Training</li> <li>Internal communication platforms</li> <li>Employee satisfaction assessment questionnaires</li> <li>Performance assessment</li> <li>In-house initiatives</li> <li>In-house events</li> <li>Audits</li> <li>Working sessions</li> <li>Internal/networking events</li> <li>Reports</li> </ul> | <ul style="list-style-type: none"> <li>Meetings/conference calls or teleconferences</li> <li>Networking events</li> <li>Audits</li> <li>Working in partnership to address relevant issues</li> <li>Assessments</li> <li>Studies</li> <li>Meetings</li> <li>Reports</li> <li>Social, economic and environmental responsibility activities</li> <li>Social media interactions</li> </ul> |

\*For actual examples of interaction with different groups of stakeholders, one can check in detail the table of the 2018 Sustainability Report (chapter 1.6, pp. 26-27)



Internal stakeholders

External stakeholders

## Recommendations from Stakeholders

- Recovering and recycling waste;
- Reducing food waste and participating in green projects;
- Carrying out actions that could help the community (e.g., retirement homes, children with special needs, etc.);
- Organizing charitable events;
- Favoring renewable energy;
- Fast and well-verified implementation for waste recycling and separate collection;
- Carrying out global warming awareness raising actions;
- Adding vegan menus;
- Protecting the environment using biodegradable packaging;
- Education and training for students and youth at the start of their careers;
- Focusing on environmental aspects, food safety, as well as aspects related to employee health and the working environment;
- Diversity in the workplace;
- Reusable products;
- Placing photovoltaic or solar panels to reduce artificial electricity;
- Raising awareness of the impact of carbon emissions;
- Integrating minorities.

We received recommendations from stakeholders which are in line with many of the projects already underway in-house. We are grateful that our efforts are moving in the right direction, in agreement with the needs and expectations of many stakeholder groups. What we are going to do next is to communicate our initiatives more both internally and externally since we understand their importance. By improving communication, we will be able to actively respond to proposals coming from stakeholders (customers, employees, etc.) and we will create a very good path of communication of the positive impact made by projects in which our companies are involved.

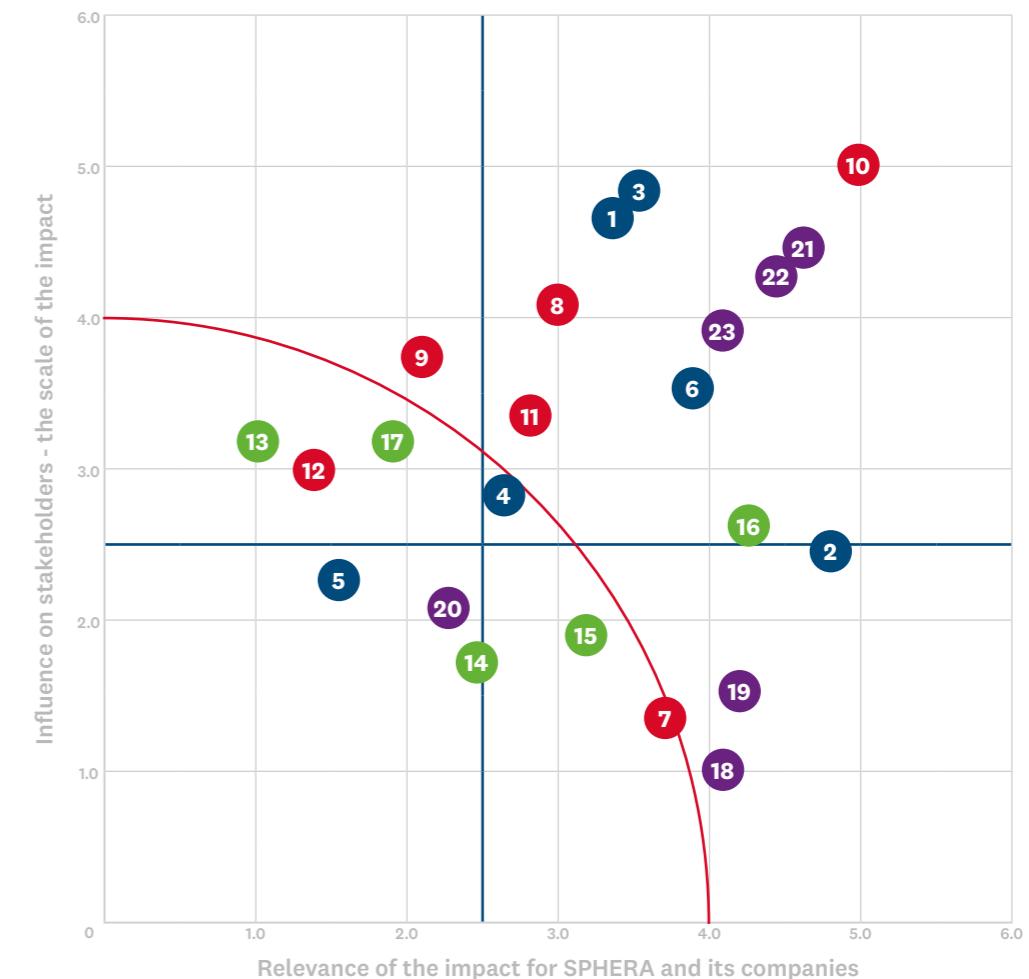
This report highlights Sphera economic, social, and environmental performance. The structure of the report takes into account the limitations of certain material topics. We have focused on significant material topics that can affect the business but which are relevant to stakeholders because they can either positively or negatively influence the community. Significant topics have an economic, social and environmental impact which we identify, control and monitor at all times.

We are aware that we can turn some risks into opportunities and we are always working on identifying and addressing them.

## The Materiality Matrix

The content of the report and the disclosures of material topics have focused on qualitative and quantitative data considering two perspectives:

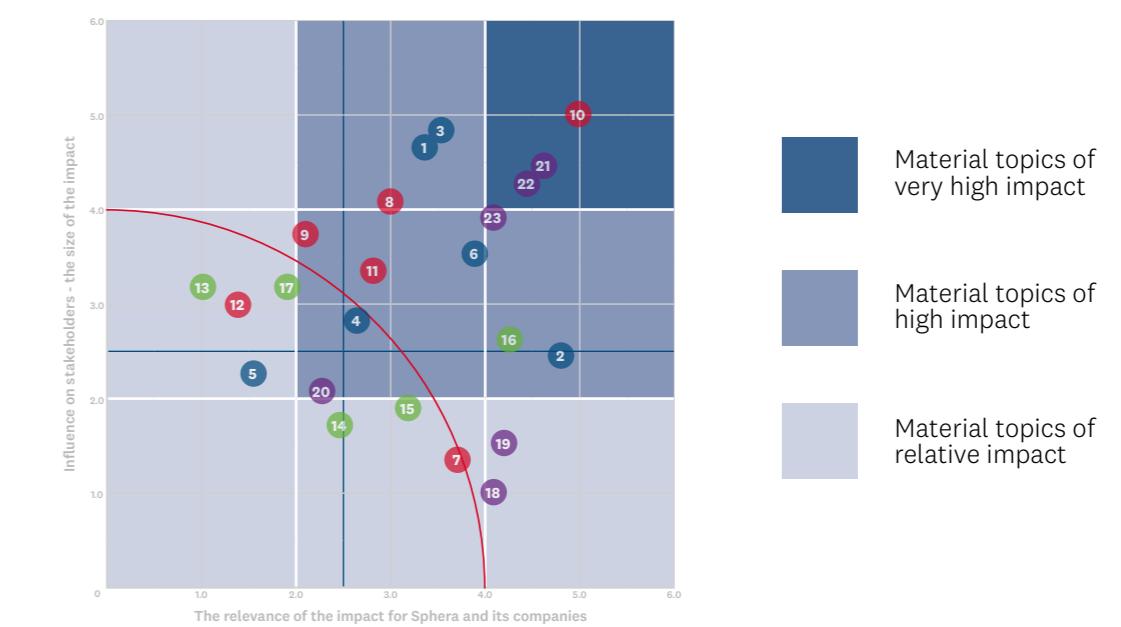
- The potential scale of the impact on the community, considering the relevance of possible influences of the impact for the business;
- The internal and external scope of the material subjects. The application is different since the needs and interests of certain stakeholder groups have had limitations.



● Material topics of relevance for the Economic field

● Material topics of relevance for the Environmental field

● Material topics of relevance for the Social field



■ Material topics of very high impact

■ Material topics of high impact

■ Material topics of relative impact

| No. | Material topic                                      | Scope/limitations |             |                                    |             |
|-----|---|-------------------|-------------|------------------------------------|-------------|
|     |   | INTERNAL          | Limitations | EXTERNAL                           | Limitations |
| 1   | Corporate governance                                | SFG               |             | Yum!, F, AP, AUTP, M, I            |             |
| 2   | Compliance and risk management                      | SFG               |             | Yum!, F, AP, AUTP, C, M, ONG, I    |             |
| 3   | Innovation and digitalization                       | SFG               | ✓           | Yum!, F, AP, C, M, I               |             |
| 4   | Continuity and balance across the supply chain      | SFG               |             | Yum!, F, AP, ONG, I, M             |             |
| 5   | Diversity across the supply chain                   | SFG               | ✓           | Yum!, F, AP, C                     | ✓           |
| 6   | Cybersecurity                                       | SFG               | ✓           | Yum!, F, AP, AUTP, U, ONG, C, M    | ✓           |
| 7   | Traceability across the supply chain                | SFG               |             | Yum!, F, AP, AUTP                  | ✓           |
| 8   | Information accuracy and communication              | SFG               |             | Yum!, F, AUTP, C, M, ONG, AP       |             |
| 9   | Responsible marketing                               | SFG               |             | Yum!, C, F, M, I, ONG, AUTP, AP    |             |
| 10  | Food quality and safety                             | SFG               |             | Yum!, C, F, AUTP, AP               | ✓           |
| 11  | Ethical procurement across the supply chain         | SFG               | ✓           | Yum!, F, AUTP, AP, I, ONG, M, C    |             |
| 12  | Efficient transport and delivery on time            | SFG               | ✓           | C,F,M                              | ✓           |
| 13  | Energy  | SFG               |             | Yum!, F, AP, AUTP, U, ONG, C, M    |             |
| 14  | Carbon emissions and climate impact                 | SFG               |             | Yum!, F, AP, AUTP, U, ONG, C, M    |             |
| 15  | The circular economy – waste recovery and recycling | SFG               | ✓           | Yum!, F, AUTP, C, M                | ✓           |
| 16  | Single-use plastic products                         | SFG               | ✓           | Yum!, F, AP, AUTP, C, M, ONG       |             |
| 17  | Food waste  | SFG               |             | Yum!, F, AUTP, C, M, ONG           |             |
| 18  | Employee skill development and encouragement        | SFG               |             | Yum!, U, AP, C, AUTP               |             |
| 19  | Employee satisfaction and well-being                | SFG               |             | Yum!, AUTP, AP, C                  | ✓           |
| 20  | Community involvement and impact on the community   | SFG               |             | Yum!, C, F, U, AP, ONG, AUTP, M, I |             |
| 21  | Diversity and human rights                          | SFG               |             | Yum!, C, F, AP, ONG, AUTP, M, I    | ✓           |
| 22  | Employee health and safety                          | SFG               |             | Yum!, F, AUTP, AP                  | ✓           |
| 23  | Suppliers' and customers' health and safety         | SFG               | ✓           | Yum!, C, F, AUTP, AP               | ✓           |

**Legend:****Groups of stakeholders**

1. Sphera Franchise Group: **SFG**
2. Yum! Brands, Inc: **Yum!**
3. Suppliers: **S**
4. Professional Associations: **PA**
5. Universities/Schools: **U**
6. NGOs: **NGO**
7. Public authorities: **PAUT**
8. Consumers: **C**
9. Media: **M**
10. Investors: **I**

**SFG** – Sphera Franchise Group includes employees and the management of US Food Network SA (KFC Romania), American Restaurant System SA (Pizza Hut Drive-In and Pizza Hut Delivery Romania), California Fresh Flavours S.R.L. (Taco Bell Romania), U.S. Food Network SRL (KFC Moldova), U.S. Food Network S.r.l. (KFC Italy) and shareholders

**F** – Suppliers include: raw material (food) supplier, (raw) material (non-food) supplier, service provider, outsourced service provider.

## 2.3 Awards and Affiliations

Our companies have received appreciation in various industry competitions.



### Effie Awards

#### 2020

KFC  
**Bronze** in Brand Experience  
**Silver** in Branded Content & Entertainment

#### 2021

KFC  
**Silver** in KFC Restaurants – The Wings and Strips Anti-manifesto  
**Silver** in Seasonal Marketing – Christmas Bucket  
**Gold** in Brand Experience- Killer Discounts  
**Gold** in Branded Content & Entertainment- The CROPPERS  
**Gold** in Engaged Communities – Killer Discounts

### Internetics

#### 2020

KFC  
**Gold** in Online Branded Content – The CROPPERS  
**Gold** in Digital Brand Experience – Killer Discounts  
**Gold** in Retail – The CROPPERS  
**Gold** in Retail – Killer Discounts  
**Premiu Special** for Best Technology Used – Killer Discounts

#### 2021

KFC  
**Digital Client of the Year**  
**Gold** in Retail – Freshly Prepared campaign (AltKFC)  
**Silver** in Retail – KFC e-commerce launch  
**Gold** in Digital Platform (Social Media – Influencer Marketing) – Freshly Prepared campaign (AltKFC)

### PR Awards

#### 2021

KFC  
**Golden Award for Excellence** in Brand PR (New products and services)  
**Silver Award for Excellence** in Digital PR  
**Silver Award for Excellence** in Social Media – AltKFC

### Webstock

#### 2021

KFC  
**No 1** in Best Use of Groups & Communities – e-commerce launch  
**No 2** in Best Experiential Campaigns – AltKFC  
**No 3** in Best Brand pe YouTube

### Taco Bell

**No 2** in Best Use of Photography – Taco Moon global campaign

### Top Social Brands

#### 2020

KFC  
**1<sup>st</sup> place** for the strongest QSR brand in social media  
**5<sup>th</sup> place** in the overall classification of Top Social Brands

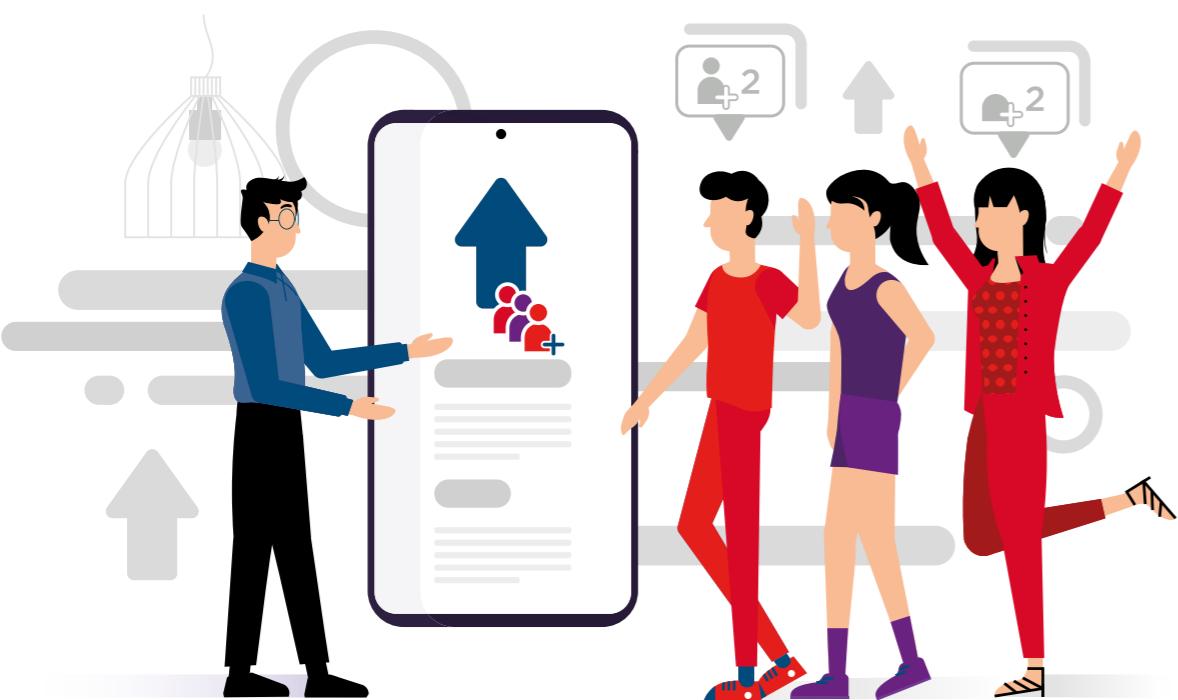
#### 2021

**1<sup>st</sup> place** or the strongest QSR brand in social media  
**6<sup>th</sup> place** in the overall classification of Top Social Brands

## Affiliations

We are affiliated to groups or entities in the industry in which we operate.

- **US Food Network** is a member of the 'Union of Poultry Breeders of Romania'.
- **US Food Network & American Restaurant System** are members of the HORA Organization, the representative authority of the Romanian hospitality industry, with the mission to support and promote the interests and common values of its members, both nationally and internationally.
- **Sphera Franchise Group** has joined the UN Global Compact, the leading international corporate social responsibility initiative. Accession talks began in 2021, with the affiliation expected to be finalized in 2022.



## 2.4 The EU Taxonomy

We want the development of Sphera and its companies to be achieved sustainably, with fair growth from an economic, social and environmental point of view. Thus, we follow legislative and operational trends at European level and we align ourselves with EU objectives and plans in terms of economic growth and climate protection. As the European Green Deal has brought to the fore the need to develop a sustainable financing and investment system, Sphera seeks to channel its investment in line with the EU Taxonomy.



Keeping the same transparency, we will adapt the future reporting process to include both our green investment, the same as before, and the operational costs related thereto.

In 2022 we will kick-start the process of identifying our activities that are subject to the EU Taxonomy, and, once this complex process has ended, we will be able to report specific indicators:

- The nature and share of green investment (green CAPEX);
- The income attracted from green investment;
- The ratio of green investment to total income;
- The total amount of operating costs for such green investment (OPEX).

Thus, depending on the financial and operational feasibility, starting in 2022, our aim is for our investment to follow the sustainability criteria presented by the EU Taxonomy.

For 2022, the budget of EUR 20M has been approved, and will be channeled towards:

- Opening 18 new restaurants (9 KFC units in Romania, 2 KFC units in Italy, 4 Pizza Hut units – both Fast Casual Delivery and Express restaurants – and 3 Taco Bell units);
- Remodeling existing restaurants;
- Miscellaneous.

By pursuing the Company strategic objectives, in line with the UN Sustainable Development Goals, we will be able to take actions designed to reduce the impact on the environment and the carbon footprint. One of the targets already undertaken is 100% implementation of energy efficient lighting (LED lighting) for all our establishments by 2024.

Moreover, we will continue assessing the feasibility of other green investment, such as the installation of alternative energy systems, the replacement of temperature control systems, the implementation of SMART air conditioning systems and much more.

# 3 Our Products

CONTENTS

ABOUT THE COMPANY

THE SUSTAINABILITY STRATEGY

OUR PRODUCTS

CARE FOR THE ENVIRONMENT

PEOPLE AND COMMUNITY

GRI AND SASB INDEX

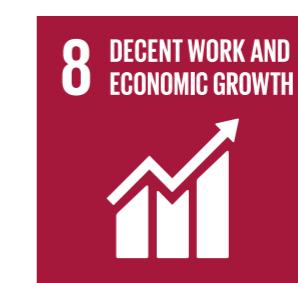
## We are Responsible Brands

**Our mission:** “Offer customers a memorable experience, based on excellent service and unique products prepared by passionate teams”.

We are always working on identifying to identify solutions to support the sustainable development of our Company, tailored to fundamental aspects such as innovation, digitalization, collaboration across the supply chain, food quality and safety, easy communication and responsible marketing.



Sphera sustainability strategy is based on three major objectives, undertaken in accordance with the Sustainable Development Goals (SDGs) proposed by the United Nations through the 2030 Agenda. We aim at increasing our commitment to a sustainable business through the products and services offered in our restaurants and we constantly monitor the progress made towards reaching set targets.



Sphera has in its portfolio **170\*** restaurants in Romania, Italy and Moldova within its portfolio. Between 2020 and 2021, 9 restaurants were opened at Company level in 2020, and 13 were opened in 2021 (data as at December 31, 2021).

\* Including 1 PAUL restaurant



As at December 31, 2021, the KFC network totaled 92 restaurants nationwide, as well as 2 locations in Moldova and 20 locations in Italy.

#### The evolution of the number of restaurants

|                    | 2019 | 2020 | 2021 |
|--------------------|------|------|------|
| <b>KFC Romania</b> | 82   | 86   | 92   |
| <b>KFC Moldova</b> | 2    | 2    | 2    |
| <b>KFC Italy</b>   | 15   | 18   | 20   |



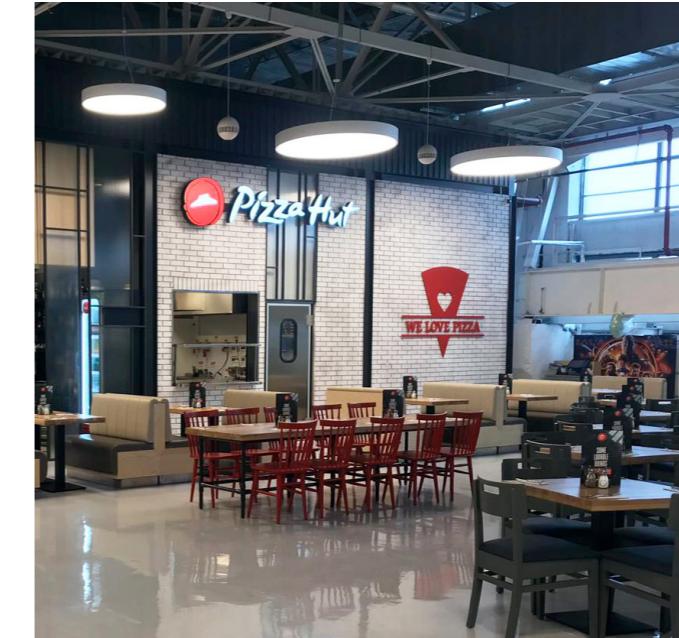
#### Innovation

- 206 digital and touchless ordering kiosks;
- The launch of the in-house delivery platform;
- Introduction of **Click & Collect** service;
- Partnerships with online ordering platforms;
- Innovative campaigns and dedicated offers.

As at December 31, 2021, the Pizza Hut network totaled 42 restaurants nationwide.

#### The evolution of the number of restaurants

|                            | 2019 | 2020 | 2021 |
|----------------------------|------|------|------|
| <b>Pizza Hut (Dine-in)</b> | 23   | 21   | 22   |
| <b>Pizza Hut Delivery</b>  | 22   | 19   | 20   |



#### Innovation

- Digital ordering kiosks;
- Website and app for online orders;
- Introduction of **Click & Collect** service;
- Partnerships with online ordering platforms;
- Innovative campaigns and dedicated offers.



As at December 31, 2021, the Taco Bell network totaled 13 restaurants nationwide.

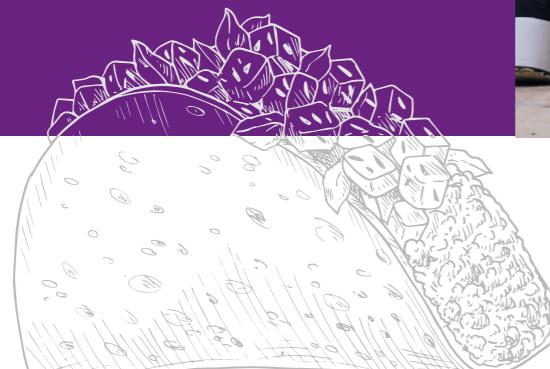
#### The evolution of the number of restaurants

|           | 2019 | 2020 | 2021 |
|-----------|------|------|------|
| Taco Bell | 10   | 11   | 13   |



#### Innovation

- 5 digital ordering kiosks;
- Introduction of **Click & Collect** service;
- Partnerships with online ordering platforms;
- The open kitchen.



#### Attention, Care and Quality

We make sure that each product is put up for sale only for a limited period of time, thus ensuring high quality and freshness for our customers. Both in the selection of raw materials and in the preparation of the products and the management of the waste, we apply sound sustainability principles.

#### We support the Local Economy



> 70%

Of Company food and ingredients come from the Romanian market, including major categories such as meat, cheese and vegetables.

- **Poultry:** 80% of all chicken meat was purchased from Romania.
- The **pepperoni** used by Pizza Hut and Pizza Hut Delivery is made 100% in Romania.
- The **mozzarella** used by Pizza Hut and Pizza Hut Delivery is made 100% in Romania.
- The **KFC flour** is made 100% in Romania.
- The **Taco Bell cream** is a 100% Romanian product.
- **KFC sauces** (garlic; tomato and garlic; ketchup) are made 100% in Romania.
- The **sunflower and rapeseed oil** used does not contain artificial trans fats.
- The **coffee** sold is Fairtrade certified and 100% of it comes from Arabica coffee beans.

#### 3.1 Innovation and Digitalization

##### The Key to Responsible Marketing

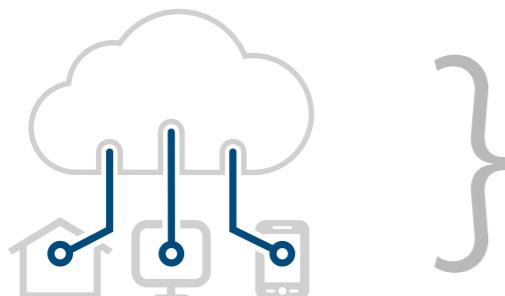
We focus our attention on implementing responsible practices in all the activities of companies that are part of Sphera portfolio and target constant innovation in order to become more competitive and efficient.

The integrity and reputation of our brands are fundamental aspects for Sphera and are the main factors driving the increase in sales and the strengthening of its notoriety in the food service industry.



Companies that are part of Sphera portfolio do NOT run marketing campaigns aimed at children as their target audience. We remain committed to integrating responsibility into all marketing processes in accordance with the **Responsible Marketing Policy** [🔗](#), which is also evidenced by our marketing strategy. We communicate transparently, honestly and with integrity, using simple and useful communication platforms, with a wide range of stakeholders.

All significant information related to the products and services offered by the brands in our portfolio is available both online, on the website of each brand, and physically, in each restaurant, on the menus.



## We communicate openly and transparently

We believe that information accuracy and communication are important and we want constructive interaction that is as close as possible to the communities in which we operate. Sphera and its companies communicate transparently, using different media, including social media. Our customers' satisfaction is assessed through the Guest Experience Survey, a system that allows them to assess their experience in our restaurants.

Our Company considers compliance with both legislative and in-house requirements, related to each individual brand. In restaurants, information is available regarding the content of the products and the origin of the ingredients using several channels of communication: kiosks, the paper-based menu in the immediate vicinity of cash registers, digital menu boards, but also the product packaging, where appropriate.

Moreover, the information can be found on the websites of all brands: **KFC** [🔗](#), **KFC Moldova** [🔗](#), **Pizza Hut** [🔗](#), **Pizza Hut Delivery** [🔗](#) și **Taco Bell** [🔗](#).

In order to avoid any errors, we ensure the accuracy of the information provided to our customers based on specifications received from the suppliers of raw materials and we check the information in the test reports issued by licensed laboratories.

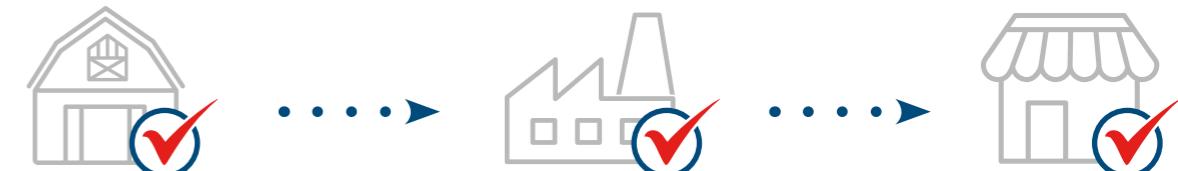
Because we want to stay relevant for our consumers, we conduct studies, analyze the market and identify consumption patterns and their needs. Between 2020 and 2021 there were no non-conformities in terms of marketing communications.

Since we want to stay relevant for consumers, we conduct studies, we analyze the market and identify consumption patterns and consumer needs.

Innovation is a priority for Sphera, in the process of sustainable development. The use of innovative technologies for ordering and digital menu communication, and other digitization initiatives have been added with the aim of improving our customers' and employees' experience.

## 3.2 Our Suppliers

### The Importance of a Sustainable Supply Chain



### Traceability across the Supply Chain

We want to promote sustainable products, and, to achieve this goal, we work closely with our suppliers to ensure that quality requirements for raw materials and products and environmental and social requirements are observed throughout the supply chain.

In order to ensure a high level of health protection for the final consumer, we pay special attention to identifying and tracking the batch of particular food and/or raw material used in restaurants, along all the stages (production, processing, distribution) throughout the supply chain. Thus, we set up procedures for preventive intervention to maintain quality standards. In case of suspicions related to consumer safety, we can block selling a certain batch, thus

minimizing any risk related to customers' health and safety.

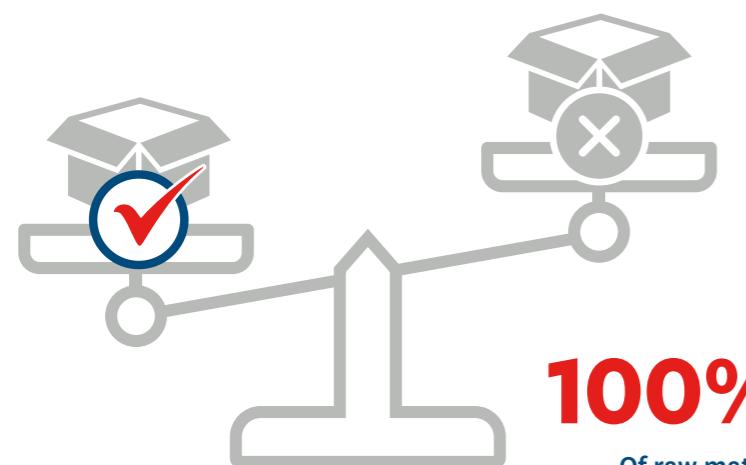
Detecting any potential threats to our customers' health is a priority for us. In this regard, we assess the impact on health and safety for all categories of products. Each product (raw material) is integrated into the food quality and safety management systems, according to the principles of the HACCP Food Safety System.

Thus, each item goes through a process of verification, approval and documentation, ensuring its traceability.



#### HACCP Audits

| Entity                                 | 2019 | 2020 | 2021 |
|--|------|------|------|
| KFC Romania                            | 26   | 338  | 301  |
| KFC Moldova                            | 26   | 8    | 8    |
| KFC Italy                              | 36   | 67   | 77   |
| Pizza Hut & Pizza Hut Delivery Romania | 18   | 100  | 138  |
| Taco Bell Romania                      | 9    | 40   | 44   |



## Ethical Procurement

Sphera relies on ethical procurement across the supply chain, ensuring that all products purchased for restaurants are obtained through responsible and sustainable methods. This also includes the payment of fair wages to workers involved in production activities, along the supply chain of the materials used by Sphera, respect for human rights, the facilities being clean, and safe working environments and all social and environmental aspects of production activities being taken into account.

We work with suppliers who are committed to using sustainable food systems and who make human, animal and environmental health a priority.

All suppliers sign, on their own responsibility, the **Code of Conduct** on compliance with all applicable laws and regulations on wages and working hours, including those relating to minimum wage, social criteria, such as discrimination, coercion and harassment, involuntary work, child labor, health and safety at work, and environmental protection criteria.

We only develop partnerships with suppliers and manufacturers who are committed to the highest standards of food safety and quality and to implementing ethical business practices, as evidenced by our Supplier Code of Conduct.

In order to mitigate any potential risks along the supply chain, the suppliers of certain raw materials that either pose food safety risks or pose potential supply issues or whose production process is complex (such as meat, cheese, some pizza ingredients - tomato paste, flour and some spices) enter a process of pre-approval by Yum! Brands Inc.

In order to reduce the adverse impact of our products at all stages of the supply chain, we have internal policies and we work with stakeholders - suppliers, producers, distributors - to support the use of sustainable packaging. Thus, within KFC and Taco Bell, all paper and cardboard packaging (bags, cartons, boxes, cups) is obtained from responsibly managed forests and/or from recycled sources, according to our paper-based packaging sourcing policy. Within Pizza Hut and Pizza Hut Delivery, pizza boxes and paper bags come from responsibly managed forests and/or recycled sources.

Further information about our actions is available here:

- **Sphera Sustainable Packaging Policy**;
- **Sphera Paper-based Packaging Sourcing Policy**.

## Animal welfare

**Animal welfare** is a key principle for providing healthy and safe foodstuffs of animal origin. We encourage both our suppliers and the stakeholders with whom we work to develop partnerships based on ethical principles. By complying with these rules, losses throughout the supply chain will implicitly be minimized.

By the end of 2022 all our poultry suppliers will undergo Welfare Audits. By achieving this goal, in addition to the Company environmental performance, we want to increase consumers' trust in the products offered by our brands.

## Continuity and Balance across the Supply Chain

Sphera promotes transparency across the supply chain and the establishment of long-term relationships with its suppliers and collaborators, along with their training and guidance towards sustainable approaches to the business, in order to constantly improve their performance in dealings with Sphera and, implicitly, with the final consumer.

This topic is based on the coordination of activities and flows of products and information received from suppliers and manufacturers. For our business it is important to ensure the rapid transfer of raw materials and information in order to guarantee optimal services offered to final customers. That is why we have expanded our medium and long-term collaboration with **class A & B** (QSA - Quality System Audit) and **risk 1** (FSA - Food Safety Audit) suppliers holding GFSI certifications.



> 95%

Diversity across the supply chain is another priority because that is the only way in which we can guarantee product continuity and availability for all our companies, and it is also a competitive advantage.

The number of suppliers has remained quite constant over the past two years, although pandemic conditions have led to the delisting of many items on our restaurant menus. Due to having operated with a limited menu, we have implicitly had to also reduce the number of suppliers, but only for certain brands. To a degree of over **95%** we collaborate with HAVI Logistics.

## The number of local suppliers

| Entity            | 2019 | 2020 | 2021 |
|-------------------|------|------|------|
| KFC Romania       | 114  | 112  | 101  |
| KFC Moldova       | 123  | 123  | 123  |
| KFC Italy         | 1    | 1    | 1    |
| Pizza Hut Romania | 106  | 101  | 103  |
| Taco Bell Romania | 30   | 28   | 33   |

## The total number of suppliers

| Entity            | 2019 | 2020 | 2021 |
|-------------------|------|------|------|
| KFC Romania       | 128  | 130  | 121  |
| KFC Moldova       | 134  | 134  | 134  |
| KFC Italy         | 1    | 1    | 1    |
| Pizza Hut Romania | 119  | 113  | 118  |
| Taco Bell Romania | 39   | 37   | 43   |

## 3.3 Food Quality and Safety

Sphera is committed to providing the best quality products and services that meet our customers' requirements and expectations. Our business depends on the quality and integrity of the products sold and on consumer perception.

We ensure effective control and aim at mitigating the risks associated with each stage of our supply chain through the programs implemented in terms of food safety and quality.



**QUALITY and  
INTEGRITY**

In 2021, we started the procedures in order to obtain the ISO 22000:2018 certification for all the companies included in Sphera portfolio.

Food safety procedures, in accordance with the principles of the HACCP food safety system, are implemented in all our establishments and, through them, we monitor all parameters with potential impact on consumers' health. We list a few below:

- Product traceability;
- The product and raw material storage temperature;
- The product cooking and warming temperature;
- The quality of the oil in the cooking process and its management;
- Staff hygiene;
- Frequent staff and collaborator trainings;
- Other.

All new suppliers are selected on the basis of food safety criteria, according to which they are audited in terms of food quality and safety by a third-party company of Yum! Brands, which includes the unification of food safety standards (IFS, BRC, FSSC) regarding the following as a minimum:

- Risk assessment in terms of food safety;
- Hazard Analysis and Critical Control Points (HACCP);
- The food safety culture;
- Food fraud and food protection;
- Pest control;
- Good manufacturing practices (GMP) & employee health and hygiene;
- Foreign body prevention and control;
- Maintenance and sanitation;
- Supplier approval;
- Product traceability.

Both the preparation methods and the quality of the ingredients can have an impact on food safety in our industry, which is why the percentage of our restaurants that have been audited at least once a year has increased significantly.

### % Audited suppliers

| Entity                                 | 2019   | 2020   | 2021   |
|--|--------|--------|--------|
| KFC Romania                            | 84.21  | 100.00 | 100.00 |
| KFC Moldova                            | 84.21  | 100.00 | 100.00 |
| KFC Italy                              | 30.00  | 100.00 | 100.00 |
| Pizza Hut & Pizza Hut Delivery Romania | 60.00  | 100.00 | 100.00 |
| Taco Bell Romania                      | 100.00 | 100.00 | 100.00 |

## Total number of audits

| Entity                                 | 2019 | 2020 | 2021 |
|--|------|------|------|
| KFC Romania                            | 26   | 38   | 41   |
| KFC Moldova                            | 26   | 38   | 41   |
| KFC Italy                              | 36   | 67   | 77   |
| Pizza Hut & Pizza Hut Delivery Romania | 18   | 28   | 25   |
| Taco Bell Romania                      | 9    | 5    | 5    |

## Audits of Our Restaurants

## The percentage of restaurants audited by a food safety authority (%)

| Entity                     | 2020 | 2021 |
|----------------------------|------|------|
| KFC Romania                | 60   | 96   |
| KFC Moldova                | 100  | 100  |
| KFC Italy                  | 100  | 100  |
| Pizza Hut Romania          | 37   | 50   |
| Pizza Hut Delivery Romania | 5    | 37   |
| Taco Bell Romania          | 10   | 46   |

During the 2020-2021 reporting period we received 10,116 complaints on our customer communication channels – social media, the call center. We address and handle any complaint with the highest priority and ensure that all stakeholders receive a timely response.

## Number of complaints

| Entity                     | 2019 | 2020  | 2021  |
|----------------------------|------|-------|-------|
| KFC Romania                | 227  | 3 283 | 4 963 |
| Pizza Hut Romania          | 10   | 544   | 999   |
| Pizza Hut Delivery Romania | 42   |       |       |
| Taco Bell Romania          | 4    | 140   | 187   |

## Number of views drafted

| Entity                     | 2019 | 2020 | 2021 |
|----------------------------|------|------|------|
| KFC Romania                | 12   | 21   | 16   |
| Pizza Hut Romania          | 3    | 0    | 3    |
| Pizza Hut Delivery Romania |      | 1    | 3    |
| Taco Bell Romania          | 0    | 0    | 1    |

Restrictions arising as a result of the pandemic have been a major factor in the increased number of complaints, amid changing consumer habits, i.e. the placing of orders online via the dedicated platforms.

Most instances reported by customers have been associated with changes in terms of available products, the partial or total shutdown of various restaurants, as well as the staff shortage that has most strongly been felt by the food service industry due to pandemic conditions over the past two years.

The increase in the number of complaints is also correlated with an increase in the number of transactions. On average, the number of complaints by reference to the number of transactions saw an increase of only 0.02% in 2020 and 0.03% in 2021, without being a significant increase for our restaurants.

## Training

In order to reduce the potentially adverse impact on the society, and also in order to promote ongoing professional development, all employees of our restaurants are trained in food safety, and the locations are regularly inspected and audited by our dedicated internal and external officers. Restaurant management teams are also trained in getting the staff involved and motivated to comply with in-house quality requirements and standards. In order to ensure strict compliance with food safety criteria, all our employees fill out a 'Food Safety Assessment Questionnaire' every year.

## Hours of training in food safety

| Entity                     | 2019   | 2020   | 2021   |
|----------------------------|--------|--------|--------|
| KFC Romania                | 77 728 | 47 408 | 61 632 |
| KFC Moldova                | 1 376  | 464    | 1 104  |
| KFC Italy                  | 110    | 110    | 110    |
| Pizza Hut Romania          | 10 128 | 2 704  | 3 440  |
| Pizza Hut Delivery Romania | 7 856  | 4 160  | 6 432  |
| Taco Bell Romania          | 9 504  | 4 528  | 6 032  |

# 4 Care for the Environment

|          |                   |                             |              |                          |                      |                    |
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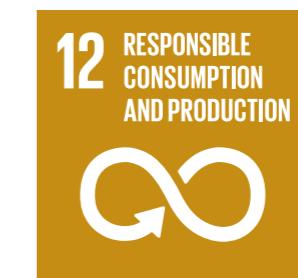
## Care for the Environment



There is a strong commitment on behalf of Sphera to make all effort to ensure that the environmental impact is low, as well as to reduce its carbon footprint. We are committed to developing a sustainable business that is reflected across the entire Company ecosystem, from the way in which we source raw materials to how the restaurants are built and the packaging is used.



7 AFFORDABLE AND CLEAN ENERGY



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION

### At operational level, Sphera focuses on:

- Streamlining energy consumption;
- Streamlining transport;
- Reducing water consumption;
- Reducing plastic consumption;
- Recovering and recycling waste;
- Reducing food waste;
- Supply chain collaborations.

## 4.1 Energy

Energy is a key resource for life. Sphera is working on finding the best options to ensure its effective management.

Whether we use electricity, gas or fuels, we are aware of the importance of a gradual transition to renewable options in order to protect finite natural resources and, therefore, we implement high-performance technologies and efficient equipment.

New locations are selected based on strict criteria including **accessibility**, **visibility** and **proximity** to public transport. Our constant focus is streamlining our transport fleet (for deliveries and Company cars), so as to gradually reduce the impact on the environment.

The total energy consumption of the organization during the 2020-2021 period was

**282 004.74 GJ**

The total energy consumption (GJ/year)

| 2019       | 2020       | 2021       |
|------------|------------|------------|
| 147 945.00 | 130 211.94 | 151 792.80 |



comes from the national distribution network, in all the locations where we operate.

In the future we are going to install sources for the production of renewable energy either on or off site. We are at the stage of internal analyses and feasibility calculations on this topic.

\* Including 1 PAUL restaurant

The Company-wide electricity consumption (MWh)

|   | 2019      | 2020      | 2021      |
|---|-----------|-----------|-----------|
| <b>Sphera Franchise Group – no. of restaurants*</b> | 154       | 157       | 169       |
| Electricity consumption (MWh)                       | 36 348.75 | 35 336.79 | 41 337.25 |
| <b>KFC Romania – no. of restaurants**</b>           | 82        | 87        | 93        |
| Electricity consumption (MWh)                       | 24 263.68 | 25 366.40 | 28 663.95 |

|  | 2019      | 2020     | 2021     |
|--|-----------|----------|----------|
| <b>Pizza Hut Romania – no. of restaurants***</b> | 23+22     | 21+18    | 22+19    |
| Electricity consumption (MWh)                    | 7 562.79  | 4 758.32 | 5 854.43 |
| <b>Taco Bell Romania – no. of restaurants</b>    | 10        | 11       | 13       |
| Electricity consumption (MWh)                    | 1 261.98  | 1 245.76 | 1 693.02 |
| <b>KFC Moldova – no. of restaurants</b>          | 2         | 2        | 2        |
| Electricity consumption (MWh)                    | 581.00*** | 497.67   | 517.44   |
| <b>KFC Italy – no. of restaurants</b>            | 15        | 18       | 20       |
| Electricity consumption (MWh)                    | 3 766.77  | 3 468.64 | 4 608.40 |

\* Excluding 1 sub-franchise PHD restaurant and including 1 PAUL restaurant operated by USFN Romania

\*\* Including 1 PAUL restaurant operated by USFN Romania

\*\*\* Pizza Hut + Pizza Hut Delivery; Excluding the sub-franchise

\*\*\*\* The amount has been rectified for 2019.

In relation to the products sold, the electricity consumption in our restaurants has evolved as follows compared to 2019:

| Entity             | 2020 vs. 2019 | 2021 vs. 2019 |
|--------------------|---------------|---------------|
| KFC Romania        | 0.66%         | 7.57%         |
| Pizza Hut Romania* | -27.40%       | -20.83%       |
| Taco Bell Romania  | -17.74%       | -4.17%        |
| KFC Moldova        | -14.34%       | -10.94%       |
| KFC Italy          | -23.26%       | -8.24%        |

\*Pizza Hut + Pizza Hut Delivery

This evolution has mainly been due to the decrease in the number of products sold compared to 2019 considering the operating conditions during the pandemic, but also due to the implementation of management actions designed to streamline consumption in restaurants. For the KFC brand, we are at the stage of testing investment in technical actions designed to reduce energy consumption and recover heat.

## 4.1.2 Gas Consumption

We use gas in certain cases both for the heating of premises and for the preparation of certain products. The consumption generated is closely monitored by those in charge within our operational teams.



## Gas consumption (MWh)

|                        | 2019   | 2020   | 2021   |
|------------------------|--------|--------|--------|
| Sphera Franchise Group | 788.74 | 828,52 | 822.36 |

Compared to 2019, we recorded an increase of 5.04% in 2020 and of 4.26% in 2021. This increase has been driven by the opening of new restaurants.

Gas is only used with a few exceptions for heating locations where we operate, not for product preparation. Gas consumption is influenced more by weather aspects, but also by the number of units.

## 4.1.3 Transport

### Food and Non-food Raw Material Distribution

We continue working closely with major logistics service providers, such as HAVI Logistics SRL, in Romania and Moldova, and Quick Service Logistics Italia S.r.l., in Italy, respectively.

We work alongside our collaborators in the area to identify efficiency enhancing solutions. Providers use specific software based on which they manage the entire distribution and shipment process, tracking its evolution and reporting any possible issues in due time. HAVI has 100% replaced its fleet with Euro 6 trucks. By 2025, the HAVI central warehouse in Chitila will be powered by electricity produced by solar panels, which will lead to a reduction by at least 30% in consumption.



All shipments are organized such that products are delivered on time, along optimized routes, in order to reduce fuel consumption.

HAVI has reviewed a possible investment for the purchase of cars running on compressed gas, but in Romania there is currently only one pump which can supply this type of fuel. In parallel, it has considered replacing the current fleet of trucks with an electric one, but, due to the low driving range, at the moment that is not a feasible solution for HAVI.

### Product Distribution

We want to provide consumers with easy access to our products. During the pandemic period, we continued delivering customers their favorite products, fully complying with measures and restrictions imposed by the authorities.

### The fleet of KFC and Pizza Hut Delivery for delivery services during the 2020-2021 period:

|   |            |            |
|---|------------|------------|
|  | Cars       |            |
| Petrol  | <b>44</b>  |            |
| Diesel  | <b>0</b>   |            |
| LPG   | <b>N/A</b> |            |
| Hybrid  | <b>0</b>   |            |
|  | Bicycles   | <b>18</b>  |
|  | Mopeds     | <b>262</b> |
|  | Other      |            |
| Electric mopeds   |            | <b>4</b>   |

During the cold season, cars using LPG are under a contract for short-term hire (3 months).

### The fuel consumption of own fleet, liters/year

| Sphera Franchise Group | 2019       | 2020       | 2021       |
|------------------------|------------|------------|------------|
| Petrol                 | 236 439.00 | 227 167.00 | 246 418.00 |
| Diesel                 | 127 469.00 | 91 060.74  | 99 951.00  |
| LPG                    | 16 714.00  | 233 751.61 | 251 004.57 |

Compared to 2019, the amount of diesel used by its fleet decreased by 28.56% in 2020 and by 20.59% in 2021. We tried to use cars running on LPG in order to have lower fuel consumption, but also a lower economic and environmental impact.

### Logistics and Collaboration with Suppliers or Other Stakeholders

In order to support operational activities at restaurant level, the executive management and operational teams made fewer trips in the territory given the pandemic context, as well as restaurant activity taking place only under certain conditions, whenever possible. We encouraged holding as much as possible and avoiding national and international travel, whenever possible.

In order to ensure customers' access to our products, we have entered commercial collaboration contracts (for KFC, Pizza Hut and Pizza Hut Delivery) with providers specialized in deliveries, such as:

- Tazz
- Glovo
- Foodpanda
- Takeaway

As for Taco Bell, we use the platforms of our specialized collaborators, both for placing orders and for delivering them, with an End-to-End collaboration method.

| Brand              | Specialized collaborator platforms | Contract start date | Served cities and towns   |
|--------------------|------------------------------------|---------------------|---|
| KFC                | Foodpanda                          | November 2019       | București, Alba Iulia, Arad, Bacău, Baia Mare, Balotești, Bârlad, Bistrița, Botoșani, Brașov, Brăila, Buzău, Cluj, Constanța, Craiova, Deva, Drobeta, Focșani, Galați, Iași, Miercurea Ciuc, Oradea, Piatra Neamț, Pitești, Ploiești, Râmnicu Vâlcea, Roman, Satu Mare, Sfântu Gheorghe, Sibiu, Suceava, Târgoviște, Târgu Jiu, Târgu Mureș, Timișoara, Zalău |
|                    | Takeaway                           | April 2020          |   |
|                    | Tazz                               | May 2020            |   |
|                    | Glovo                              | June 2020           |   |
| Pizza Hut Dine-In  | Foodpanda                          | 2019                |   |
|                    | Tazz                               | 2020                | Galați, Iași, Timișoara, Bacău, Cluj, Constanța, Craiova, Ploiești, Brașov, București   |
|                    | Glovo                              | 2020                |   |
|                    | Takeaway                           | 2020                |   |
| Pizza Hut Delivery | Foodpanda                          | 2019 - 2022         |   |
|                    | Glovo                              | 2019 - present      | București, Ploiești, Constanța, Cluj, Târgu Mureș   |
|                    | Tazz                               | 2020                |   |
| Taco Bell          | Foodpanda                          | February 2019       |   |
|                    | Glovo                              | April 2019          | București, Cluj, Timișoara, Constanța, Sibiu, Ploiești, Brașov, Iași, Bacău   |
|                    | Tazz                               | May 2020            |   |
|                    | Takeaway                           | May 2020            |   |

For the service providers specializing in delivery services, we did not take on the quantification of the number of kilometers traveled or the amount of fuel used to deliver our products for two major reasons:

- It was a transition to new types of collaborations considering the pandemic context;
- There is no exclusivity in terms of delivery, which is why monitoring is almost impossible.

## 4.1.4 Water Consumption

We use water mainly for processing raw materials, cleaning in the cooking area and partly for cleaning in the service area. Wishing to improve our use of this resource, we monitor the monthly consumption in our restaurants and we collect information on the water consumption per surface area occupied within the shopping malls where we rent premises. Wastewater is disposed of using the sewerage available at the locations where we operate.

We do not reuse or recycle water; it is used in particular for processing and for cleaning



kitchen and restaurant areas. The generated wastewater cannot be recycled, and our premises do not allow the installation of specific and feasible equipment for this process.

### Water consumption for foodstuff processing (m³)

|                               | 2019       | 2020       | 2021       |
|-------------------------------|------------|------------|------------|
| <b>Sphera Franchise Group</b> | 238 045.00 | 228 615.00 | 262 815.00 |
| <b>KFC Romania</b>            | 169 290.00 | 176 975.00 | 199 982.00 |
| <b>Pizza Hut Romania*</b>     | 43 846.00  | 27 579.00  | 33 936.00  |
| <b>Taco Bell Romania</b>      | 4 409.00   | 5 201.00   | 6 399.00   |
| <b>KFC Moldova</b>            | 7 000.00   | 4 960.00   | 4 198.00   |
| <b>KFC Italy</b>              | 13 500.00  | 13 900.00  | 18 300.00  |

\*Pizza Hut + Pizza Hut Delivery

## 4.2 Circular Economy

At Sphera, we are fully aware of our responsibility towards the environment and the need to get involved for a rapid transition to circular economy. Our main objective is to protect natural resources and to minimize the impact on the environment generated by our activity, by constantly identifying collection and recycling solutions, and, when waste cannot be recycled, we turn to energy recovery solutions via authorized companies.

The types of packaging used for certain brands are established by the franchisor in accordance with local and European laws and regulations. We work closely with the franchisor to implement strategies for reducing the use of unsustainable packaging and for waste collection and recovery.



We continue taking measures for waste recovery and recycling, as well as for food waste reduction.

## 4.2.1 Waste Recovery and Recycling

Within Sphera we have implemented a waste management system which is continuously monitored and improved. It is based on legal requirements in force, but also on the implementation of our own concepts based on which we try to make the most of the potential for waste selection at generation points. Thus, we conduct regular waste-related audits in our restaurants to ensure that all the objectives laid down in the management plan are understood and observed, and take corrective actions, whenever appropriate.

**We contribute to raising awareness and informing our customers and employees about the separate collection of waste by labelling bins and using packaging containing information about their responsible use.**

The main information and awareness raising activities carried out have been:

- Container labeling in restaurants for easier identification;
- Cleaning team training in order to carry out a proper collection and final verification of the selection;
- Written information messages featured on product packaging.

The applicable legal requirements are closely followed and strictly observed.

**There were no fines or administrative infringements in 2020 and 2021 for compliance with environmental requirements at restaurant level.**

Our mission regarding waste management is to minimize the amount generated by ensuring optimal and efficient separate collection of waste in our restaurants. This helps us to recover and recycle reusable materials from the waste generated, thus reducing the consumption of natural resources (crude oil, water, energy), as well as the level of harmful emissions released in the air.

### Quantities of waste generated in 2019, 2020 and 2021

|  <b>Plastic waste</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|--|-------------|-------------|-------------|
| <b>Sphera Franchise Group</b>  | 54.71       | 32.64       | 35.47       |
| <b>KFC Romania</b>   | 22.16       | 24.11       | 25.32       |
| <b>Pizza Hut Romania</b>   | 5.91        | 5.00        | 6.11        |
| <b>Pizza Hut Delivery Romania</b>  | 1.83        | 1.90        | 2.15        |
| <b>Taco Bell Romania</b>   | 1.44        | 1.63        | 1.89        |
| <b>KFC Moldova</b>   | 0.70        | 0.60        | 0.20        |
| <b>KFC Italy</b>   | 22.67       | 54.84       | 71.83       |

|  <b>Paper/cardboard waste</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|--|-------------|-------------|-------------|
| <b>Sphera Franchise Group</b>  | 752.23      | 654.07      | 728.72      |
| <b>KFC Romania</b>   | 473.23      | 501.21      | 541.62      |
| <b>Pizza Hut Romania</b>   | 128.21      | 131.42      | 161.31      |
| <b>Pizza Hut Delivery Romania</b>  | 13.25       | 14.01       | 16.42       |
| <b>Taco Bell Romania</b>   | 6.81        | 7.43        | 9.37        |
| <b>KFC Moldova</b>   | 11.00       | 16.00       | 17.20       |
| <b>KFC Italy</b>   | 119.72      | 100.88      | 189.23      |

|  <b>Glass waste</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|--|-------------|-------------|-------------|
| <b>Sphera Franchise Group</b>  | 4.11        | 4.45        | 5.17        |
| <b>KFC Romania</b>   | 2.35        | 2.42        | 2.71        |
| <b>Pizza Hut Romania</b>   | 1.23        | 1.31        | 1.54        |
| <b>Pizza Hut Delivery Romania</b>  | 0.00        | 0.00        | 0.00        |
| <b>Taco Bell Romania</b>   | 0.48        | 0.71        | 0.92        |
| <b>KFC Moldova</b>   | 0.05        | 0.04        | 0.01        |
| <b>KFC Italy</b>   | 0.00        | 0.00        | 0.00        |

|  <b>Metal waste</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> |
|--|-------------|-------------|-------------|
| <b>Sphera Franchise Group</b>  | 7.33        | 5.32        | 5.95        |
| <b>KFC Romania</b>   | 3.24        | 3.42        | 3.75        |
| <b>Pizza Hut Romania</b>   | 1.32        | 1.43        | 1.63        |
| <b>Pizza Hut Delivery Romania</b>  | 0.28        | 0.37        | 0.45        |
| <b>Taco Bell Romania</b>   | 0.04        | 0.10        | 0.12        |
| <b>KFC Moldova</b>   | 0.00        | 0.00        | 0.00        |
| <b>KFC Italy</b>   | 2.45        | 0.00        | 0.00        |

**Household waste**

|                                   | 2019     | 2020     | 2021     |
|-----------------------------------|----------|----------|----------|
| <b>Sphera Franchise Group</b>     | 7 974.46 | 7 228.89 | 7 881.99 |
| <b>KFC Romania</b>                | 7 483.67 | 6 829.34 | 7 369.37 |
| <b>Pizza Hut Romania</b>          | 248.81   | 185.39   | 242.44   |
| <b>Pizza Hut Delivery Romania</b> | 53.18    | 67.27    | 60.22    |
| <b>Taco Bell Romania</b>          | 4.78     | 3.97     | 4.52     |
| <b>KFC Moldova</b>                | 85.00    | 75.60    | 98.60    |
| <b>KFC Italy</b>                  | 99.02    | 67.32    | 106.83   |

**Waste oil residues**

|                                   | 2019   | 2020   | 2021   |
|-----------------------------------|--------|--------|--------|
| <b>Sphera Franchise Group</b>     | 318.60 | 218.82 | 213.42 |
| <b>KFC Romania</b>                | 243.96 | 209.02 | 201.34 |
| <b>Pizza Hut Romania</b>          | 6.08   | 1.97   | 1.89   |
| <b>Pizza Hut Delivery Romania</b> | 0.00   | 0.00   | 0.00   |
| <b>Taco Bell Romania</b>          | 6.16   | 7.83   | 10.19  |
| <b>KFC Moldova</b>                | 10.50  | 4.90   | 6.10   |
| <b>KFC Italy</b>                  | 51.91  | 50.69  | 62.38  |

**Food waste**

|                                   | 2019  | 2020  | 2021  |
|-----------------------------------|-------|-------|-------|
| <b>Sphera Franchise Group</b>     | 79.17 | 18.23 | 24.49 |
| <b>KFC Romania</b>                | 23.54 | 17.65 | 23.09 |
| <b>Pizza Hut Romania</b>          | 0.10  | 0.07  | 0.20  |
| <b>Pizza Hut Delivery Romania</b> | 0.32  | 0.00  | 0.00  |
| <b>Taco Bell Romania</b>          | 0.00  | 0.52  | 1.20  |
| <b>KFC Moldova</b>                | 5.00  | 3.70  | 5.20  |
| <b>KFC Italy</b>                  | 50.21 | 39.04 | 50.90 |

We recycle the following types of waste to a degree of **100%**: paper-cardboard packaging, plastic packaging, metal packaging and glass packaging.

| Organization/type of waste, tons a year     | Sphera Franchise Group |          |          |
|---|------------------------|----------|----------|
|   | 2019                   | 2020     | 2021     |
| Plastic waste                               | Recycled               | 54.71    | 32.64    |
| Paper/cardboard waste                       | Recycled               | 752.23   | 654.07   |
| Glass waste                                 | Recycled               | 4.11     | 4.45     |
| Metal waste                                 | Recycled               | 7.33     | 5.32     |
| Household waste                             | Disposed of            | 7 974.46 | 7 228.89 |
| Waste oil residues                          | Recycled               | 318.60   | 218.82   |
| Food waste                                  | Disposed of            | 79.17    | 18.23    |
| <b>Tons of waste recovered by recycling</b> |                        | 1 136.98 | 915.30   |
| <b>Tons of disposed waste</b>               |                        | 8 053.63 | 207.91   |
|   |                        |          | 988.74   |
|   |                        |          | 233.83   |



## Waste Oil Collection, Measures for reducing the Amount Generated

Waste oil is waste generated in a significant amount in our restaurants, but it has a great recovery potential, which is why we have implemented a controlled process for checking its quality, using approved tests to

reduce the amount of waste oil. The process is strictly monitored according to in-house procedures, and is followed by collection and recovery, with the end result being biofuel.

### Waste cooking oil (tons/year)

| Amount/organization/year      | 2019   | 2020   | 2021   |
|-------------------------------|--------|--------|--------|
| <b>Sphera Franchise Group</b> | 318.62 | 278.52 | 281.99 |
| <b>KFC Romania</b>            | 243.96 | 209.02 | 201.34 |
| <b>Pizza Hut Romania*</b>     | 6.08   | 1.97   | 1.89   |
| <b>Taco Bell Romania</b>      | 6.16   | 7.83   | 10.19  |
| <b>KFC Moldova</b>            | 10.50  | 4.90   | 6.10   |
| <b>KFC Italy</b>              | 51.92  | 50.69  | 62.39  |

\*Pizza Hut + Pizza Hut Delivery

### Recycled cooking oil (tons/year)

| Amount/organization/year      | 2019   | 2020   | 2021   |
|-------------------------------|--------|--------|--------|
| <b>Sphera Franchise Group</b> | 318.62 | 278.52 | 281.99 |
| <b>KFC Romania</b>            | 243.96 | 209.02 | 201.34 |
| <b>Pizza Hut Romania*</b>     | 6.08   | 1.97   | 1.89   |
| <b>Taco Bell Romania</b>      | 6.16   | 7.83   | 10.19  |
| <b>KFC Moldova</b>            | 10.50  | 4.90   | 6.10   |
| <b>KFC Italy</b>              | 51.92  | 50.69  | 62.39  |

\*Pizza Hut + Pizza Hut Delivery

Compared to 2019, the amounts of waste oil decreased by **12,6%** in 2020 and by **11,5%** in 2021, respectively.

## 4.2.2 Single-use Materials

Our initiative launched in 2018 of gradual substitution of single-use plastics also continued in 2020 and 2021. We have replaced plastic straws with paper straws, cutlery and stirrers for mixing drinks with wooden ones, in all our restaurants, and achieved a complete transition in late July 2021.

Several initiatives gradually launched at restaurant level which have led to a reduction in the amount of waste resulting from single-use materials:

- Until October 2020, plastic straws and cutlery were only supplied to customers if requested. Such an action resulted in a radical decrease in the use of straws (by about 83%), and of cutlery (by 17%);
- Since October 2020 plastic straws have been replaced with paper straws within the Company;
- Since July 2021, plastic cutlery has also been replaced with wooden cutlery;
- Plastic bags have been completely replaced with paper bags.



Sphera Franchise Group collaborates with producers and suppliers chosen based on their certifications issued by the Programme for Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC).

The paper used to make the straws comes from **sustainably managed forests** .

We mainly use paper and cardboard packaging in our operations, which is why we are aligned with Yum! policy! in this area.

### Cardboard/paper packaging (tons/year)

| Amounts by type of packaging/organization/year | 2020   | 2021   |
|--|--------|--------|
| <b>KFC Romania</b>                             | 952.70 | 804.42 |
| <b>Pizza Hut Romania*</b>                      | 246.08 | 263.59 |
| <b>Taco Bell Romania</b>                       | 32.33  | 52.73  |
| <b>KFC Moldova</b>                             | 10.80  | 11.80  |
| <b>KFC Italy</b>                               | 100.88 | 189.23 |

\*Pizza Hut + Pizza Hut Delivery

### Plastic packaging (tons/year)

| Amounts by type of packaging/organization/year | 2020  | 2021  |
|--|-------|-------|
| <b>KFC Romania</b>                             | 49.01 | 45.39 |
| <b>Pizza Hut Romania*</b>                      | 3.27  | 1.92  |
| <b>Taco Bell Romania</b>                       | 0.00  | 0.00  |
| <b>KFC Moldova</b>                             | 0.00  | 0.00  |
| <b>KFC Italy</b>                               | 54.84 | 71.83 |

\*Pizza Hut + Pizza Hut Delivery

## Used packaging made from recycled and/or renewable materials

| Percentage (%)/year of the monitored indicator | 2020  | 2021   |
|--|-------|--------|
| KFC Romania                                    | 40.00 | 40.00  |
| Pizza Hut Romania                              | 30.00 | 30.00  |
| Pizza Hut Delivery Romania                     | 50.00 | 100.00 |
| Taco Bell Romania                              | 35.00 | 35.00  |
| KFC Moldova                                    | N/A   | N/A    |
| KFC Italy                                      | N/A   | N/A    |

## Packaging that is recyclable, reusable and/or compostable

| Percentage (%)/year of the monitored indicator | 2020  | 2021   |
|--|-------|--------|
| KFC Romania                                    | 44.50 | 46.00  |
| Pizza Hut Romania                              | 44.50 | 46.00  |
| Pizza Hut Delivery Romania                     | 50.00 | 100.00 |
| Taco Bell Romania                              | 44.50 | 46.00  |
| KFC Moldova                                    | N/A   | N/A    |
| KFC Italy                                      | N/A   | N/A    |

## Plastic bags replaced by biodegradable bags

| Percentage (%)/year of the monitored indicator | 2020   | 2021   |
|--|--------|--------|
| KFC Romania                                    | 100.00 | 100.00 |
| Pizza Hut Romania                              | 100.00 | 100.00 |
| Pizza Hut Delivery Romania                     | 100.00 | 100.00 |
| Taco Bell Romania                              | 100.00 | 100.00 |
| KFC Moldova                                    | 100.00 | 100.00 |
| KFC Italy                                      | 100.00 | 100.00 |

## Plastic cutlery replaced by biodegradable cutlery

| Percentage (%)/year of the monitored indicator | 2020   | 2021    |
|--|--------|---------|
| KFC Romania                                    | 100.00 | 100.00  |
| Pizza Hut Romania                              | 100.00 | 100.00  |
| Pizza Hut Delivery Romania                     | 100.00 | 100.00  |
| Taco Bell Romania                              | 100.00 | 100.00  |
| KFC Moldova                                    | 0.00   | 0.00    |
| KFC Italy                                      | 100.00 | 100.00* |

\* 100% since July 2021

## Plastic straws replaced by paper straws

| Percentage (%)/year of the monitored indicator | 2020    | 2021   |
|--|---------|--------|
| KFC Romania                                    | 100.00  | 100.00 |
| Pizza Hut Romania                              | 100.00  | 100.00 |
| Pizza Hut Delivery Romania                     | 100.00  | 100.00 |
| Taco Bell Romania                              | 100.00  | 100.00 |
| KFC Moldova                                    | 0.00    | 100.00 |
| KFC Italy                                      | 100.00* | 100.00 |

\*100% since October 2020

Due the specificities of our activity, we work with our collaborators to implement extended producer responsibility and to ensure the recovery of packaging waste generated off site, by our customers/the general population.



For this purpose, we work with ECOSMART UNION, an authorized OIREP company (Organization for the Fulfillment of the Extended Producer Responsibility) in order to achieve these objectives of recovery:

- 63% for paper/cardboard packaging placed on the market;
- 29% for plastic packaging placed on the market.

## Amounts of Packaging Recycled via OIREP in Romania

### Cardboard/paper packaging (tons/year)

| Total recycled amount  | 2020   | 2021   |
|------------------------|--------|--------|
| Sphera Franchise Group | 627.87 | 706.06 |
| KFC Romania            | 485.88 | 506.78 |
| Pizza Hut              | 125.50 | 166.06 |
| Taco Bell              | 16.49  | 33.22  |

### Plastic packaging (tons/year)

| Total recycled amount  | 2020  | 2021  |
|------------------------|-------|-------|
| Sphera Franchise Group | 19.86 | 13.72 |
| KFC Romania            | 18.62 | 13.16 |
| Pizza Hut              | 1.24  | 0.56  |
| Taco Bell              | 0.00  | 0.00  |

### Number of plastic straws replaced with paper straws

|                            | 2020          | 2021          |
|----------------------------|---------------|---------------|
| KFC Romania                | 17 007 000.00 | 21 212 000.00 |
| Pizza Hut Romania          | 383 000.00    | 500 700.00    |
| Pizza Hut Delivery Romania | -             | -             |
| Taco Bell Romania          | 380 000.00    | 532 600.00    |
| KFC Moldova                | 0.00          | 383 790.00    |
| KFC Italy                  | N/A*          | N/A*          |

\* Since October of 2020, all plastic straws have been replaced with paper straws.

## 4.2.3 Food Waste

### We are keen on reducing food waste.

Sphera and its companies deem it particularly important to reduce the amount of uneaten food, at all stages, by taking strategic actions and improving its performance in terms of reducing the amount of food waste generated.



### Reduction at source

We continue primary initiatives – REDUCTION AT SOURCE

- Staff training to streamline the flow of materials;
- Thorough planning of the materials needed in the process;
- Optimized distribution of the raw materials;
- Careful use of the equipment;
- Raising consumer awareness.



### Excess food donation

The Harvest Food Donation Program has been implemented in:

- 4 restaurants in Italy;
- 37 restaurants in Romania.



### Animal feeding



### Composting



### Storage

In Romania, at national level, the Harvest program has been extended from 15 to 37 restaurants through a partnership with the Food Banks of Oradea, Cluj, Brașov, Craiova, Roman, Timișoara and Bucharest.



| The HARVEST Program             | 2019     | 2020     | 2021     |
|---------------------------------|----------|----------|----------|
| Total no. of kg of donated food | 3 621.00 | 2 300.00 | 8 400.00 |



The amount of food donated in recent years increased by 132% in 2021 compared to 2019, amid the expansion of the program to several KFC restaurants in Romania.



## 4.3 The Carbon Footprint and Climate Change

Climate change poses potential risks for Sphera and its companies, both physical (the sustainable supply of agricultural raw materials, water and business disruptions due to severe weather conditions) and transition transition related.

Transition risks endanger our financial stability due to the possibility of an increase in energy costs, which in fact happened in mid-2021. We are also aware of the possibility of certain CO<sub>2</sub> emission taxes being introduced in view of the international pressure in relation to global warming.

Through efficient energy and carbon management, we believe that Sphera's ongoing investment in energy efficiency and low-carbon technologies will benefit the Company and the communities in which we operate.

We continue thoroughly monitoring energy consumptions in order to have a clear picture of the effectiveness of implemented measures. It is important to us to make sure that our impact on the environment is minimal, which is why, based on the recorded consumption, once again, this year, we have calculated direct and indirect CO<sub>2</sub> emissions (Goal 1 and Goal 2).

Scope 3 has not been considered by us in current calculations, but in the coming years we are going to focus on an analysis of the supply chain in areas where we can exercise influence.

For 2020, compared to 2019, CO<sub>2</sub> emissions decreased due to the decrease in the intensity of activities and, implicitly, energy consumptions. 2021 came with an increase in CO<sub>2</sub> emissions compared to 2019, given the increase in the number of restaurants and the relaunch in organizations' activities and, implicitly, an increase in fuel and electricity consumption.

| Emissions resulting from Sphera group activities<br>(Romania, Italy and Moldova) | 2019*  | 2020      | 2021      |           |
|--|--|-----------|-----------|-----------|
| <b>Scope 1</b><br>(Scop 1)   | <ul style="list-style-type: none"> <li>Emissions related to the fuel consumption of its fleet (petrol, diesel, LPG)</li> </ul>   | 905.83    | 1 111.75  | 1 205.26  |
| <b>Scope 2</b><br>(Scop 2)   | <ul style="list-style-type: none"> <li>Emissions related to the consumption of gas used directly in the group activity (cooking, burning or air conditioning for the premises)</li> </ul>  | 159.29    | 167.33    | 166.08    |
| <b>Scope 3</b><br>(Scop 3)   | <ul style="list-style-type: none"> <li>Emissions related to the electricity procured for own consumption.</li> <li>Supply of raw materials</li> <li>Waste management</li> <li>Logistics</li> <li>Work travel not using cars from its own fleet.</li> </ul> | 12 664.21 | 11 771.39 | 14 015.69 |
| <b>Total</b>   | 13 729.34  | 13 050.47 | 15 387.03 |           |

\*We have recalculated the emissions related to Goal 2 for 2019, using the latest emission factors available at European level, valid for the markets served by Sphera Franchise Group.

### Notes:

- For the calculation of the emissions related to Goal 1, the consumption of liquid and gaseous fuels (petrol, diesel, LPG and gas) has not been taken into account. The amount of refrigerant reloaded into air conditioning systems or refrigeration systems has not been taken into account as no centralization is available in relation thereto.
- CO<sub>2</sub> emissions calculated for Goals 1 and 2 do not include emissions related to the consumption of gas and electricity used for the heating and air conditioning of restaurants whose locations are in rented areas of large shopping malls where heating and air conditioning are provided by the owner.
- Activities falling under Goal 3 are provided by external services and have not been taken into account for the calculation of the carbon footprint.
- GHG – greenhouse gases.

# 5

# People and Community

## Together, we overcome challenges

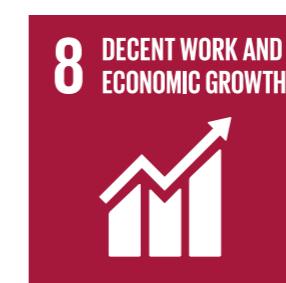
The years 2020 and 2021 were full of challenges and paved the way for various opportunities to chart a sustainable future for all those involved: investors, employees, suppliers, customers, the community, partners. In its daily activity, Sphera Franchise Group team has done everything possible to be its best version, so that it is the right employer for the employees of all companies in the portfolio and a stable and responsible company for the community.

In 2018, we took on globally established sustainable development goals and identified our own targets to meet them. The progress made in achieving them is obvious, which encourages us to continue at the same pace and with the same passion and rigor.

Our key objective is maintaining a sound organizational culture, by ensuring working conditions conducive to employees, which abide by national legislation and human rights. The working environment which we promote for our employees is an inclusive one, where diversity is welcomed. We invest in training and professional development



programs. During the pandemic, we again focused on securing jobs, providing stability and retaining our employees.



Sphera is a responsible company that involves in the communities in which it operates, not only by ensuring its own employees' well-being, but also by carrying out social responsibility projects.

## OUR MISSION

Sphera aims to offer its customers a memorable experience, with the help of excellent service and unique products, prepared by passionate teams.

**Our culture is the foundation of our employees' experience.**

## OUR VALUES

**TEAM:** Our success comes from teamwork:

We work with the colleagues to implement and adopt best practices;  
We work with the customers to offer them excellent experiences;  
We work with the community to create the premises for development.

**TRUST:** We enhance trust in the human potential:

We trust our colleagues and their positive intentions;  
We offer confidence to our customers through the quality of our products and services;  
We are responsible and accountable for our actions.

**GROWTH:** We grow people and business:

We encourage employees to always learn and grow both personally and professionally;  
We grow management teams directed to SMART & HEART & COURAGE & GREEN;  
We build SMART restaurants for our customers.

**ACTION:** We act promptly and we look forward the future:

We focus on priorities and solutions;  
We do not tolerate inequalities.



**CONTENTMENT:** We appreciate every achievement:

- We celebrate our successes and those of others;
- We are grateful for the opportunities for personal development;
- We are grateful to the team for their support.

By incorporating these values into everyday behaviors, we support **our people strategy**: we want to be the right employer for employees at whatever point in their careers they may be.

## This is what we offer our employees:

- A legal, safe and stable framework for carrying out their activity;
- A collaborative working environment, focused on effective solutions and behaviors;
- Training opportunities for skills specific to the positions held and for lifelong learning;
- The opportunity for personal growth;
- The possibility to support a culture of diversity and inclusion;
- The right context for decent work.

## OUR PROMISE

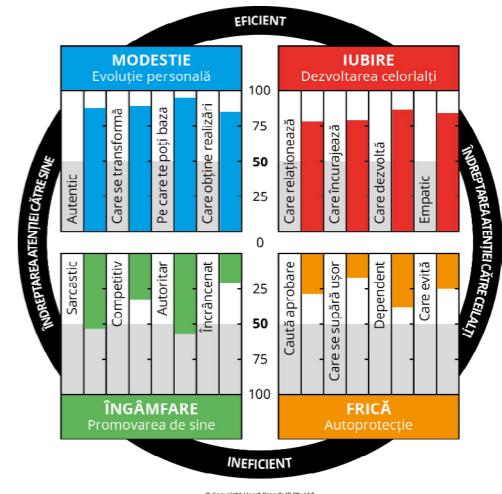
We aim, through the approaches and projects we implement, to ensure the context appropriate for a non-discriminatory, stable, safe, developmental and inspirational environment.

## OUR BEHAVIORS

We want to have effective, positive and constructive behaviors within our teams.

To this end, we have defined desirable behaviors and have created materials designed to support such endeavors. Since 2017, based on a recommendation from Yum! Brands, we have implemented a behavior awareness and improvement program, which is based on the **Heartstyles** assessment tool and supports the **Leading with Heart** concept.

## Heartstyles



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## 5.1 Responsible for Our Team

Sphera wants to attract talented and creative human resources motivated to excel at work. The Company goal, through the human resources strategy and the projects implemented internally, is to address all categories of candidates and its own employees.

In Romania, Sphera employees are made up of the teams serving US Food Network SA, American Restaurant System SA, California Fresh Flavors SRL and Sphera Franchise Group SA.

Our headcount has fluctuated over the past two years, considering the context of the pandemic and the restrictions in the hotel and catering industry. In late 2021, we recorded a total of **5 111** active **employees**, up by 9.63% compared to 2020. In 2020, due to the pandemic, we saw a decrease of 14.86% compared to 2019.

| Sphera Franchise Group           |       |       |       |
|----------------------------------|-------|-------|-------|
| Indicator                        | 2019  | 2020  | 2021  |
| <b>Total number of employees</b> | 5 355 | 4 662 | 5 111 |

**2021 vs 2020 Progress +9,63%**

During the 2020-2021 period, the COVID-19 pandemic gave rise to restrictions in the HoReCa industry which, on the one hand, influenced the Company recruitment needs and, on the other hand, changed people's willingness to get a job and to plan on being active for extensive periods of time, considering the fact that the field may be unstable due to decisions imposed by the authorities and the uncertainty created.

| Sphera Franchise Group                       |       |       |  |
|--|-------|-------|--|
| Indicator                                    | 2020  | 2021  |  |
| <b>Total number of employees</b>             | 4 662 | 5 111 |  |
| <b>Total number of employees – full time</b> | 3 759 | 4 136 |  |
| Women  | 2 260 | 2 407 |  |
| Men  | 1 499 | 1 729 |  |
| <b>Total number of employees – part-time</b> | 903   | 975   |  |
| Women  | 437   | 511   |  |
| Men  | 466   | 464   |  |

| Indicator                                    | 2020 | 2021 |
|--|------|------|
| <b>Sphera headquarters</b>                   |      |      |
| <b>Total number of employees</b>             | 152  | 164  |
| <b>Total number of employees – full time</b> | 133  | 153  |
| Women  | 86   | 99   |
| Men  | 47   | 54   |
| <b>Total number of employees – part time</b> | 19   | 11   |
| Women  | 2    | 2    |
| Men  | 17   | 9    |

| Indicator                                    | 2020  | 2021  |
|--|-------|-------|
| <b>KFC Romania</b>                           |       |       |
| <b>Total number of employees</b>             | 3 234 | 3 529 |
| <b>Total number of employees – full time</b> | 2 690 | 3 021 |
| Women  | 1 678 | 1 825 |
| Men  | 1 012 | 1 196 |
| <b>Total number of employees – part time</b> | 544   | 508   |
| Women  | 276   | 272   |
| Men  | 268   | 236   |

| Indicator                                    | 2020 | 2021 |
|--|------|------|
| <b>Pizza Hut Romania</b>                     |      |      |
| <b>Total number of employees</b>             | 399  | 366  |
| <b>Total number of employees – full time</b> | 376  | 339  |
| Women  | 239  | 223  |
| Men  | 137  | 116  |
| <b>Total number of employees – part time</b> | 23   | 27   |
| Women  | 7    | 13   |
| Men  | 16   | 14   |

| Indicator                             | 2020 | 2021 |
|---------------------------------------|------|------|
| <b>Pizza Hut Delivery Romania</b>     |      |      |
| Total number of employees             | 278  | 361  |
| Total number of employees – full time | 241  | 280  |
| Women                                 | 84   | 89   |
| Men                                   | 157  | 191  |
| Total number of employees – part time | 37   | 81   |
| Women                                 | 4    | 19   |
| Men                                   | 33   | 62   |

| Indicator                             | 2020 | 2021 |
|---------------------------------------|------|------|
| <b>KFC Moldova</b>                    |      |      |
| Total number of employees             | 76   | 78   |
| Total number of employees – full time | 42   | 36   |
| Women                                 | 29   | 24   |
| Men                                   | 13   | 12   |
| Total number of employees – part time | 34   | 42   |
| Women                                 | 25   | 29   |
| Men                                   | 9    | 13   |

We had staff turnover due, in most cases, to personal decisions.

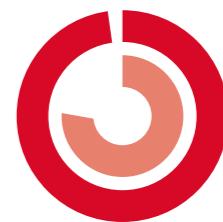
| Indicator                             | 2020 | 2021 |
|---------------------------------------|------|------|
| <b>Taco Bell Romania</b>              |      |      |
| Total number of employees             | 242  | 265  |
| Total number of employees – full time | 157  | 199  |
| Women                                 | 88   | 99   |
| Men                                   | 69   | 100  |
| Total number of employees – part time | 85   | 66   |
| Women                                 | 42   | 38   |
| Men                                   | 43   | 28   |

| Sphera headquarters | 2020   | 2021    |
|---------------------|--------|---------|
| Staff turnover rate |        |         |
| Voluntary           | 96.00% | 100.00% |
| Involuntary         | 4.00%  | 0.00%   |

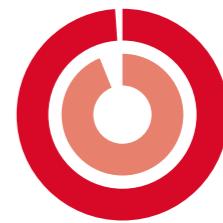


| Indicator                             | 2020 | 2021 |
|---------------------------------------|------|------|
| <b>KFC Italy</b>                      |      |      |
| Total number of employees             | 281  | 348  |
| Total number of employees – full time | 120  | 108  |
| Women                                 | 56   | 48   |
| Men                                   | 64   | 60   |
| Total number of employees – part time | 161  | 240  |
| Women                                 | 81   | 138  |
| Men                                   | 80   | 102  |

| Pizza Hut Romania   | 2020   | 2021   |
|---------------------|--------|--------|
| Staff turnover rate |        |        |
| Voluntary           | 78.00% | 98.00% |
| Involuntary         | 22.00% | 2.00%  |



| Pizza Hut Delivery Romania | 2020   | 2021   |
|----------------------------|--------|--------|
| Staff turnover rate        |        |        |
| Voluntary                  | 94.00% | 99.00% |
| Involuntary                | 6.00%  | 1.00%  |



**Taco Bell Romania**

| Staff turnover rate | 2020   | 2021   |
|---------------------|--------|--------|
| Voluntary           | 86.00% | 98.00% |
| Involuntary         | 14.00% | 2.00%  |

**KFC Italy**

| Staff turnover rate | 2020   | 2021   |
|---------------------|--------|--------|
| Voluntary           | 85.00% | 69.00% |
| Involuntary         | 15.00% | 31.00% |

**KFC Moldova**

| Staff turnover rate | 2020   | 2021   |
|---------------------|--------|--------|
| Voluntary           | 92.00% | 97.00% |
| Involuntary         | 8.00%  | 3.00%  |

**5.1.1 Diversity and Human Rights**

Sphera and its companies are committed to adhering to the principles of inclusion and equity and take into account employee diversity in terms of age, gender, nationality, educational level and individual pursuits. Given its diversity, Sphera organizes recruitment campaigns to attract workforce both from Romania and from other countries, pursuing migrant inclusion. Over 2% of staff employed within the Company are foreign citizens.

**Recruitment of employees**

Recruitment is an indicator of the labor market and the business environment alike. Depending on results obtained following recruitment processes, we can figure out how we will run the business by exercising the skills integrated within our teams. Unfortunately, the pandemic has changed applicants' intentions and company directions.

As regards the HoReCa industry, we all know that we have gone through restaurant closures and openings, which have been decided and notified in a way that has drastically lowered applicants' trust in the industry as a viable and stable field for the future.

Our competitive advantage is that we have been present on the Romanian market for over 28 years and we run a growing business. We have complied with all safety measures in preventing the spread of the COVID-19 virus for both customers' and employees' safety. Sphera is a solid business that has managed to overcome these two difficult years with flying colors, alongside its employees.

Even during the pandemic, we continued opening restaurants for each of our brands.

In order to attract applicants, we have carried out recruitment campaigns. The audience was diverse: from youth with potential looking for their first job to adults who see opportunities for changing careers or supplementing their income in the available positions. For recruitment efficiency, we have informed our target audience that experience is not a mandatory criterion, and that applications do not require a standard CV.

Our working hours are diverse (12h, 8h, 6h, 4h, weekends), and each applicant can choose the option adapted to his/her needs, and the large network of units makes it possible to choose a restaurant near his/her home.

**Initiatives for our prospective employees**

- **The Call Center:** We facilitate applicants' direct contact through a Call Center that provides them with the necessary information for employment.
- **The job fair:**
  - During the pandemic, we attended online job fairs;
  - We organized a job fair at our headquarters, during the relaxation period, in compliance with all the measures imposed.

**VINO  
SĂ FACI PARTE  
DIN ECHIPA  
RESTAURANTULUI  
TĂU PREFERAT!**

Te invită să ne cunoaștem și să descoperim împreună care este job-ul potrivit pentru tine în echipa unuia dintre restaurantele KFC, Pizza Hut, Pizza Hut Delivery sau Taco Bell. Și dacă îți place mâncarea noastră, acum ai ocazia să vezi și ce se întâmplă în spatele meselor delicioase pe care le preparăm.

Te așteptăm pe 30 iulie între orele 11:00 – 19:00 sau pe 31 iulie între orele 09:00 – 14:00 la sediul nostru din Bd. Nicolae Bălcescu 17A. Tot ceea ce trebuie să aduci cu tine sunt: buletinul, CV-ul sau acest flyer cu datele de pe verso completate.

Îar dacă nu ai timp să ne cunoaștem la sediul nostru, poți lăsa CV-ul tău în cutiile de colectare din restaurantele noastre KFC, Pizza Hut sau Taco Bell sau pe [www.kfc.ro/realcv/](http://www.kfc.ro/realcv/) și te sunăm noi.





**Diversity**

The employed population is diverse in terms of age, and our openness to this aspect is easily visible from the time of recruitment, when we address all age groups.

We comply with legislation regarding the employment of young people under the age of 18 and we make sure that their health and personal growth are not affected and that we do not interfere with their schooling.

| Indicator   | 2020 | 2021 |
|---|------|------|
| <b>Sphera headquarters</b>  |      |      |
| <b>Total number of employees – with a full time employment contract</b> | 152  | 164  |
| Total Women   | 88   | 101  |
| < 30 years  | 12   | 16   |
| 30 – 50 years   | 73   | 77   |
| > 50 years  | 3    | 8    |
| Total Men   | 64   | 63   |
| < 30 years  | 3    | 5    |
| 30 – 50 years   | 36   | 32   |
| > 50 years  | 25   | 26   |
| <b>Total number of employees – with a temporary employment contract</b> | 9    | 9    |
| Women   | 1    | 1    |
| Men   | 8    | 8    |

| Indicator   | 2020 | 2021 |
|---|------|------|
| <b>Pizza Hut Romania</b>  |      |      |
| <b>Total number of employees – with a full time employment contract</b> | 399  | 366  |
| Total Women   | 246  | 236  |
| < 30 years  | 98   | 97   |
| 30 – 50 years   | 116  | 111  |
| > 50 years  | 32   | 28   |
| Total Men   | 153  | 130  |
| < 30 years  | 99   | 75   |
| 30 – 50 years   | 52   | 51   |
| > 50 years  | 2    | 4    |
| <b>Total number of employees – with a temporary employment contract</b> | 4    | 6    |
| Women   | 0    | 0    |
| Men   | 4    | 6    |

| Indicator   | 2020  | 2021  |
|---|-------|-------|
| <b>KFC Romania</b>  |       |       |
| <b>Total number of employees – with a full time employment contract</b> | 3 234 | 3 529 |
| Total Women   | 1 954 | 2 097 |
| < 30 years  | 1 006 | 1 057 |
| 30 – 50 years   | 765   | 834   |
| > 50 years  | 183   | 206   |
| Total Men   | 1 280 | 1 432 |
| < 30 years  | 950   | 1 007 |
| 30 – 50 years   | 276   | 373   |
| > 50 years  | 54    | 52    |
| <b>Total number of employees – with a temporary employment contract</b> | 14    | 201   |
| Women   | 1     | 1     |
| Men   | 13    | 200   |

| Indicator   | 2020 | 2021 |
|---|------|------|
| <b>Pizza Hut Delivery Romania</b>                                       |      |      |
| <b>Total number of employees – with a full time employment contract</b> | 278  | 361  |
| Total Women   | 88   | 108  |
| < 30 years  | 54   | 63   |
| 30 – 50 years   | 31   | 36   |
| > 50 years  | 3    | 9    |
| Total Men   | 190  | 253  |
| < 30 years  | 146  | 196  |
| 30 – 50 years   | 42   | 55   |
| > 50 years  | 2    | 2    |
| <b>Total number of employees – with a temporary employment contract</b> | 0    | 7    |
| Women   | 0    | 0    |
| Men   | 0    | 7    |

| Indicator   | 2020 | 2021 |
|---|------|------|
| <b>Taco Bell Romania</b>  |      |      |
| <b>Total number of employees – with a full time employment contract</b> | 242  | 265  |
| Total Women   | 130  | 137  |
| < 30 years  | 102  | 109  |
| 30 – 50 years   | 22   | 22   |
| > 50 years  | 6    | 6    |
| Total Men   | 112  | 128  |
| < 30 years  | 100  | 103  |
| 30 – 50 years   | 11   | 24   |
| > 50 years  | 1    | 1    |
| <b>Total number of employees – with a temporary employment contract</b> | 6    | 25   |
| Women   | 0    | 0    |
| Men   | 6    | 25   |

| Indicator   | 2020 | 2021 |
|---|------|------|
| <b>KFC Italy</b>  |      |      |
| <b>Total number of employees – with a full time employment contract</b> | 18   | 18   |
| Total Women   | 6    | 5    |
| < 30 years  | 2    | 1    |
| 30 – 50 years   | 4    | 4    |
| > 50 years  | 0    | 0    |
| Total Men   | 12   | 13   |
| < 30 years  | 0    | 4    |
| 30 – 50 years   | 12   | 9    |
| > 50 years  | 0    | 0    |
| <b>Total number of employees – with a temporary employment contract</b> | 89   | 155  |
| Women   | 41   | 85   |
| Men   | 48   | 70   |

| Indicator   | 2020 | 2021 |
|---|------|------|
| <b>KFC Moldova</b>  |      |      |
| <b>Total number of employees – with a full time employment contract</b> | 76   | 78   |
| Total Women   | 54   | 53   |
| < 30 years  | 45   | 44   |
| 30 – 50 years   | 5    | 7    |
| > 50 years  | 4    | 2    |
| Total Men   | 22   | 25   |
| < 30 years  | 20   | 23   |
| 30 – 50 years   | 2    | 2    |
| > 50 years  | 0    | 0    |
| <b>Total number of employees – with a temporary employment contract</b> | 0    | 0    |
| Women   | 0    | 0    |
| Men   | 0    | 0    |

Within the Company Board of Directors we do not have females with specific duties, but there is age diversity in the 40-65 year range.

#### Sphera Board of Directors

|               | 2020 | 2021 |  | 2020 | 2021 |
|---------------|------|------|--|------|------|
| Total Women   | 0    | 0    |  | 5    | 5    |
| < 30 years    | 0    | 0    |  | 0    | 0    |
| 30 – 50 years | 0    | 0    |  | 2    | 2    |
| > 50 years    | 0    | 0    |  | 3    | 3    |

**Total numbers of Board members**

As regards Sphera portfolio companies, there is a balanced diversity between women and men, both within management teams and in restaurants or within support departments. In 2021 we reached a ratio of 57.1% women to 42.9% men, a trend which is also maintained for management teams.

| Indicator                         | 2019  | 2020  | 2021  |
|-----------------------------------|-------|-------|-------|
| <b>Sphera headquarters</b>        |       |       |       |
| Employees in management positions | 40    | 39    | 35    |
| Women                             | 21    | 26    | 23    |
| %                                 | 52.50 | 66.67 | 65.71 |
| Men                               | 19    | 13    | 12    |
| %                                 | 47.50 | 33.33 | 34.29 |

| Indicator                         | 2019  | 2020  | 2021  |
|-----------------------------------|-------|-------|-------|
| <b>KFC Romania</b>                |       |       |       |
| Employees in management positions | 167   | 495   | 544   |
| Women                             | 107   | 320   | 361   |
| %                                 | 64.07 | 64.65 | 66.36 |
| Men                               | 60    | 175   | 183   |
| %                                 | 35.93 | 35.35 | 33.64 |

| Indicator                         | 2019  | 2020  | 2021  |
|-----------------------------------|-------|-------|-------|
| <b>Pizza Hut Dine-In Romania</b>  |       |       |       |
| Employees in management positions | 100   | 93    | 97    |
| Women                             | 61    | 64    | 64    |
| %                                 | 61.00 | 68.82 | 65.98 |
| Men                               | 39    | 29    | 33    |
| %                                 | 39.00 | 31.18 | 34.02 |

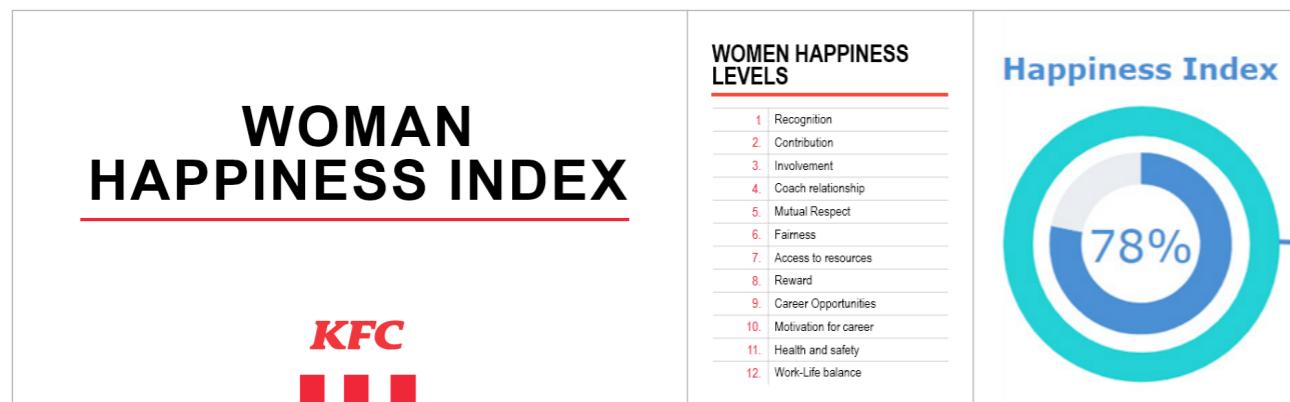
| Indicator                         | 2019  | 2020  | 2021  |
|-----------------------------------|-------|-------|-------|
| <b>Pizza Hut Delivery Romania</b> |       |       |       |
| Employees in management positions | 37    | 56    | 72    |
| Women                             | 10    | 23    | 34    |
| %                                 | 27.03 | 41.07 | 47.22 |
| Men                               | 27    | 33    | 38    |
| %                                 | 72.97 | 58.93 | 52.78 |

| Indicator                         | 2019  | 2020  | 2021  |
|-----------------------------------|-------|-------|-------|
| <b>Taco Bell Romania</b>          |       |       |       |
| Employees in management positions | 12    | 47    | 58    |
| Women                             | 4     | 25    | 30    |
| %                                 | 33.33 | 53.19 | 51.72 |
| Men                               | 8     | 22    | 28    |
| %                                 | 66.67 | 46.81 | 48.28 |
| Indicator                         | 2019  | 2020  | 2021  |
| <b>KFC Italy</b>                  |       |       |       |
| Employees in management positions | 23    | 18    | 18    |
| Women                             | 9     | 6     | 5     |
| %                                 | 39.13 | 33.33 | 27.78 |
| Men                               | 14    | 12    | 13    |
| %                                 | 60.87 | 66.67 | 72.22 |
| Indicator                         | 2019  | 2020  | 2021  |
| <b>KFC Moldova</b>                |       |       |       |
| Employees in management positions | 10    | 8     | 8     |
| Women                             | 6     | 5     | 5     |
| %                                 | 60.00 | 62.50 | 62.50 |
| Men                               | 4     | 3     | 3     |
| %                                 | 40.00 | 37.50 | 37.50 |
| Indicator                         | 2019  | 2020  | 2021  |
| <b>Sphera Franchise Group</b>     |       |       |       |
| Total number of employees         | 5 355 | 4 662 | 5 111 |
| Total number of women             | 2 833 | 2 697 | 2 918 |
| %                                 | 52.90 | 57.85 | 57.10 |
| Total number of men               | 2 522 | 1 965 | 2 193 |
| %                                 | 47.10 | 42.15 | 42.90 |

## WE SUPPORT GENDER DIVERSITY – We wish to be a Good Employer

Within Sphera there are no gender-based pay differences. Thus, in 2020, within US Food Network SA, employees took part in a survey organized by Yum! worldwide, which aimed at measuring the Woman Happiness Index and at identifying the results for the following directions: the feeling of belonging, collaborative relationships, equality, career advancement and the work-life balance.

The results obtained encourage us to maintain our working direction in this area in the sense of improving existing practices.



## CITIZENSHIP – We hire People of Other Nationalities

**Our employees come from 16 countries.** 23 foreign citizens joined our teams in 2020 and 254 joined in 2021.

As a result of difficulties faced during local recruitment processes, in 2019 we started a recruitment campaign abroad, with the aim of attracting workforce. Thus, we have implemented the **"Bring a Friend from Sri Lanka"** project for all subsidiaries. This project gained appreciation during the 2021 HR Summit, an online event organized for HR teams dedicated to KFC Russia, CIS, CEE & WE, and attended by the best HR projects, with impact on the business.



**Bring a Friend from Sri Lanka** won the Sanders HR Award for all aspects: recruitment, selection, employment, integration, development, diversity & inclusion and was awarded in the Diversity & Inclusion section.

Our internal policies are intended to create an inclusive working environment that allows assimilating different categories of employees and assigning them jobs where they can carry out their activities safely and where their rights are respected.

In 2019 we adhered to the Romanian Diversity Charter and are committed to supporting, protecting and fostering diversity.

Ever since, we have advocated a culture based on mutual respect, trust, acknowledgment and best use of individual differences and skills, and have enforced the principles of non-discrimination and equal opportunities in HR processes with a focus on recruitment, skill development, remuneration and professional promotion.

## Human Rights

Respect for human rights is actually the key to the responsibility of Sphera Franchise Group to the community. Thus, we are committed to supporting the recognition of and respect for human rights within companies in the Company portfolio.

We guide our activity abiding by international human rights principles enshrined in the Universal Declaration of Human Rights, adopted by the United Nations, as well as conventions adopted by the International Labor Organization, with all regulations on human rights, equal opportunities, equality, diversity and inclusion as part of the Company's internal rules.

Our employees are encouraged to report any incidents related to non-compliance with human rights in the collaborative relationship, so that we might start the necessary investigations and implement correction or prevention plans in order for such incidents not to occur again.

We foster a working environment where diversity is encouraged and is seen as an element that is beneficial to our work, on all organizational levels.

We do not tolerate discrimination on the basis of race, gender, ethnicity, color, religion, age, sexual orientation, citizenship, social background, level of education, political orientation or on any other bases. We promote a safe working environment free from any form of abuse, harassment or violence.

Within the organization there is a drafted, validated and approved collective bargaining agreement, which is registered with the Territorial Labor Inspectorate. The share of employees covered by a collective bargaining agreement is 100%.

In 2020 – 2021, there were no discriminatory incidents and we did not violate any labor laws.

## Employee Compensation

Within Sphera Franchise Group, employee compensation is based on the principle of equal pay for work of equal value, a major pillar in our approach to equal opportunities for women and men, as well as respect for human rights. Our offer for employees is an important topic, which is why we have increased salaries in two stages in 2020 and 2021.

### 5.1.2 Employee Health and Safety

**Sphera and its companies understand the importance of its employees' and collaborators' health and safety. To this end, we constantly send out information, identify risks and potential hazards, conduct audits, and use best practices and training methods to ensure that our health and safety policies and measures are understood and followed. Thus, we ensure that we provide safe jobs for our employees.**

#### Care for Our Employees in the context of COVID-19

One of the key priorities in 2020 – 2021 was our employees' and customers' safety, knowing that we had to keep the business running.

Although there were times of uncertainty, our only certainty was our rapid mobilization in the face of the COVID-19 pandemic in the sense that:

- We implemented new working procedures and standards in terms of safety and protection measures, providing employees with masks, disinfectants and gloves worth over EUR 1.5 million in 2020 and 2021;
- We installed plexiglas dividers in the area of cash registers for employees' and customers' protection;
- We adopted new restaurant sanitation protocols;
- We adapted the existing standard on employee triage, by adding temperature and cold symptom monitoring;
- We adapted restaurant working hours, so that direct contact between shifts should be minimal and we could abide by imposed restrictions;
- We created Company headquarters and restaurant entry/exit routes;
- We constantly communicated with employees about the impact of the COVID-19 pandemic on our business, so that we could maintain an atmosphere of trust and loyalty;
- We implemented buffer measures to protect our business and employees, in the sense of technical unemployment for short periods of time;
- We created, on the online employee training platform, a module dedicated to preventing and combating the spread of COVID-19;
- We conducted training sessions for management teams on the psychological contract and change management so that they should be able to manage the team's adjustment to the new pandemic context;
- We created individual accounts, for all our employees who had shown interest, on the National COVID-19 Vaccination Information Platform and we facilitated their vaccination appointments;
- We adapted the work from home way of working for the team operating at the Company headquarters after having conducted an employee survey and we carried out the activity and held meetings online;
- We were one of the first employers in the country to organize a COVID-19 vaccination center at one of our places of business in Bucharest, for over 300 willing employees, in April of 2021 (the 1st dose) and May of 2021 (the 2nd dose);

- We provided employees with a digital learning platform that included even personal growth and self-discovery courses, in order to offer support in view of emotional and mental balance;
- In December of 2021, within US Food Network SA, American Restaurant System SA and California Fresh Flavors SRL, we organized a raffle dedicated to our vaccinated employees; we want our

restaurants to be safe places for our employees and customers, and we believe that vaccination contributes to increased safety;

- We granted days off for employees who were parents and had to stay home with their children;
- 8 776 and 33 080 hours of sick leave were granted in 2020 and in 2021, respectively, to employees who fell ill with COVID-19.

#### THE DAY-TO-DAY CARE

As a responsible employer, we believe that it is our job to protect employees' health and to ensure safety at work. To this end, we make sure that we always have the resources needed to provide a safe working environment for our employees.

#### WHAT DO WE DO?

- We assess risks of occupational injury and illness;
- We make sure that all employees are fit for work, in line with positions held;
- We train employees from day one in the responsibilities of the job, the specific risks and the related training plan;
- We constantly monitor all our employees' health;
- We organize regular training in operational processes and in food safety, health and safety at work/emergency situations;
- We ensure that the event reporting procedure is followed; any event is notified to local authorities, in accordance with legal regulations, and is handled according to instructions.

The occupational health and safety objectives are:

- Protecting the health and ensuring the safety of employees, visitors, customers and contractors;
- Ensuring and maintaining safe and healthy working conditions;
- Informing employees, visitors and contractors about the risks of injury;
- Providing training and expert advice;
- Maintaining 'ZERO TOLERANCE' towards any dangerous situation or action and towards manifestations in the category of dangerous incidents that may cause injuries or may be a danger to the health of all those involved in the work process;
- Operating in such a way as not to endanger the health of employees, customers and raw material suppliers or service providers in any way;
- Creating the conditions where employees or any other stakeholders can make suggestions for improving working conditions or product quality.

The health and safety of employees is essential in the day-to-day operations. In this regard:

- we have developed an occupational health and safety training and education plan, as well as specific procedures to monitor possible work accidents and other specific events;
- we partnered with an external consultant who periodically performs specific audits to help eliminate nonconformities;
- employees have at their disposal instructions and materials necessary for training on health and safety at work.

**In order to improve performance**, the Company provides: hygiene and health materials, protective equipment and medical supervision by the specialized occupational physician.

- The Company management has sought to improve conditions at work by taking all organizational, technical and health measures, according to the prevention and protection plan, and providing personal protective equipment corresponding to risks occurring when performing job-related tasks.
- Specific high-risk areas of injury have been determined and signaled by installing posters and warning signs in work areas.

**We allocate financial resources** for staff training, as well as staff health monitoring.

We strive to ensure that all operational processes regarding workplace risks are controlled, with internal health and safety management system in place.

In order to meet all applicable legal requirements, we have started a collaboration with a Romanian occupational health and safety service provider that works closely with the Occupational Health and Safety Committee (CSSM).

Within each country we are careful to meet all legal requirements in terms of health and safety at work. We stay close to our employees in order to mitigate existing risks and to avoid incidents or accidents at work.

There were no deviations giving rise to administrative or monetary penalties for legal nonconformity, as a result of inspections carried out by local authorities in any of the countries where our companies operate. As a result of a third-party audit conducted in Romania, for the restaurants, we have found that the degree of compliance is high, and potential nonconformities have decreased from one year to another.

Over the past few years, the number of occupational accidents has decreased at restaurants level.

No deaths have been recorded on the premises of Sphera portfolio companies.

| Indicator   | 2019 | 2020 | 2021 |
|---|------|------|------|
| <b>Sphera Franchise Group</b>                                     |      |      |      |
| <b>Number of occupational accidents</b>                           | 78   | 38   | 61   |
| <b>Number of days of sick leave due to occupational accidents</b> | 211  | 66   | 112  |

In order to prevent health and safety-related accidents or incidents from occurring, we have put in place a system providing information about existing risks or hazards, as well as bans and marking emergency exits and first aid kits.

## The Occupational Health and Safety Committee

Within Sphera Franchise Group, each Occupational Health and Safety Committee has the following responsibilities:

- Supervising the current state of health and safety activities;
- Proposing improvements taking into account the presence of groups sensitive to specific risks;
- Checking compliance with the legislation;
- Reviewing employee proposals on the prevention of accidents at work and occupational diseases, and for the improvement of working conditions.

## Training and Prevention

Regular trainings have focused on practical applications in terms of the use of available fire extinguishers and the course of action in case of emergency situations, fire neutralization and safe evacuation. We also constantly monitor the pieces of working equipment/technological installations to ensure that they run under optimal conditions so that they should not constitute an injury or fire hazard.

## Road Safety

Given the exposure to traffic hazards, our focus has been on the basic rules of safe driving in traffic.

### The number of days of sick leave (not resulting from accidents at work)

|                                     | 2019   | 2020   | 2021   |
|-------------------------------------|--------|--------|--------|
| <b>Sphera Franchise Group</b>       | 860    | 783    | 635    |
| <b>KFC Romania</b>                  | 24 225 | 25 859 | 29 931 |
| <b>Pizza Hut Dine-In Romania</b>    | 3 487  | 3 344  | 3 249  |
| <b>Pizza Delivery Romania</b>       | 2 124  | 2 089  | 1 386  |
| <b>Taco Bell Romania</b>            | 740    | 874    | 1 099  |
| <b>KFC Italy</b>                    | 1 705  | 2 608  | 2 611  |
| <b>KFC Moldova</b>                  | 443    | 486    | 280    |
| <b>TOTAL Sphera Franchise Group</b> | 33 584 | 36 043 | 39 191 |

As a result of providing delivery service to addresses indicated by customers, we recorded 12 traffic accidents in 2020 and 10 in 2021.

We have not recorded any legal proceedings related to violations of labor law or associated with discrimination at work. Thus, we cannot report any monetary losses for any of the companies in the Sphera portfolio considering these aspects.

## 5.1.3 Employee Capability Development and Improvement

Our business is based on people and their interaction with our customers. Ongoing training, employee motivation, access to development programs, as well as the creation of career paths for them are an ongoing concern for us.

We support and offer opportunities for growth and development for our employees and are in constant dialogue with them. A major element underlying our long-term success and sustainable development is the care taken by the Company for the development of the human capital. The way in which we manage our employees' potential and use collective intelligence are clear elements that attest to our success.

Thus, at business level, we must adapt to any challenges, and this is possible if our workforce is motivated by examples of positive attitude, with a focus on finding solutions, a balanced approach and the promotion of Company values.

### Human potential development is supported by:

Internships  
Internal skill development programs  
Induction training  
Digital training  
Training schools

### Hours of training per position

| Sphera Franchise Group    |                   |                   |                   |
|---------------------------|-------------------|-------------------|-------------------|
|                           | 2019              | 2020              | 2021              |
| Management                | 78 488.00         | 81 146.00         | 104 527.00        |
| Restaurant staff          | 378 780.80        | 222 067.00        | 290 403.00        |
| <b>Total</b>              | <b>457 268.80</b> | <b>303 213.00</b> | <b>394 930.00</b> |
| KFC Romania               |                   |                   |                   |
|                           | 2019              | 2020              | 2021              |
| Management                | 42 352.00         | 50 752.00         | 55 561.00         |
| Restaurant staff          | 272 048.00        | 165 928.00        | 215 712.00        |
| <b>Total</b>              | <b>314 400.00</b> | <b>216 680.00</b> | <b>271 273.00</b> |
| Pizza Hut Dine-In Romania |                   |                   |                   |
|                           | 2019              | 2020              | 2021              |
| Management                | 7 992.00          | 2 488.00          | 6 947.00          |
| Restaurant staff          | 35 448.00         | 9 464.00          | 12 040.00         |
| <b>Total</b>              | <b>43 440.00</b>  | <b>11 952.00</b>  | <b>18 987.00</b>  |

| Pizza Hut Delivery Romania |                  |                  |                  |
|----------------------------|------------------|------------------|------------------|
|                            | 2019             | 2020             | 2021             |
| Management                 | 14 520.00        | 8 224.00         | 8 381.00         |
| Restaurant staff           | 27 496.00        | 14 560.00        | 22 512.00        |
| <b>Total</b>               | <b>42 016.00</b> | <b>22 784.00</b> | <b>30 893.00</b> |

| Taco Bell Romania |                  |                  |                  |
|-------------------|------------------|------------------|------------------|
|                   | 2019             | 2020             | 2021             |
| Management        | 6 776.00         | 4 728.00         | 7 837.00         |
| Restaurant staff  | 33 264.00        | 15 848.00        | 21 112.00        |
| <b>Total</b>      | <b>40 040.00</b> | <b>20 576.00</b> | <b>28 949.00</b> |

| KFC Italy        |                  |                  |                  |
|------------------|------------------|------------------|------------------|
|                  | 2019             | 2020             | 2021             |
| Management       | 5 856.00         | 24 841.00        | 24 841.00        |
| Restaurant staff | 7 084.80         | 16 267.00        | 16 267.00        |
| <b>Total</b>     | <b>12 940.80</b> | <b>41 108.00</b> | <b>41 108.00</b> |

| KFC Moldova      |                 |                 |                 |
|------------------|-----------------|-----------------|-----------------|
|                  | 2019            | 2020            | 2021            |
| Management       | 992.00          | 720.00          | 960.00          |
| Restaurant staff | 3 440.00        | 1 160.00        | 2 760.00        |
| <b>Total</b>     | <b>4 432.00</b> | <b>1 880.00</b> | <b>3 720.00</b> |

The number of training hours increased in 2021 compared to 2020 as a result of resuming all development endeavors deemed to be useful in supporting the business.

### Internships

In the context of solid partnerships with various educational institutions, we have managed to carry out practical training programs for high school students interested in discovering the hospitality industry. We want to prepare the workforce ahead of time and to attract talented employees, which is why we enter into partnerships with educational institutions that train young people in our industry.

### Internships in Romania



We have taken great care with this program, in the context of the pandemic. During internships, all participants have been under the guidance of a mentor responsible for their progress.

## Internal Skill Development Programs

Growth requires a personalized and interactive approach through which we help employees bring added value to their teams and their communities. In order to ensure that employees are dedicated to their work and stay connected to customer needs, Sphera focuses on maintaining a dynamic working environment by implementing training programs specific to the needs of each position and characteristic of the business. In support of the general objective of innovation and digitalization, we have focused on the digitalization of the training and skill development processes.

Thus, the career path of a new employee goes through these stages:

### Induction Training

After hiring, all new employees start their training and development path, specific to the position held, in order to facilitate their integration within the Company and to help them become familiar with work responsibilities and standards.

During the 2020 - 2021 period, we updated the onboarding and integration program for new employees, focusing on the online environment and the need to provide employees with useful information at the beginning of their careers: information about the Company, the team and the business itself.

### Digital Training

In 2020 - 2021 we continued developing modules specific to the operational training on a platform accessible to all employees, regardless of their level of expertise. By accessing the modules specific to the position held, each employee is trained in fulfilling his or her responsibilities.

All operational training modules have been updated, for all hierarchical levels, and we have added new modules targeting GDPR and the prevention and combating of the spread of the COVID-19 virus.

### Training Schools

Wishing to support new employees or recently promoted employees, we have offered the opportunity to experience the new position in a safe setting, through guided practice as part of **Training Schools**.

#### Training Schools



**251** people trained



**636** people trained

## RGM1 & Board of Review

Leading by example is key, and personal experience can be a source of inspiration for our restaurant managers' leadership style, which is why, in order to ensure that they are ready and interested, we have created an ongoing skill training and assessment process.

### Programs for developing thinking and behaviors

In 2021 we noticed that employees' response to the pressures of the pandemic, their responsiveness and their behaviors were the result of their thinking. We then decided to start training managers so that they should be able to identify the interlocutor's mindset and to know which questions to ask in order to make the transition from a fixed mindset to a growth mindset and how to explain behaviors and make them more efficient.

Thus, we came up with a mixture of online and face-to-face training sessions, whenever possible, which combined two major concepts:

- **Fixed Mindset vs Growth Mindset** – a program through which we clarify the benefits of a growth mindset and offer tools/techniques for solving problems;
- **Leading with Heart** – a program that allows everyone to understand their own behavior and to enhance effective behaviors that induce well-being at team level.



**1622** hours for  
**Fixed Mindset vs Growth Mindset**

**2232** hours for  
**Leading with Heart**

Support for these programs also came through actions such as:

- We adapted an online module dedicated to Pizza Hut Dine-In and Pizza Hut Delivery employees on the digital platform;
- We created a learning path about these topics within E-learn@ SPHERA project, too.

As a result of the realness of the topics addressed, this program was recognized as **best practice** during the 2021 HR College organized for HR teams dedicated to KFC Russia, CIS, CEE & WE.

## E-learn@SPHERA

Since 2020, we have provided all Sphera employees with a digital learning platform, which brings together over 600 courses focused on personal growth and professional skill development. The platform has been created by an external collaborator, with easy access that meets our employees' needs and interests. Having this platform at our disposal, we have created learning paths specific to the topics of interest within the Company: communication, collaboration, change management, crisis management, conflict management, appreciation etc. We have also highlighted the existence of generic modules such as: English, MS Office, Project Management etc.

### 5.1.4 Employee Satisfaction and Well-being

The success of our business depends on our ability to attract and retain talented, healthy, dedicated and responsible employees.

Employee satisfaction and well-being are a major aspect of the employee-employer relationship.



**243** promoted employees



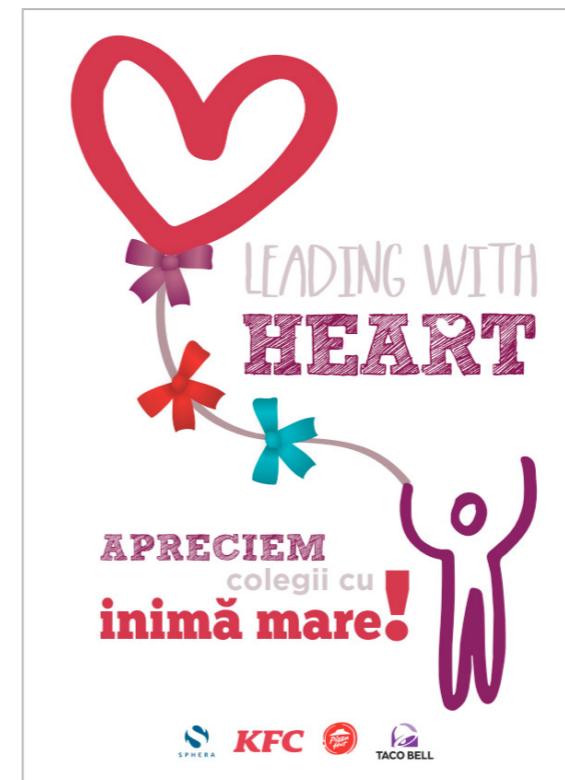
**308** promoted employees

In 2020 we increased the value of the meal ticket to RON 20 and implemented two salary increases, followed by two more in 2021. We have kept the financial offer with salary increases in increments and a benefit package specific to the hierarchical level occupied and we have emphasized the opportunity of career development/advancement and flexibility in terms of the working hours.



## Appreciation

In 2020 – 2021 we once again focused on appreciating our employees' merits, deliverables, behaviors and contributions. We organized training sessions for everyone in the management and the necessary information and tools were provided in order for them to be able to constantly and coherently implement acts of appreciation, applied at personal level.



## Concern for employees who become parents

The experience of being a parent is encouraged by Sphera in the sense that our employees benefit from days of parental leave specific to events related to their roles as parents.

| Indicator   | 2019 | 2020 | 2021 |
|---|------|------|------|
| <b>Sphera Franchise Group</b>   |      |      |      |
| <b>TOTAL NUMBER of employees who have benefited from parental leave</b> | 293  | 159  | 170  |
| Women   | 278  | 152  | 158  |
| Men   | 15   | 7    | 12   |
| <b>TOTAL NUMBER of employees who have come back from parental leave</b> | 160  | 108  | 138  |
| Women   | 146  | 102  | 120  |
| Men   | 14   | 6    | 18   |

As we can see, the number of male employees who benefited from parental leave in 2021 was higher than in previous years.

## Constant Dialogue

We keep an active dialogue and an open communication, based on feedback, with all our employees using the EMPLOYEES' TELEPHONE. This communication channel is accessible to all employees, and calls are taken and investigated in order to find the most suitable solutions.



During our collaboration we try to stay close to our employees and their families by:

- Offering bonuses for certain occasions to both employees and their children;
- Offering a symbol of spring, beauty and appreciation in early March;
- Celebrating employee loyalty;
- Celebrating individual moments of success;
- Appreciating and recognizing merits, behaviors and contributions;
- Constantly informing employees through official notices, presentations and local meetings;
- Organizing internal competitions focused on operational topics and creativity and social responsibility;
- Taking part in international competitions organized within Yum!

## 5.2 Community Involvement

Sphera is committed to developing partnerships with high school and university educational institutions in order to support future generations, in terms of the access to the labor market, the start in career management and professional development. The success of our business depends largely on our customers' quality of life and the well-being of the communities in which we operate.

### 5.2.1 Community Involvement and Impact on the Community

We believe that supporting those in need should be part of Company 'life'. Moreover, in addition to supporting the community through active participation in programs designed to help those who are vulnerable, it is also important to raise awareness of existing programs and initiatives, as well as motivate other companies to become more active.

We are working on building a strategy for the years to come so that we are able to support the community in the long run. We have implemented the HARVEST food donation program since 2017, and it is our wish to extend it.

The situation and the context of the pandemic have put pressure on the hotel and catering industry in which we operate. Thus, almost all our actions in the area of social responsibility slowed down during the 2020 – 2021 period. The possibility of implementing projects with external stakeholders was difficult at organizational level due to the restrictions and impediments imposed, especially in 2020. In 2021, we managed to resume our support for projects carried out with associations and foundations also supported in previous years.



## The Food Donation Program – HARVEST

We have donated food to several charitable associations and foundations. The program was extended to even more restaurants in 2021: 37 restaurants in Romania and 4 restaurants in Italy.



### 2020 – 2021 Social Responsibility actions and initiatives:

- A donation to the Romanian Red Cross worth EUR 100 000 for the purchase of devices/ventilators and protective clothing for the medical staff in hospitals, in support of the 'Covid-19 Information, Prevention and Intervention Campaign';
- Donations of products and raw materials were made to several humanitarian associations and organizations in 2020 – 2021.

### The amount and type of sponsorship (EUR)

| Entity                                 | Type of sponsorship                                  | 2020 – 2021 |
|--|--|-------------|
| Sphera Franchise Group                 | Cash donation to the Romanian Red Cross              | 100 000.00  |
|  | Cash donations from own funds and customer donations | 152 000.00  |
| KFC                                    | Donations of products                                | 8 450.00    |
|  | Donations of raw materials                           | 75 300.00   |
|  | Donations of products                                | 3 980.00    |
| Pizza Hut Dine-In & Pizza Hut Delivery | Donations of raw materials                           | 24 500.00   |
|  | Cash donations from customer donations               | 2 800.00    |
| Taco Bell                              | Donations of raw materials                           | 8 000.00    |
|  | Donations of products                                | 100.00      |

## 5.2.2 Suppliers' and Customers' Health and Safety

Sphera and its companies understand consumers' right to expect the food they purchase to consume to be safe and of high quality, and the restaurant environment to be risk-free. We also know how important safety is to our suppliers. We want to make sure that our practices comply with all applicable standards in the food industry, and we constantly focus on finding new and varied solutions.

### All employees are ready to provide a Customer Mania service.

The **Customer Mania** service fully complies with CHAMPS standards. For each CHAMPS standard, **the positive attitude** is expressed differently, in order to achieve the objectives of **Cleanliness, Hospitality, Accuracy, Maintenance, Product Quality and Speed of Service**.

Full compliance with CHAMPS standards, as defined above, is the main responsibility set out in Job Descriptions for all employees working at restaurant level.

We use different systems for managing and assessing customer satisfaction, including:

- GES (Guest Experience Survey)**, a digital platform offered by the franchisor, through which our customers can leave comments/submit complaints about the quality of the products and services offered: overall satisfaction, the taste of the food, the speed of service, the accuracy of the order, staff courtesy, general cleanliness, issues identified, problem solving;
- PARTOO**, a digital platform managed by Google my Business, which offers the possibility of managing certain complaints from customers in real time and which facilitates connecting with them.

We regularly carry out three types of operational audits aimed at restaurant safety, food safety requirements and cleaning in public areas and kitchens procedures, compliance with HACCP standard rules, the use of working equipment and food processing, i.e.:

- The ROCC** (Restaurant Operations Compliance Check) **audit** is carried out by an external company contracted by the franchisor. The audit is carried out in each restaurant four times a year;
- The internal audit** – carried out daily by restaurant managers and team leaders and periodically by area managers;
- The HACCP\* audit** – all our restaurants are audited on average three times a year by the specialized external consultant.

\*HACCP = Hazard Analysis and Critical Control Point of general principles of food hygiene

# 6 GRI and SASB Index

## The GRI and SASB Index

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