



SPHERA

BEYOND RESTAURANTS

# SUSTAINABILITY REPORT 2023



SPHERA FRANCHISE GROUP





|           |                                               |                  |
|-----------|-----------------------------------------------|------------------|
| <b>01</b> | <b>CEO’s Message</b>                          | <b><u>3</u></b>  |
| <b>02</b> | <b>2023 in Numbers</b>                        | <b><u>5</u></b>  |
| <b>03</b> | <b>About the Report</b>                       | <b><u>6</u></b>  |
| <b>04</b> | <b>Economic Context</b>                       | <b><u>7</u></b>  |
| <b>05</b> | <b>About Sphera Group</b>                     | <b><u>8</u></b>  |
| <b>06</b> | <b>Sustainability Strategy</b>                | <b><u>12</u></b> |
|           | 6.1 Double Materiality Assessment             | <u>15</u>        |
| <b>07</b> | <b>Corporate Sustainability Governance</b>    | <b><u>21</u></b> |
|           | 7.1 Business Ethics                           | <u>24</u>        |
|           | 7.2 Compliance and Risk Management            | <u>26</u>        |
| <b>08</b> | <b>Our Products</b>                           | <b><u>29</u></b> |
|           | 8.1 Sustainability in the Supply Chain        | <u>29</u>        |
|           | 8.2 Food Quality and Safety                   | <u>32</u>        |
|           | 8.3 Responsibility in Communication           | <u>33</u>        |
| <b>09</b> | <b>Environment</b>                            | <b><u>36</u></b> |
|           | 9.1 Energy                                    | <u>36</u>        |
|           | 9.2 Carbon Emissions                          | <u>38</u>        |
|           | 9.3 Circular Economy and Waste Management     | <u>41</u>        |
|           | 9.4 Food Waste                                | <u>45</u>        |
|           | 9.5 Water Resources Management                | <u>45</u>        |
| <b>10</b> | <b>People and Communities</b>                 | <b><u>48</u></b> |
|           | 10.1 Our Team                                 | <u>48</u>        |
|           | 10.2 Diversity and Equal Opportunities        | <u>51</u>        |
|           | 10.3 Professional Training and Education      | <u>52</u>        |
|           | 10.4 Health and Safety                        | <u>55</u>        |
|           | 10.5 Employee Satisfaction                    | <u>56</u>        |
|           | 10.6 Customer Satisfaction                    | <u>58</u>        |
|           | 10.7 Involvement in the Community             | <u>58</u>        |
| <b>11</b> | <b>Reporting according to the EU Taxonomy</b> | <b><u>61</u></b> |
| <b>12</b> | <b>Appendices</b>                             | <b><u>68</u></b> |
| <b>13</b> | <b>Content Index GRI, SASB, ODD</b>           | <b><u>70</u></b> |



# 01 CEO's Message

GRI 2-22, GRI 2 - 23



Dear readers,

I'm happy to share some thoughts on our commitment to a more responsible future as introduction to Sphera Franchise Group's fifth Sustainability Report.

We have a clearly defined vision, where business only thrives by respecting people and the planet, and our current and future plans take this into account.

From introducing vegetarian options to our menu, to our initiatives supporting education and community development, every step along the way is a commitment to sustainability.

In 2023, we opened eight new KFC units in Romania, keeping our promise to provide excellent service to our customers. However, success does not come without challenges. We also made the decision to close two KFC units in Italy and two in Romania, in order to focus our resources where we can have the greatest impact.

Another change was the unification of our brands Pizza Hut and Pizza Hut Delivery, thus aligning with the standards of our franchisor Yum! Brands and optimizing the company structure. As part of this process, 7 Pizza Hut units ceased operations in 2023, but we managed this process responsibly. We have implemented strategies to minimize the impact on the involved employees and communities. All affected colleagues have been offered the opportunity to relocate to other Sphera units, either within the Pizza Hut network or in other Group restaurants, thus guaranteeing job continuity and support for our team members.

The actions and initiatives included in this report reflect our constant work to harmonize business goals with environmental and social ones, in line with our values: Team, Trust, Gratitude, Action and Development. This is because, for us, corporate responsibility is not just a goal, but a way of being.

We have focused on improving energy efficiency and on initiatives that support the transition to a circular economy and a prosperous community. We have expanded social initiatives, because we are convinced that, through the support given to our communities and employees, we strengthen our company, as well as the entire structure of the communities where we operate. This means that every step we take is aligned with the UN's Sustainable Development Goals, thus contributing to sustainable local development. In this sense, we have made it our goal

to collaborate with local producers, thus supporting the regional economy and minimizing our carbon footprint by shortening supply chains. We also focus on packaging innovations, switching to materials from renewable or recycled sources, thereby reducing our environmental impact. In addition, concern for animal welfare guides our purchasing policy. We choose partners that meet the highest standards of ethics and responsibility.

Looking ahead, we want to explore new growth opportunities and respond dynamically to market trends. We will continue to innovate in our menus, expand to where we see the greatest opportunity to make a positive contribution and invest in technology solutions that position us as an example of specific best practices in the digital age.

We recognize that the road ahead is still long and full of challenges, but we remain confident in our ability to progress. Looking back, I am proud of what we have achieved and I thank my colleagues and collaborators who were with us in 2023.

I'd like us to have a moment of reflection as we go through this report and stay focused on the ambitious goals we have set for the years to come.

**Călin Ionescu**

CEO

Sphera Franchise Group





# Sphera Group

---

2023 IN NUMBERS

ABOUT THE REPORT

ECONOMIC CONTEXT

ABOUT SPHERA GROUP





# 02 2023 Numbers for Sphera Group

GRI 201 - 1

## 3 EMBLEMATIC BRANDS

**KFC**



**TACO BELL**



**171**  
**RESTAURANTS**  
in 3 countries



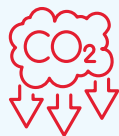
**5,152**  
**employees**



**1,469.17**  
**million lei**  
net sales



**4,938**  
**kg**  
donated food



### Reducing emissions

#### SCOPE 1

By **10%**  
compared to 2022

#### SCOPE 2

By **5%**  
compared to 2022



### Intensity of GHG emissions

per 1 mn lei of net sales revenue (tons of CO<sub>2</sub>e/mn lei)

**6.78** tons CO<sub>2</sub>e



### Energy intensity

for each mn lei in sales

**27.81** kWh of energy





# 03 About the Report

GRI 2-2, GRI 2-3, GRI 2-4, GRI 2-5

This **Sustainability Report** was produced in accordance with the international reporting standard **Global Reporting Initiative - GRI 2021** and the **Sustainability Accounting Standards Board (SASB)**, dedicated to the "Food & Beverage" sector. The report also includes detailed information according to the EU Taxonomy.



The sustainability reporting period **January 1 - December 31, 2023**, is aligned with the financial reporting period, and the data presented in this report covers all Sphera Franchise Group operations in Romania, Italy and the Republic of Moldova, unless the limits are otherwise specified in the document.

The companies included in the scope of the report are:

- **Sphera Franchise Group S.A.;**
- **US Food Network S.A.** (KFC Romania);
- **US Food Network S.R.L. Moldova** (KFC Moldova);
- **US Food Network S.r.l. Italy** (KFC Italy);
- **American Restaurant System SA** (Pizza Hut Romania, Pizza Hut Delivery Romania);
- **California Fresh Flavors S.R.L.** (Taco Bell Romania).

The sustainability report is published annually, at the end of June. This is the fifth edition for Sphera Group.

The data presented in this report has not been audited by a third party.

In the chapter on the management of water resources ([see page 45](#)), we have included a correction of the data published in 2021 and 2022 for the water consumption of US Food Network S.R.L. (KFC Moldova), as well as the explanation of that correction.

In the circular economy and waste management section ([see page 41](#)), we have included a correction to the data published in 2021 and 2022 in relation to the amounts of plastic and paper / cardboard waste recycled by the Sphera Group, as well as a correction to the waste data feed for 2022, together with explanations for these corrections.

## CONTACT

For more information about this report, you can contact us at [contact@spheragroup.com](mailto:contact@spheragroup.com).





# 04 Economic Context

GRI 2-6

At European level, the quick service restaurants (QSR) segment represents one of the main pillars of the food industry, with a 32.3% share in the total value of the industry<sup>1</sup>. While large companies such as Yum! Brands are clustered at the top of the pyramid, the rest of the industry remains quite fragmented, with a significant number of independent companies with various specializations.

In terms of consumption trends, the acceleration of the pace of life and urbanization have led to increased demand for quick service restaurants. This evolution has also determined a diversification of menus, which now feature plant-based protein foods and customized options, while improvements in technology and the digitization of delivery services have helped strengthen the industry. Additionally, sustainability has become a major concern, with QSR chains adopting measures such as reducing single-use packaging and introducing options sourced from renewable sources or recycled materials. In this context, the dynamics of this industry is expected to accelerate, with a compound annual growth rate (CAGR) of 8.5% during the period 2022-2027<sup>2</sup>.

These trends are also reflected in the Romanian market. In 2023, independent units recorded a 12% increase in sales, reaching 19.4 billion lei. The projections aim at a compound annual growth rate (CAGR) of 10%, in nominal values, for the period 2023-2028, up to 31.2 billion lei. This evolution of the Romanian market brings considerable opportunities for investors and operators in the quick service restaurants industry, but also specific challenges related to adapting to consumer preferences and the ever-changing legal and regulatory requirements.

**At the end of 2023, Sphera Franchise Group managed 171 restaurants in Romania, the Republic of Moldova and Italy.**

In Romania, through the three brands – **KFC, Pizza Hut and Taco Bell** – the Group is continuously strengthening its market presence, implementing digitization initiatives and expanding the product offer to reflect local preferences. We focus on increasing accessibility and diversifying points of sale, as well as on amplifying online presence, while taking a pragmatic approach to menus, where local tradition intertwines with global trends.

The expansion of Sphera Group in the Republic of Moldova represents a promising direction, considering the country's position as an emerging market and the growth potential. Here, the quick service restaurants industry is in a developing phase, with considerable room for innovation and growth. There are opportunities for QSR chains to capitalize on the increase in purchasing power and urbanization, which are similar to the trends in Romania.

The quick service restaurants sector in Italy has seen notable developments. The market developed as a result of the multiplication of sales points and urban population growth with incomes on an upward trend. However, growth projections are rather moderate, with an annual CAGR of 1.24%<sup>3</sup>. This growth is sustained by the recognition of QSR chains as quick and affordable dining options, especially among young people.

Health and sustainability will also play very important roles in the future development of the industry. This means that in order to remain competitive, the quick service restaurant industry needs to adopt sustainable practices and focus on higher quality ingredients to attract consumers who are aware of the impact of their food on the environment and health.

<sup>1</sup> Europe Foodservice Market Summary, Competitive Analysis and Forecast to 2027 - Marketline

<sup>2</sup> Consumer Foodservice By Location in Romania | Market Research Report | Euromonitor

<sup>3</sup> [Fast Food Market Overview in Italy 2023-2027 - Search - ReportLinker](#)







# 05 About Sphera Group

GRI 2-1, GRI 2-2, GRI 207-4, SASB FB-RN-000.A

**Sphera Franchise Group S.A.** ("Sphera" or "Company") was founded in 2017 in Bucharest, as a joint-stock company.

Sphera Group is currently active in three distinct geographic markets: **Romania, the Republic of Moldova and Italy.**

The member companies of Sphera Group are:

- **US Food Network S.A.** („USFN” or „KFC Romania”),
- **US Food Network S.r.l.** („USFN Italy” or „KFC Italy”),
- **US Food Network S.R.L.** („USFN Moldova” or „KFC Moldova”),
- **California Fresh Flavors S.R.L.** („CFF” or „Taco Bell Romania”),
- **American Restaurant System S.A.** („ARS” or Pizza Hut Romania).

All these entities carry out activities in the foodstuffs field, while Sphera Franchise Group S.A. covers a wide range of services for the former (management, marketing and sales activities, human resources management etc.).



**Sphera Franchise Group S.A. is the only organization in the Romanian HoReCa sector listed on the Bucharest Stock Exchange included in the main index of the Stock Exchange, BET. The company has been listed since 2017, under the stock exchange symbol “SFG”.**







## How we generate value



### QUICK SERVICE RESTAURANTS

# KFC

**KFC (Kentucky Fried Chicken)** is the largest chain of quick service restaurants (QSRs) in Romania, classified by number of units.

KFC is a global chicken restaurant brand with a rich success and innovation history spanning decades. It all started in the United States with one cook, Colonel Harland Sanders, who created a delicious recipe more than 75 years ago. Today, his successful recipe is still followed in KFC restaurants, where cooks prepare the chicken by hand, in over 27,000 restaurants in more than 145 countries and territories around the world.

At the end of 2023, there were 101 restaurants in Romania<sup>1</sup>, 18 in Italy and 2 in the Republic of Moldova.



### TACO BELL

Taco Bell is a quick service restaurant chain offering a variety of Mexican-inspired dishes such as tacos, burritos, quesadillas, nachos and other specialties.

During 2023, California Fresh Flavors operated 15 restaurants in Romania, located in the cities of Bucharest, Cluj, Braşov, Constanta, Timişoara, Sibiu, Craiova, Iaşi, Bacău and Ploiesti.



### DINE-IN RESTAURANTS



**Pizza Hut** is a dine-in and home delivery restaurant chain. The company offers a wide range of products – from pizza and pasta to burgers, as well as alcoholic and non-alcoholic beverages and desserts.

At the end of 2023, 34 restaurants were in operation under the Pizza Hut2 brand, and one under the Pizza Hut Delivery sub-franchise.

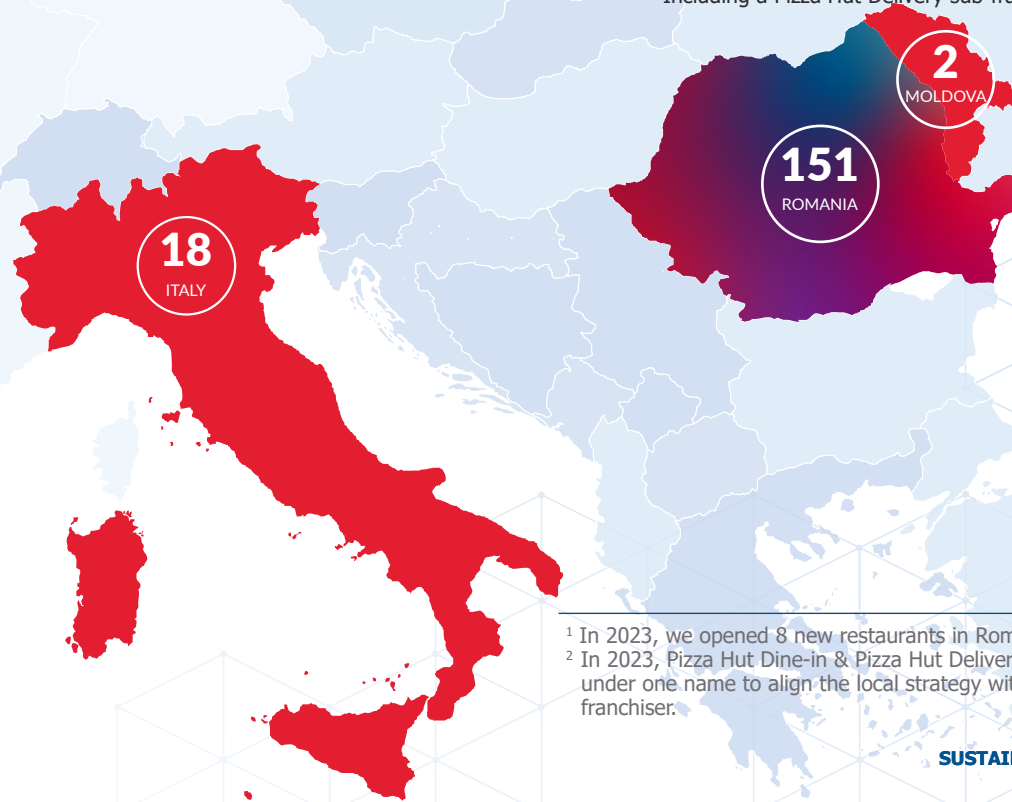


### DYNAMICS OF RESTAURANTS WITHIN SPHERA FRANCHISE GROUP

| No. of restaurants/Brand/year | 2021 | 2022 | 2023 |
|-------------------------------|------|------|------|
| KFC Romania                   | 93*  | 98*  | 101  |
| KFC Italy                     | 20   | 20   | 18   |
| KFC Moldova                   | 2    | 2    | 2    |
| Taco Bell                     | 13   | 15   | 15   |
| Pizza Hut                     | 42** | 42** | 35*  |
| Total Group                   | 170  | 177  | 171  |

\* From an administrative point of view, in 2022, KFC Romania also operated 1 PAUL restaurant and 1 Pizza Hut Delivery restaurant in Cluj.

\*\* Including a Pizza Hut Delivery sub-franchise in Romania.



<sup>1</sup> In 2023, we opened 8 new restaurants in Romania.

<sup>2</sup> In 2023, Pizza Hut Dine-in & Pizza Hut Delivery were brought together under one name to align the local strategy with that of Yum!, our franchiser.





# Vision and Values of Sphera Group

**Our values** reflect a commitment to excellence, innovation, integrity and mutual respect. They guide our daily actions and inspire us to provide the best customer service, create a pleasant work environment for our employees and contribute to the good of the community.



## VISION

Be leaders of the food service industry in Romania and become an important actor at European level.



## MISSION

Provide customers with a memorable experience, supported by excellent service and unique products, prepared by passionate teams.



## TEAM

Our success derives from teamwork. We cooperate with colleagues to implement and adopt best practices; with customers to provide them with great experiences; with the community to create the conditions for development.



## ACTION

We act promptly and look forward to the future. We focus on priorities and solutions. We do not tolerate unethical behavior.



## CONFIDENCE

We increase confidence in 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 take responsibility for our actions.



## DEVELOPMENT

We develop people and business. We encourage colleagues to develop personally and professionally. We develop management teams in the SMART & HEART & COURAGE & GREEN spirit. We develop SMART restaurants for our customers.



## THANKFULNESS

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

## Partnerships and Affiliates

GRI 2-6, GRI 2-28

We have partnerships with various organizations and entities in our field of activity. We take seriously and respect all responsibilities arising from these collaborations.

- **US Food Network S.A.** is a member of the Union of Poultry Breeders of Romania.
- **US Food Network S.A. & American Restaurant System S.A.** are members of the HORA Organization, the representative authority of the Romanian hospitality industry with a mission to support and promote the common interests and values of its members, nationally and internationally.



# Sustainability

## SUSTAINABILITY STRATEGY

DOUBLE MATERIALITY ASSESSMENT

## CORPORATE GOVERNANCE OF SUSTAINABILITY

BUSINESS ETHICS

COMPLIANCE AND RISK MANAGEMENT







# 06 Sustainability Strategy

GRI 2-23, 2-29, GRI 2-28, GRI 207-1

The 2025 sustainability strategy is based on our mission to offer customers an unforgettable experience through our exceptional services and unique products, prepared by passionate teams. By the nature of our activities, we are committed to providing safe and high quality food products, to having a positive impact on the communities in which we operate and to acting responsibly towards the environment.

The sustainability and business strategies are integrated, because we believe that economic success is inseparable from social commitment and environmental responsibility.



## BUSINESS

We are committed to excellence in all aspects of our business, promoting transparency and integrity as core values in everything we do.



## PRODUCTS

Our efforts are focused on providing safe and high quality food, recognizing its importance in the general well-being of consumers.

Our 2025 sustainability strategy is structured around four pillars.



## ENVIRONMENT

Our responsibility towards the environment is essential. We adopt practices that reduce the impact of our activities.



## PEOPLE AND COMMUNITY

Developing social responsibility from the perspective of improving the lives of our communities and employees is the basis of our initiatives.

Given our sustainability strategy, in February 2022, we took a significant step by joining the UN Global Compact initiative. This action underlines our dedication to integrating sustainability into all dimensions of the business, from operations to interaction with communities and the environment. By joining the UN Global Compact, we have demonstrated our commitment to promoting and implementing universal standards in the areas of human rights, labor, the environment and anti-corruption.

We aim to be an example of how businesses can be part of the change, actively contributing to the achievement of the Sustainable Development Goals (SDGs).





## The UN Sustainable Development Goals to which Sphera Group aims to contribute



## Mapping the pillars of the Sustainability Strategy and the SDGs to which Sphera Group contributes

| Sustainability Strategy Pillar  | Categories Material Subjects                                                                                                                                                                                                                                                                  | Sustainable Development Goals | ESG Pillars                     |
|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------|
| <b>Business</b><br>             | <ul style="list-style-type: none"> <li>Corporate culture and business ethics</li> <li>Bribery and corruption</li> <li>Compliance and risk management</li> <li>Stakeholder engagement</li> <li>Managing a responsible supply chain</li> <li>Privacy and data protection</li> </ul>             |                               | Governance                      |
| <b>Products</b><br>             | <ul style="list-style-type: none"> <li>Quality, Food Safety and Consumer Health</li> <li>Nutritional Content</li> <li>Product Marketing and Labeling Practices</li> </ul>                                                                                                                     |                               | Governance, Environment, Social |
| <b>Environment</b><br>          | <ul style="list-style-type: none"> <li>Greenhouse gas emissions / Climate change</li> <li>Circularity of resources</li> <li>Water management</li> <li>Food and packaging waste management</li> <li>Energy management</li> <li>The supply of raw materials making up the foodstuffs</li> </ul> |                               | Environment                     |
| <b>People and Community</b><br> | <ul style="list-style-type: none"> <li>Work practices</li> <li>Employee health and safety</li> <li>Inclusion, diversity and equal opportunities</li> <li>Developing employees and skills for the future</li> <li>Human rights (incl. the entire supply chain)</li> </ul>                      |                               | Social                          |





## Our progress in meeting the assumed sustainability targets

| GOALS                                                                                                                                      | TARGETS                                                                                                                                     | PROGRESS IN 2023                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governance Responsibility</b>                                                                                                           |                                                                                                                                             |                                                                                                                                                                                         |
| <b>Responsible suppliers</b><br>We ensure that all our requirements are met and we work closely with suppliers to maintain high standards. | Audit of suppliers of basic products according to the Code of Conduct and the Sustainability Approach, by 2025.                             | In 2023, all our chicken suppliers underwent a rigorous verification process through an annual animal welfare audit to ensure compliance with industry ethics and responsible practice. |
| <b>Environmental Responsibility</b>                                                                                                        |                                                                                                                                             |                                                                                                                                                                                         |
| <b>Energy efficiency</b><br>Reducing the organization's energy consumption and carbon footprint.                                           | 100% energy efficient lighting (LED lighting) – by 2024.                                                                                    | The Group's objective to implement energy-efficient lighting (LED lighting) in all restaurants has been met; 100% implementation was achieved in 2023.                                  |
| <b>Social Responsibility</b>                                                                                                               |                                                                                                                                             |                                                                                                                                                                                         |
| <b>Human rights</b><br>"Employer of choice", by ensuring a non-discriminatory workplace, diversity and inclusion.                          | 2% of staff employed to come from vulnerable communities, people with disabilities as well as diverse nationalities <sup>1</sup> , by 2023. | In 2023, over 2% of all employees came from vulnerable communities, diverse nationalities or were disabled.                                                                             |
| Employee satisfaction and well-being.                                                                                                      | 80% internal promotion rate for management roles in restaurants, by 2025.                                                                   | In 2023, we achieved an 80% internal promotion rate for restaurant management roles. We continue to run skills development programs and closely monitor internal human potential.       |

<sup>1</sup> The percentage refers to the total number of people from one of the following categories: (i) vulnerable communities made up of people exposed to the risk of economic and social vulnerability due to situations such as: loss of housing, limited schooling; (ii) persons with disabilities; (iii) citizens of a nationality other than Romanian.







## 6.1 Double Materiality Assessment

### GRI 2-14

The process of determining material topics is a fundamental step in the development of our sustainability report, highlighting Sphera Group's commitment to sustainability and transparency. The process was designed to identify and evaluate the most important relevant topic for Sphera Group and its stakeholders, and is aligned with the principles of double materiality assessment proposed by the GRI standard.

Similarly to previous years, in 2023 we also ran a full double materiality process to ensure that our report reflects not only the developments within the company, but also the expectations of our stakeholders.

The existing list of material topics has been reviewed and updated taking into account feedback from the stakeholders, legislative developments, industry trends and reporting standards, including those relevant to the SASB sector.

Active stakeholder participation was an important element in our process, enabling us to identify and prioritize material topics through a series of interviews with senior management, as well as by distributing consultation questionnaires to customers, suppliers, financial institutions, regulatory authorities, professional associations, and local communities.

Each identified material topic was later assessed in order to understand its impact on society and the environment, including on human rights, as well as its relevance to the company's strategic and operational decisions.

The topics were classified and prioritized based on the impact assessment, with the active involvement of senior management, who validated the final materiality matrix. Carrying out the double materiality assessment for 2023 included several steps.

The ESG Committee and other specialists from different departments were engaged in reanalyzing the material topics of the company. The goal of this working group was to develop a preliminary list of ESG themes. In order to develop this list, the material topics identified in the previous analysis process were taken into account, the

latest market trends were reviewed and the industry benchmark was consulted, as well as the most recent changes to the GRI and SASB standards. Thus, a list of **27 ESG topics** was defined. The agreed list was later validated by the company management (the list can be consulted in Appendix 2).

The next step was to identify, select and consult stakeholders. The 27 material topics were included in an online questionnaire, available in Romanian, English and Italian, prepared so as to be distributed to stakeholders for evaluation. For each material topic, respondents had the opportunity to rate its importance by selecting one of the five available options: extremely important, very important, somewhat important, not so important, not at all important.

Relevant stakeholders for Sphera Group were identified, from all three countries where we operate, from all areas of activity and business relationships. The questionnaires were sent to internal (employees, management) and external stakeholders groups (customers, suppliers, regulatory organizations, professional and business organizations, academics, NGOs and media, influencers, franchisors), to capture their perspectives and priorities in relation to the topics identified by Sphera.

A comprehensive and inclusive approach was adopted in the materiality assessment process, to ensure a broad participation of all stakeholders, both internal and external.

For the employees of all Sphera branches, the questionnaires were distributed using QR codes, accessible in all the Group's restaurants and by e-mail. Also, the restaurant employees were informed by the restaurant managers as to the existence of these questionnaires, and as to their purpose and encouraged to express their point of view. This method facilitated active participation and provided for an efficient and direct way to collect employee feedback. At Sphera Group level, **20.62% of employees responded to the questionnaire**, reflecting their commitment to the evaluation process.

In **Romania and Moldova**, we sent the questionnaires to more than **223 quantifiable external parties**.

The detailed distribution was as follows:

- over 150 suppliers,
- 40 influencers and journalists,
- 22 representatives of franchisors,
- 8 representatives of other categories (representatives of local communities, board members and shareholders).

In addition, we made the questionnaires accessible on the Group's social networks, facilitating the widest possible participation.

For **Italy**, the questionnaires were distributed to more than **150 external stakeholders** and, similarly to the approach in Romania and the Republic of Moldova, they were also made available on social media to engage customers. This strategy was designed to ensure wide participation and capture a diverse range of feedback and insights.

At the **Sphera Group** level, responses were collected from:

- 61 suppliers,
- 46 customers,
- 14 mass media representatives and social media influencers,
- 21 representatives of other categories (representatives of professional or business associates, board members and shareholders, non-governmental organizations, franchisor representatives, regulatory authorities and financiers).

Based on information obtained from the consultation, the results were evaluated, taking into account the importance given to each topic by different categories of stakeholders.

To interpret the results of the questionnaires, marks were given between 1 and 5, where 1 represented not at all important and 5 meant extremely important.





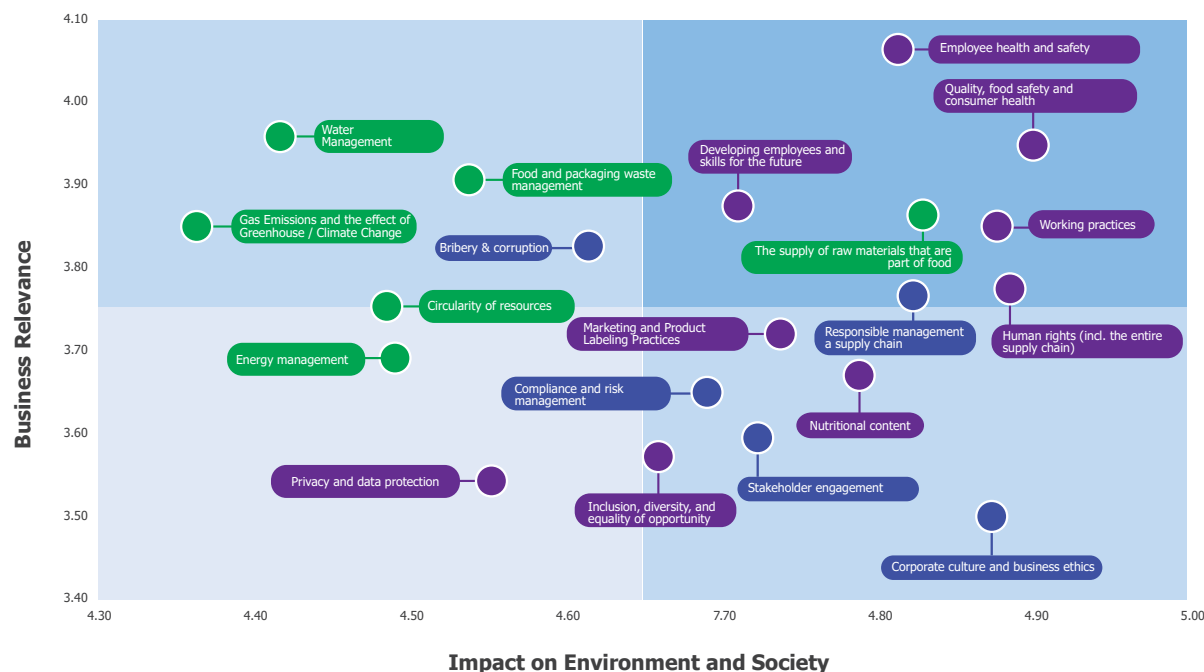
A materiality threshold of one third was set for the awarded score, so that all topics which obtained this score and higher became material topics.

The ESG Committee reviewed and finalized the materiality topics, adding, where necessary and relevant, certain topics.

These steps led to the generation of the final double materiality matrix shown below, where the Oy dimension reflects the importance of topics to the business, while the Ox dimension reflects the impact on environment and society. A topic deemed of high importance on at least one of these two dimensions was considered material and addressed in the relevant sections of our reporting.

The Sphera team discussed opportunities to address these topics in internal operations, in relation to customers, as well as in the supply chain.

## Matrix of Double Materiality



| Theme                                                 | Pillar      | Definition                                                                                                                                     |
|-------------------------------------------------------|-------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Greenhouse gas emissions / Climate change environment | Environment | Our impact on global warming and measures to reduce it.                                                                                        |
| Circularity of resources                              | Environment | Adopting a model where resources are used as efficiently as possible and reused whenever possible (eg sustainable design, reusable packaging). |
| Water management                                      | Environment | Efficient use of water and implementation of practices to reduce its waste.                                                                    |
| Food and packaging waste management                   | Environment | Strategies for the reduction and effective management of waste, including food and packaging waste.                                            |
| Energy management                                     | Environment | Efficient use of energy (electricity, natural gas, fuels), measures to save energy and the choice of renewable energy sources.                 |
| Supply of raw materials that make up the food         | Environment | Responsible choice of raw materials, especially those that go into food.                                                                       |





| Theme                                               | Pillar     | Definition                                                                                                                                |
|-----------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| Working practices                                   | Social     | Ensuring ethical working practices.                                                                                                       |
| Employee health and safety                          | Social     | Measures to prioritize employee health and safety.                                                                                        |
| Inclusion, diversity and equal opportunities        | Social     | Providing an inclusive work environment for all employees.                                                                                |
| Developing employees and skills for the future      | Social     | Investment in training and continuous development of employees.                                                                           |
| Human rights (incl. the entire supply chain) Social | Social     | Respect and promotion of human rights within the company and in the supply chain.                                                         |
| Privacy and data protection                         | Social     | Commitment to privacy and protection of personal data.                                                                                    |
| Quality, food safety and consumer health            | Social     | Ensuring food quality and safety and protecting consumer health.                                                                          |
| Nutritional content                                 | Social     | Providing complete and useful information about the nutritional content of products, as well as offering a range of nutritional products. |
| Product marketing and labeling practices            | Social     | Marketing practices and the provision of transparent information about the products marketed.                                             |
| Corporate culture and business ethics               | Governance | Corporate governance.                                                                                                                     |
| Bribery and corruption                              | Governance | Priority given to combating bribery and corruption within the organization.                                                               |
| Compliance and risk management                      | Governance | Compliance and risk management approach.                                                                                                  |
| Stakeholder engagement                              | Governance | The level of engagement and communication with the various stakeholders.                                                                  |
| Managing a responsible supply chain                 | Governance | Responsible supply chain management. Translating our ethical and sustainable principles into the procurement process.                     |







## Management of material topics

In the current context, characterized by rapid changes and complex challenges in the global business environment, Sphera Group recognizes the importance of a proactive and responsible approach to the management of material topics which influence the Group. As a result, we have included in what follows details on how we propose to respond to these challenges and align the objectives of business with those of sustainable development. Starting from understanding that the material topics identified have a significant impact on our stakeholders, including employees, customers, suppliers and the communities

where we operate, we focused on analyzing the risks and opportunities associated with these topics, to guide our long-term strategy.

As such, for each material topic, Sphera Group has developed specific policies and management strategies, which are designed to minimize negative impacts and maximize benefits. These policies are implemented through a set of sustainable practices and initiatives that are monitored and adjusted whenever needed, to respond to developments in the business environment and changing expectations of stakeholders.

In what follows, we present in detail each material topic, the assessment of associated impacts, risks and the identified opportunities, as well as how these are managed by specific policies and practices.

Our goal is to offer a transparent and comprehensive image of Sphera Group's efforts in the field of sustainability and corporate responsibility, demonstrating the commitment of our company to operate not just for the benefit of our shareholders, but also for society as a whole.

| #  | Material Topic                           | Social Impact                                                        | Environmental Impact                                    | Financial Impact                                         | Risks                                                                              | Opportunities                                                                      | Management through Policies                                                                                                              | Evaluation of Impacts |
|----|------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1  | Greenhouse gasemissions / Climate change | Negative impact on the health and well-being of communities          | The increase in greenhouse gas emissions                | Increase in operational costs                            | The possibility of being sanctioned and the imposition of restrictions             | Improving energy efficiency; Technological innovation                              | Sphera manages this topic by implementing the Policy on Efficient Operations and the Policy on Sustainable Principles for Animal Protein | Current and Future    |
| 2. | Circularity of resources                 | Long-term access to sustainable resources and services               | Waste reduction and efficient use of resources          | Cost reductions by reducing the consumption of materials | Risk of reduced availability/depletion of resources; Increase in acquisition costs | Increasing efficiency and innovation; Creating innovative and sustainable products | Sphera manages this topic by implementing the Sustainable Packaging Policy and the Paper-Based Packaging Supply Policy                   | Current and Future    |
| 3. | Water management                         | Conservation of resources for the community                          | Preventing the reduction/ exhaustion of water resources | Savings through reducing consumption                     | Water shortage and high acquisition costs                                          | Efficient use of water; Water recycling                                            | Sphera manages this topic by implementing efficient operations procedures                                                                | Current and Future    |
| 4. | Food and packaging waste management      | Reducing the impact on health and reducing consumption               | Limiting pollution and encouraging recycling            | Reducing waste disposal costs                            | Penalties for inadequate waste management                                          | Utilization of waste as a resource                                                 | Sphera manages this topic through the Sustainable Packaging Policy, as well as through the Food Donation Program.                        | Current and Future    |
| 5. | Energy management                        | Better working conditions (e.g. efficient lighting, thermal comfort) | Reduction of energy consumption                         | Reduction of energy bills; Fewer emissions               | Dependence on unsustainable energysources                                          | Efficiency of energy consumption                                                   | Sphera manages this topic by implementing efficient operations procedures                                                                | Current and Future    |





| #   | Material Topic                                     | Social Impact                                            | Environmental Impact                                                                                                                  | Financial Impact                                                   | Risks                                                | Opportunities                                            | Management through Policies                                                                                                                                                                                             | Evaluation of Impacts |
|-----|----------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 6.  | The supply of raw materials used for food products | High quality of the products put on the market           | Reduction of the impact on environment, sustainable agriculture / stock raising                                                       | Operational efficiency due to stable relationships- with suppliers | Risk of non-compliance with sustainability standards | Consolidation of sustainable partnerships with suppliers | Sphera manages this topic through the Supplier Code of Conduct Policy and Key Supply Chain Commitments                                                                                                                  | Current and Future    |
| 7.  | Working practices                                  | Increasing employee satisfaction and loyalty             | Employees more concerned with recycling or other sustainable behaviors (e.g. using the company's water, energy resources responsibly) | Productivity growth                                                | Unfair labor practices                               | Creating a fair and motivating work environment          | Sphera manages this topic through the Sphera Group Code of Conduct and the Remuneration Policy for Top Management. Internal Regulations for employees - document that regulates the daily aspects of professional life. | Current and Future    |
| 8.  | Health and safety of employees                     | Improving the well-being of employees                    | -                                                                                                                                     | Reducing the costs associated with work accidents                  | Occupational accidents and diseases                  | Promoting a safe working environment                     | Sphera manages this topic through specific health and safety policies at work                                                                                                                                           | Current               |
| 9.  | Inclusion, diversity and equal opportunities       | Creating a diverse and inclusive organizational culture  | -                                                                                                                                     | Talent attraction and retention                                    | Discrimination at work                               | Stimulating innovation through diversity                 | Sphera manages this topic through the Sphera Group Code of Conduct and specific diversity and inclusion initiatives                                                                                                     | Current and Future    |
| 10. | Developing employees and skills for the future     | Increase of employee competences                         | Responsible behavior in relation to company resources (energy, water, packaging etc.)                                                 | Low recruitment costs                                              | Lack of necessary skills for future initiatives      | Adaptability and innovation                              | Sphera manages this topic through training and professional development programs                                                                                                                                        | Current and Future    |
| 11. | Human rights (incl. the entire supply chain)       | Observance of fundamental rights                         | The right to a healthy environment is part of human rights                                                                            | Avoiding legal sanctions                                           | Human rights violations in the supply chain          | Consolidation of reputation and relations with partners  | Sphera manages this topic through the Sphera Group Code of Conduct, Supplier Code of Conduct and Key Supply Chain Commitments                                                                                           | Current and Future    |
| 12. | Privacy and data protection                        | Observance of confidentiality of customers and employees | -                                                                                                                                     | Avoiding financial losses through fines                            | Risks of data leaks and cyber attacks                | Increased confidence of customers and employees          | Sphera manages this topic through Data Protection Policy and the Data Security Policy                                                                                                                                   | Current               |





| #   | Material Topic                           | Social Impact                                                  | Environmental Impact                               | Financial Impact                                              | Risks                                                         | Opportunities                                                       | Management through Policies                                                                                                                                        | Evaluation of Impacts |
|-----|------------------------------------------|----------------------------------------------------------------|----------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 13. | Quality, food safety and                 | Improving public health                                        | -                                                  | Avoidance of product recall costs                             | Food contamination                                            | Providing high quality products that increase customer satisfaction | Sphera manages this topic through Food Safety and Quality Policies                                                                                                 | Current               |
| 14. | Nutritional content                      | Promoting a healthy lifestyle                                  | -                                                  | Increasing the attractiveness of products                     | Negative perception of unhealthy products                     | Differentiation on the market through healthy products              | Sphera manages this topic by implementing standards to improve the nutritional profile of products and transparently publishing information on nutritional content | Current and Future    |
| 15. | Product marketing and labeling practices | Transparency of information provided to customers              | -                                                  | Compliance with marketing and labeling regulations            | Fines and loss of customer confidence for deceptive practices | Increasing customer loyalty                                         | Sphera manages this topic through its Responsible Marketing Policy                                                                                                 | Current               |
| 16. | Corporate culture and ethics in business | Consolidation of an ethical work environment                   | -                                                  | Reducing legal risks                                          | Ethical issues that can affect reputation                     | Talent attraction and retention; Investor confidence                | Sphera manages this topic through the Sphera Group Code of Conduct                                                                                                 | Current               |
| 17. | Bribery and corruption                   | Protecting integrity operations                                | -                                                  | Avoiding fines and legal sanctions                            | Risks related to corrupt practices                            | Strengthening the trust of business partners                        | Sphera manages this topic through the Sphera Anti-Corruption Policy                                                                                                | Current               |
| 18. | Compliance and risk management           | Ensuring compliance with applicable regulations                | -                                                  | Reducing costs related to non-compliance with laws            | Risks related to failure to comply to regulations             | The opportunity to improve business practices                       | Sphera manages this subject through strict compliance and internal audit procedures                                                                                | Current               |
| 19. | Stakeholder involvement                  | Increasing trust and transparency with stakeholders            | -                                                  | Long-term benefits from solid relationships with stakeholders | Loss of support from stakeholders                             | Development strategic partnerships                                  | Sphera manages this topic through communication strategies and constant engagement                                                                                 | Current and Future    |
| 20. | Managing a responsible supply chain      | Ensuring ethical and sustainable practices in the supply chain | Reducing the ecological impact of the supply chain | Cost efficiency and avoiding disruptions in the supply chain  | Risks of noncompliance with ESG standards                     | Strengthening relationships with suppliers and improving reputation | Sphera manages this topic through its Supplier Code of Conduct Policy, Animal Welfare Policy and Key Supply Chain Commitments                                      | Current and Future    |







# 07 Sustainability Corporate Governance

GRI 2-9, GRI 2-10, GRI 2-11, GRI 2-12, GRI 2-13, GRI 207-1, GRI 207-4

## Sustainable Development Goals we have subscribed to



For Sphera Group, corporate governance and sustainability are essential for business success, and good corporate governance involves practices that align with the interests of shareholders and stakeholders.

We have developed and implemented critical policies and procedures for responsible governance and business sustainability, reflecting our commitment to ethics and transparency.

In order to ensure consistency and operational efficiency, Sphera applies both common procedures and specific policies for each company in the Group. This approach allows them to benefit from flexibility to attain specific goals, and Sphera Group to set limits of compliance and performance.

The policies, procedures and Code of Conduct of Sphera Group are available to the public in a transparent manner. These documents can be accessed on the website, in the sections dedicated to [Corporate Governance](#) and [Sustainability](#).

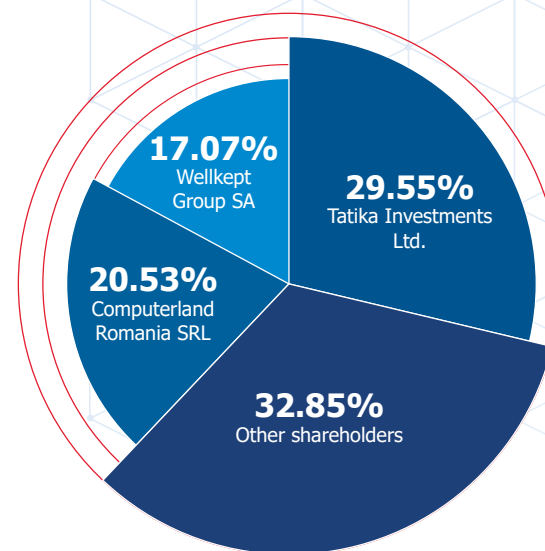
A detailed list of these documents can also be found in Appendix no. 3 to this Sustainability Report. The documents address issues of material sustainability for the Group's own activity, but also for the value chain, and provide a clear and structured framework for all the company's operations and for financial reporting and sustainability processes.

The [Code of conduct](#) applies to all subsidiaries and is the document that underlines the commitment to transparency, integrity, ethics and compliance with laws. It is intended for all employees, regardless of hierarchical position. At the start of the collaboration, new employees are explicitly informed of the obligation to adhere to it and it can be accessed anytime by any interested party.

In addition, we regularly run information campaigns on the provisions of the Code and on any changes or updates.

## Shareholding structure of Sphera Franchise Group SA as of 31.12.2023

|                             |          |
|-----------------------------|----------|
| Tatika Investments Ltd.     | 29.5466% |
| Computerland Romania S.R.L. | 20.5327% |
| Wellkept Group S.A.         | 17.0739% |
| Other Shareholders          | 32.8468% |



## Assets held by Sphera Franchise Group in 2023\*

|                |                       |
|----------------|-----------------------|
| Fixed assets   | 570,152 thousands lei |
| Current assets | 131,164 thousands lei |
| Total assets   | 701,316 thousands lei |
| Total wquity   | 142,616 thousands lei |

\*Financial data are consolidated according to IFRS reporting standards.





## The Board of Directors and the Executive Team

GRI 2-12, GRI 2-13, GRI 2-14, GRI 2-15, GRI 2-16, GRI 2-24



### The role of the Board of Directors

The company is managed by a Board of Directors and by the General Shareholders' Meeting (GSM), whose powers and methods of operation are established in the memorandum and the Companies Law (nr. 31/1990). The Board of Directors establishes the main directions of activity and development of the Group, approves the business plans within the limits established by the GSM, has responsibilities relating to sustainability, i.e. integration of Environmental, Social and Governance (ESG) considerations in the company's strategy and operations. All communications to the Board of Directors (BoD), including those concerning conflicts of interest, are made through the General Manager or through the BoD Secretary.

The five non-executive members of the Board of Directors have delegated the management of the Company to the executive directors and the CEO, who assume the roles pursuant to the mandate contracts concluded with Sphera. The members of the Board of Directors are appointed by the General Shareholders' Meeting for four-year terms.



### Structure of the Board of Directors and of the Advisory Committees

As at 31 December 2023, the five members of the Board of Directors were:

| Name                         | Executive/Non-executive | Independent | Gender | Role           |
|------------------------------|-------------------------|-------------|--------|----------------|
| Lucian Hoancă                | Non-executive           | No          | Male   | Chairman       |
| Georgios Vassilios Repidonis | Non-executive           | No          | Male   | Vice-president |
| Mihai Ene                    | Non-executive           | No          | Male   | Member         |
| Silviu-Gabriel Cărmăciu      | Non-executive           | No          | Male   | Member         |
| Răzvan Ștefan Lefter         | Non-executive           | Yes         | Male   | Member         |

The Board of Directors has two Advisory Committees: the Audit Committee and the Nomination and Remuneration Committee. Each of these is led by an appointed President and consists of three members of the Board of Directors. The Audit Committee carries out its activity according to the statutes of the Company, the Regulation of the Board of Directors and the applicable legislation, and has specific

responsibilities in financial auditing, financial reporting and internal auditing, including the oversight of conflict of interest policies and evaluation of material transactions. Similarly, the Nomination and Remuneration Committee has duties in reviewing the Company's remuneration policy, establishing eligibility criteria for executive directors, selecting candidates for the Board of Directors and succession planning for executive directors with a mandate contract.

As at 31 December 2023, the Advisory Committees consisted of:

| Audit Committee                  | Nomination and Remuneration Committee |
|----------------------------------|---------------------------------------|
| Răzvan-Ștefan Lefter (President) | Lucian Hoancă (President)             |
| Mihai Ene                        | Georgios Vassilios Repidonis          |
| Georgios Vassilios Repidonis     | Silviu-Gabriel Cărmăciu               |



### Executive Management Team

The executive coordination of Sphera Group is the responsibility of the CEO, delegated by the Board of Directors. He oversees three levels of management, manages corporate plans and monitors the performances of subsidiaries and of the entire Group. The CEO is actively involved in the management of financial operations and budgeting, the implementation of business development plans and the optimization of resource management. At the same time, he facilitates interaction with all interested parties, ensuring the involvement of the upper management in the strategic direction and in achieving the company's annual goals.\*

As at 31 December 2023, the executive team consisted of:

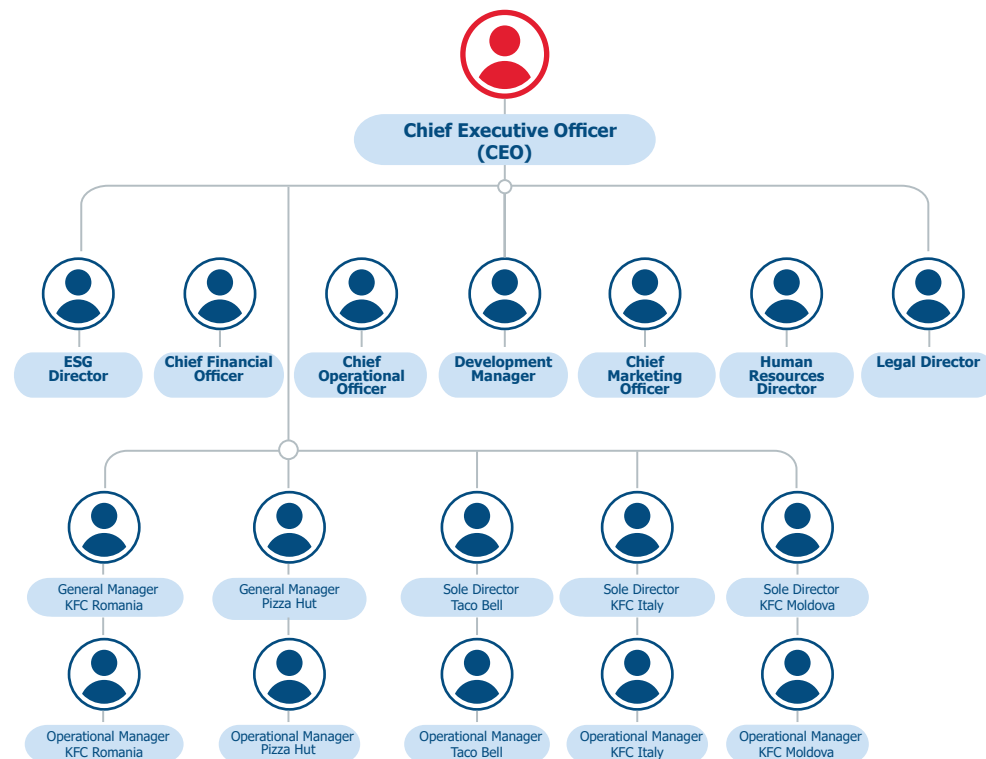
| Member name    | Gender | Role                          |
|----------------|--------|-------------------------------|
| Călin Ionescu  | Male   | Chief Executive Officer (CEO) |
| Valentin Budeș | Male   | Chief Financial Officer (CFO) |
| Monica Eftimie | Female | Chief Marketing Officer       |

\* For further details of the roles and responsibilities of the Executive Management Team, please refer to the relevant section of [Sustainability Report](#) for 2018 (pages 12-23, 16, 17, 18).



## The management structure of Sphera Group

The organization's management structure:



## Role of Management in Sustainability

GRI 2-13, GRI 2-17

According with the principles established in the [ESG Governance and Reporting Policy of Sphera Franchise Group](#), the Board of Directors is responsible for integrating the principles of sustainability into all aspects of the business.

An ESG Board has been established at operational level. It is responsible for developing strategy and setting sustainability priorities. The ESG Council, in collaboration with the Board of Directors, evaluates and manages ESG risks, to ensure sustainable development.

The ESG Board is led by the CEO and is composed of the ESG Director, the Chief Financial Officer, the Chief Operational Officer, the Chief Marketing Officer, the Development Director, the Human Resources Director, the Legal Director, the Quality and Food Safety Manager, the Communication and Social Responsibility Manager, the General Managers of the subsidiaries and the Procurement Manager.

The Board of Directors is informed annually about relevant ESG issues and progress, through the ESG Board.

To ensure the integration of the most diverse sustainability topics into the Group's strategy and plans and to render these plans operational, cross-functional workgroups are also formed, which include employees from the food safety, human resources, supply chain, development, communication and legal teams.

Periodic reporting is the essential mechanism by which Sphera management monitors its progress on sustainability. Ongoing collaboration with stakeholders to refine the reported information underlines the Group's concern for corporate social responsibility and adaptation to developments in the field of sustainability.

To improve collective knowledge, skills and experience in relation to sustainability, the ESG Board members actively participate in conferences on ESG topics.



## Remuneration Policy

GRI 2-19, GRI 2-20

The Remuneration Policy of Sphera Group aims to strengthen the alignment between the business and sustainability strategies. It therefore establishes a correlation between remuneration and actual performance, encouraging individual and team contribution to the Group's achievements, alongside adherence to corporate culture and values. The method of determining the directors' remuneration takes into account a fixed and a variable/additional component. Thus, Sphera aims to attract and retain talent, offering competitive remuneration, which supports the development of activity and long-term profitability.

The remuneration of the members of the Board of Directors has two components, one fixed, monthly and an additional one/meeting/committee for the members of the Board of Directors who are also part of the advisory committees of the Board of Directors, whose levels are established by the General Shareholders Meeting.

The remuneration of the executive directors is composed of a fixed, monthly remuneration, and a variable, annual remuneration, the latter being closely linked to the achievement of the annual objectives, approved by the shareholders within the income and expenditure budget, and the long-term strategic ones, developed based on proposals of the executive management under the guidance of the Board of Directors and approved by the shareholders at certain time intervals.

Variable remuneration is based on meeting financial performance criteria, such as BITDA, net profit, turnover and free cash flow, as well as non-financial elements that reflect the company's social impact and commitment to sustainable practices. This dual approach guarantees that the benefits granted to management are in direct correlation not only with the immediate financial indicators, but also with their contribution to the objectives of sustainability and social responsibility.

The weight of financial criteria is 90%, and that of all non-financial criteria is 10% of the



maximum value of the variable remuneration calculated for the respective year, and the degree of their fulfillment is established by the Appointment and Remuneration Committee, through an individual evaluation procedure of each director.

Moreover, the policy includes clawback clauses, allowing the company to recover the variable remuneration in the event of reclassification or subsequent amendment of the annual financial statements; in these circumstances, the company will be entitled to recover the rights granted for those results. In the case of fraud / termination (i.e. cancellation) mandated with cause / qualified opinion of the financial auditors, the company is entitled to recover the entire amount granted as variable remuneration, regardless of the period which has elapsed between payment and discovery.

The document setting out the remuneration policy within Sphera Franchise Group S.A. applicable for the reporting period (i.e. the year 2023) was developed by the Nomination and Remuneration Committee of the company and was approved by Decision number 1 during the Ordinary General Shareholders Meeting on 11 August 2022. For additional information, we recommend that you consult the [Remuneration Policy](#) of Sphera Franchise Group.



## Performance Evaluation

GRI 2-18

[We implement continuous management performance evaluation processes.](#)

On an annual basis, we carry out a detailed evaluation of the performance of the executive management teams in order to monitor progress in achieving the established goals and targets, including those related to sustainability. These annual evaluations are designed to detect and recognize professional development, to stimulate continuous performance improvement, and reinforce our leaders' contribution to the business strategy and sustainable growth of the organization.

[The Evaluation of the Members of the Board of Directors](#) is conducted strictly in accordance with the provisions of the Council Regulation, guaranteeing a rigorous and structured approach.

[The Evaluation of Executive Management](#)

The performance of the company's executive management team is subject to a meticulous evaluation process, managed by the Board of Directors, ensuring a complex and objective analysis of their contributions to the achievement of corporate objectives. [Employee Performance Evaluation](#)

Individual employee performance is evaluated through a systematic process, coordinated by the company's management team, in order to recognize and value the contributions of each member to the overall success of the organization.

The performance evaluation of employees is carried out in accordance with the Internal Regulations and the relevant provisions in the field of labor relations. This procedure aims at a fair and unbiased evaluation of the activity of each employee, based on a comparative analysis between the objectives and predefined performance standards and the concrete results achieved in the specified period for the evaluation.

## 7.1 Business ethics

GRI 2-23, GRI 2-25



### Fighting corruption

GRI 2-1, GRI 205-1, GRI 205-2, GRI 2-26, GRI 205-3

In accordance with the provisions of the Code of Conduct and the Policy on the Supplier's Code of Conduct, Sphera Group has undertaken to uphold ethical principles in all aspects of its business activities. Business ethics govern decisions, policies and interactions both within the company and in relations with external partners.

When the collaboration starts, the employees are trained and sign documents with regard to the specific responsibilities related to the prevention of bribery and corruption.

This includes the obligation not to request or accept material advantages in exchange for the performance of job duties, and not to offer gifts or other benefits to persons involved in collaborative relations with the company, in accordance with the [Anti-Corruption Policy of Sphera Franchise Group S.A.](#) and its subsidiaries. Changes and updates to this policy are communicated electronically to employees and are permanently available on the company's website. Particular emphasis is placed on maintaining complete and transparent documentation of all interactions and transactions.

The company promotes a culture of ethics and integrity by encouraging employees to report any violation of these principles without fear of reprisal.

Sphera Group implements policies and procedures that ensure transparency in relation to questions, uncertainties, concerns or complaints registered from employees or other interested parties. During 2023, the internal procedure for reporting legal violations was communicated to employees by electronic means and it was also available on the company's intranet page for permanent consultation. In addition, information on internal integrity channels is available on the company [web page](#) and in informative materials displayed in all units of the organization.

A key component of this approach is the existence of the **"Integrity Line - Speak up!"**, accessible on telephone number **0373 760 274**. It is managed by a call center service provider, which ensures strict confidentiality and the anonymity of callers.

In addition to this phone line, Sphera Group also offers other ways of reporting, such as the email address [integrity@spheragroup.com](mailto:integrity@spheragroup.com) and mailing address Sphera Franchise Group, Calea Dorobanților no. 239, floor 2, sector 1, Bucharest. These additional channels facilitate direct and effective communication, allowing employees and others to report any potential violations of the Group's rules and policies.

Information about the integrity channels available to whistleblowers is available on the company's website, in Romanian and English. In addition, the external call center service ensures that telephone reports are taken in both languages, thus facilitating efficient and inclusive communication.

All complaints are directed to a designated member of the Group, who initiates a process of verifying the compliance of complaints, requesting additional information, documents and, if necessary, initiating an internal investigation.







This process involves the selective participation of members of management, depending on the nature of the reported incident, with strict respect for data confidentiality. During the reporting period, 13 complaints were registered on the SpeakUp! integrity platform, which were analyzed impartially and in strict confidentiality. The investigations concluded that the complaints were unfounded and no violations of laws were found. As a result, the referrals were dismissed, according to the procedures provided for by Law no. 361/2022 on the protection of whistleblowers. Following the assessment of all units, in all three countries in which we operate, for risks related to corruption, no such cases were identified within the organization, and no cases of bribery or corruption were registered during the reporting period.



## Competitive Fairness

### GRI 206-1

Sphera Franchise Group and its subsidiaries recognize the importance of a healthy competitive marketplace and are committed to the highest standards of ethics and integrity, including competition and antitrust. The company strictly complies with competition law, which prohibits anti-competitive agreements.



## Privacy and Protection of Personal Data

### GRI 418-1

At the level of the Group, but also of the subsidiaries, the importance of personal data protection and information security is recognized. We comply with all relevant legal requirements, including the General Data Protection Regulation (GDPR), and ensure that we handle data in a responsible and transparent manner. Thus, the following principles guide our personal data processing activities:



### Principle 1 LEGALITY

Personal data is processed only on solid legal grounds, such as explicit consent, the need for the performance of a contract, legal obligations or legitimate interests.



### Principle 2 FAIRNESS AND TRANSPARENCY

Information about data processing is provided in a clear and accessible manner to all data subjects, ensuring that they understand the purpose of collection and how their data is used.



### Principle 3 LIMITATION

Data are collected and processed strictly for the purposes declared and accepted by the data subjects, without deviating from these purposes.



### Principle 4 DATA MINIMIZATION

We collect and keep strictly the data necessary to fulfill the defined purposes, avoiding the processing of additional or irrelevant data.



### Principle 5 DATA CORRECTNESS

Constant efforts are made to ensure that the data processed are accurate, complete and up-to-date.



### Principle 6 DATA RETENTION

Data are kept in forms that allow the identification of subjects only for the period necessary for the purposes of collection.



### Principle 7 SAFETY

Adequate security measures are implemented to protect data against unauthorized access, alteration, unlawful disclosure or destruction.



### Principle 8 INTERNATIONAL TRANSFERS

Any transfer of personal data outside the European Economic Area is carried out according to appropriate protection standards and according to legal regulations.



### Principle 9 RIGHTS OF NATURAL PERSONS

We recognize and facilitate the exercise of natural persons' rights, such as access, rectification, deletion, restriction of processing and data portability.



### Principle 10 LIABILITY

We demonstrate compliance and are transparently accountable for data processing. We are prepared to demonstrate, upon request, our actions.





## Security Measures

Sphera Group and its subsidiaries use a complex framework of security measures to protect the integrity and confidentiality of personal data.

For example, access to personal data is strictly limited to authorized personnel who need this information to carry out their professional duties. We use advanced authentication and authorization systems to control access.

At Sphera Group, security measures are designed to protect personal data and prevent information leakage. We implement advanced technological solutions to ensure data security on all our platforms, through a classification and encryption of documents and electronic communications, including IT systems that are protected by firewall technologies. Applications and platforms of software services are constantly updated and policies are implemented in accordance with procedures NIST and CIS8. Our staff are regularly trained on the importance of data security and best practices in the field, ensuring a deep understanding and consistent adherence to our policies.

Internal and external audits are a regular component of our security strategy, providing a critical review of our practices and identifying any potential vulnerabilities that need to be addressed. This commitment to continuous monitoring and improvement of information security demonstrates the seriousness with which we treat the protection of personal data.

Anyone who has questions about how personal data is handled or wishes to exercise data protection rights can contact our Data Protection Officer. This is possible through multiple communication channels to ensure that data management processes are as transparent as possible.

### Data Protection Officer (DPO) Contact

protectiadatelor@spheragroup.com

protectiadatelor@kfc.ro

protectiadatelor@pizzahut.ro

protectiadatelor@taco-bell.ro

Sphera Franchise Group and its affiliates treat data privacy and security with the utmost seriousness, fundamental to maintaining the trust that our customers, employees and partners have in us. Through these measures, we ensure not only compliance with legal regulations, but also the consolidation of a corporate culture that values integrity and responsibility.

During 2023 we have not registered any substantiated complaints regarding breaches of customer privacy.

## 7.2 Compliance and Risk Management

GRI 2-27, GRI 201-2

Risk assessment is a systematic process of identifying and evaluating events (ie possible risks and opportunities) that could impact the achievement of a company's objectives, either positively or negatively. For Sphera Franchise Group, effective risk management is essential to ensure the long-term viability of the company.

In this sense, in [The Annual Report](#), we identify and explain at length the material risks to our business model, including ESG ones. For business, the most important risks arise from the financial area (e.g. currency, credit or liquidity risk etc.), market area (the competitive landscape, supply chain disruptions, supplier price fluctuations etc.), geopolitical or legislative risks, customer or workforce access risks and, more recently, cyber risks, fake news or the adoption of new technologies.

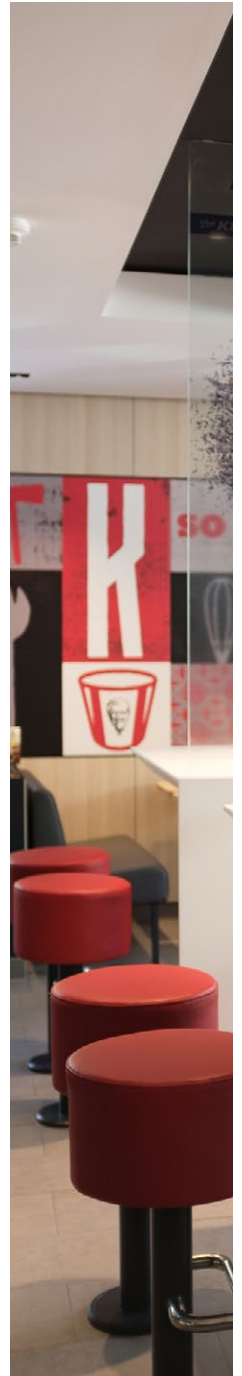
Throughout this report, however, we address ESG risks more broadly ([see the chapter on double materiality assessment](#)), which are briefly described in the Annual Report mentioned above.

In recent years, it has become increasingly clear that climate change can affect all financial aspects of a company: expenses, revenues, assets and liabilities, capital and financing.

Vulnerability to climate impacts goes far beyond the physical exposure of facilities. It includes supply chains, distribution networks, customers and markets. Furthermore, a company's resilience to physical climate impacts depends on risk management and business plans, as well as the governance model of these themes.

Thus, in 2022, **Sphera Group voluntarily published its first report on the risks and opportunities associated with climate change**, based on the recommendations formulated by the Task Force on Climate-related Financial Disclosure - TCFD.

Physical risks, such as those associated with extreme weather events, can cause disruptions in the supply chain, and lead to business interruptions or shortfalls in the supply of essential resources. Transition risks include policy changes, reputational impacts and changes in market preferences, norms and technology.



Transition opportunities are generated by resource efficiency and the development of new technologies, products and services, which can open up new markets and sources of finance.

To ensure that all these risks and opportunities are taken into account in the company's development plans and addressed accordingly, the Group has a risk management process. Thus, the Board of Directors has the role of supervising the risk management processes at all levels of the organization. Department managers and the executive team are involved in day-to-day processes. In the Sphera Group organizational chart, there is an Internal Auditor, who functionally reports directly to the Audit Committee within the Sphera Board of Directors, and, for administrative purposes, in relation to management's obligations to identify and mitigate risks, reports to the CEO. He/she has a key role in the field of risk management, identifying risks and opportunities at Group level, verifying and reporting the degree of implementation of the action plan drawn up based on them, and developing an Annual Audit Plan.

Sphera Group has been rated by **Morningstar Sustainalytics** as having a "**Low ESG Risk**" with a score of 18.7 for the year 2023. This score reflects our concern for identifying and minimizing risks and for transparency as a core responsibility to investors, customers and partners and for the general public. The independent ratings provided by Morningstar Sustainalytics assess how well a company manages ESG risks which are significant to its industry.

Risks are divided into five categories:

- negligible (0-10),
- low (10-20),
- medium (20-30),
- high (30-40),
- severe (over 40).

In 2023, financial penalties imposed by state regulators were a direct result of standard operating procedures in our restaurants and fluctuations in activity throughout the day. They did not pose a risk to the integrity or safety of our customers and staff.

| Indicator                                                                                                 | KFC Romania | Pizza Hut Romania | KFC Moldova | KFC Italy | Taco Bell Romania |
|-----------------------------------------------------------------------------------------------------------|-------------|-------------------|-------------|-----------|-------------------|
| Total number of significant cases of non-compliance with laws and regulations during the reporting period | 63          | 8                 | 0           |           | 15                |
| i. Number of cases involving fines                                                                        | 49          | 8                 | 0           |           | 12                |
| ii. Number of cases involving warnings                                                                    | 14          | 0                 | 0           |           | 3                 |
| iii. Number of thematic controls                                                                          | 156         | 33                | 0           |           | 29                |
| Total number of fines paid during the reporting period                                                    | 49          | 8                 | 0           |           | 12                |
| Financial value of fines paid (lei)                                                                       | 66,250      | 10,900            | 0           |           | 17,700            |
| The percentage of financial fines in relation to net incomes                                              | 0.0062%     | 0.0095%           | 0.0000%     | 0.0000%   | 0.0209%           |





# Our Products

- SUSTAINABILITY IN THE SUPPLY CHAIN
- FOOD QUALITY AND SAFETY
- RESPONSIBILITY IN COMMUNICATION







# 08 Our Products

**KFC**



**TACO BELL**

## Link with the Sustainable Development Goals



Excellent food products and a pleasant environment in our restaurants are the necessary ingredients to attract and maintain customer loyalty, which is why Sphera Group has constantly invested in product quality. We collaborate with partners who support the constant improvement of standards in the field of animal welfare and environmentally friendly agricultural practices. At the same time, we focus on diversifying the offer in order to meet the varied expectations and tastes of customers. We promote open and transparent communication in relation to the nutritional value of our products.



## 8.1 Sustainability in the Supply Chain

GRI 2-6, GRI 308-1, GRI 414-1, GRI 414-2

The Supplier's Code of Conduct is the document that governs the supply chain of Sphera Group. This Code is an integral part of the commercial contract and is signed and appropriated by all suppliers. We thus establish clear criteria of social responsibility and environmental protection, forming sustainable partnerships that comply with the Group's principles.

To ensure strict adherence to these principles, all Sphera chicken suppliers must be **BRC** (British Retail Consortium) or **IFS** (International Featured Standards) certified and **QSA** (Quality System Audit) audited, and animal welfare is a principle essential that they must respect.

**We collaborate in the medium and long term with class A & B (QSA) and risk 1 (FSA – Food Safety Audit) suppliers who hold GFSI (Global Food Safety Initiative) certifications.**

These internationally recognized certifications represent a standard of excellence in the industry, underlining both our suppliers' and our commitment to safe and responsible food production practices.

The Code of Conduct also contains environmental protection provisions, requiring suppliers to comply with all applicable laws and regulations, in accordance with Sphera's principles of minimizing the impact of its operations on the environment and to

promote a sustainable approach in all aspects of the business.

This commitment to an ethical and responsible supply chain highlights Sphera Franchise Group's dedication to sustainability and corporate responsibility, strengthening the company's position as an example of best practice in the industry that respects both people and the environment.

Sphera imposes strict regulations on working with subcontractors of its contractors who manufacture, process or develop products, requiring the prior approval of YUM! Brands before subcontracting. Through this measure, we ensure that all members of the supply chain respect the Group's commitment to ethical and responsible business practices.

We demonstrate this commitment by the fact that nearly 100% of the food we purchase meets environmental and social sourcing standards and is certified to third-party social or environmental standards.

Also, nearly 100% of pork meat purchased in 2023 was produced without using special gestation stalls and all eggs used by KFC came from cage-free environments.





## Supply Chain Management

In order to ensure the operational efficiency of our restaurant network and to meet customer expectations, our management team is engaged in a process of active supervision, traveling to the field whenever necessary to facilitate direct and effective communication with all company partners and suppliers. Company representatives carry out annual visits and performance evaluations of the main raw material suppliers. This approach allows us to maintain and continuously improve the efficiency and quality standards of our services.

At the same time, we promote the use of online communication technologies, reducing physical travel wherever possible, to reduce our carbon footprint and better manage time and resources.

To ensure efficient distribution of both food and non-food raw materials, in Romania and Italy we formed strategic partnerships with logistics providers such as HAVI Logistics. Together, we focus on optimizing transport and logistics processes.

Advanced software solutions are implemented to effectively manage the entire distribution and transportation flow, ensuring constant monitoring and prompt reporting of any incidents or challenges that may arise in the process.

This coordinated and proactive approach is essential to maintaining high quality standards and meeting our complex supply needs.



## Sustainable Packaging

Sphera Group has a proactive and responsible approach in terms of the use of packaging,

consistent with the objectives of sustainability and social responsibility. Through the [Paper-Based Packaging Supply Policy](#) and the [Sustainable Packaging Policy](#), Sphera aims at reducing the environmental impact and promoting sustainable operational practices.

The Group prioritizes the use of packaging made of paper fibers from responsibly managed sources, avoiding materials which are contrary to conservation principles or violate human rights.

Particular emphasis is placed on purchasing paper packaging certified by organizations recognized for their rigorous standards in sustainable forest management, such as the Forest Stewardship Council (FSC), but also other international certifications such as the Program for the Endorsement of Forestry Certification (PEFC) and the Sustainable Forestry Initiative (SFI).

In addition, Sphera aims at increasing the percentage of recycled material in the packaging used, taking into account technical and regulatory constraints.

Sphera has set ambitious goals for the future, including fully sourcing paper-based packaging from responsible and recycled sources by the end of 2025. It also eliminated the use of polystyrene and expanded polystyrene (EPS) as early as 2021 in all the Group's restaurants.



## Animal Welfare GRI 204-1

Sphera Franchise Group places great importance on animal welfare in its supply chain, and is committed to continuous improvement of animals' living conditions. The approach reflects the company's belief that the ethical and responsible treatment of animals is essential to providing quality food to customers.

Sphera respects fundamental principles such as

unrestricted access of animals to water and a comfortable and safe environment, prevention of pain, injury or disease, freedom to exhibit natural behaviors, and protection from fear and suffering. The Company requires suppliers to comply with relevant local laws, regulations and codes of conduct. We focus on improving key aspects of the poultry, beef and pork production process, such as minimizing the use of drugs, including antibiotics, and reducing the stress and painful procedures animals may be subjected to. Animal welfare is a determining factor for the selection of suppliers of animal products.

An important commitment of the company is also the transition to the exclusive use of eggs from poultry raised in the ground system, without cages, by 2030. Sphera aims to maintain transparency about developments in this area, engaging in a constant dialogue with stakeholders and updating policies to reflect progress.

We opt for partnerships with local suppliers (in the country where the activities are carried out) of chicken meat, a decision that serves multiple purposes: guaranteeing the freshness of the products, supporting local farmers, as well as optimizing procurement costs and fuel consumption. By directly hiring suppliers for each region in which we operate, we eliminate the need for transit to and from central warehouses and shorten delivery times.

For the other food product categories, for the same reasons, we prefer local suppliers.

All suppliers of key raw materials are regularly audited by an independent company approved by the franchisor Yum! Brands. During 2023, all chicken meat suppliers were audited according to the provisions of the Animal Welfare audit.

The Animal Welfare Audit aims to ensure compliance with the "Five Domains" of welfare, as established by the Farm Animal Welfare Council (FAWC). Thus, suppliers are required to adhere to practices that promote animal health and comfort, including adequate nutrition, a safe and stimulating environment, and adequate





medical care to support the robustness and vitality of the animals. KFC also imposes strict prohibitions on genetic modification, cloning and the use of growth promoters, emphasizing the need for humane treatment at all stages of production, including at the time of slaughter.

In 2023, for entities in Romania and the Republic

of Moldova, approximately 80% of the procurement budget was directed to local suppliers, underlining our firm commitment to supporting the local economy and promoting sustainability in all aspects of the supply chain. KFC Italy allocated, in 2023, approximately 27% of its procurement budget to local suppliers.

In the context of this report, the term “suppliers” is defined as the producers of products or goods, excluding distributors, such as Havi Logistics. The number reported for local suppliers reflects raw material and packaging suppliers only, excluding services.

| Total number of providers | 2021 | 2022 | 2023  | Number of local suppliers | 2021 | 2022 | 2023 | Percent of local providers | 2021 | 2022 | 2023   |
|---------------------------|------|------|-------|---------------------------|------|------|------|----------------------------|------|------|--------|
| KFC Romania               | 121  | 92   | 77    | KFC Romania               | 101  | 68   | 57   | KFC Romania                | 83%  | 74%  | 74%    |
| Pizza Hut                 | 118  | 79   | 78    | Pizza Hut                 | 103  | 69   | 65   | Pizza Hut                  | 87%  | 87%  | 83%    |
| Taco Bell                 | 43   | 43   | 44    | Taco Bell                 | 33   | 31   | 30   | Taco Bell                  | 77%  | 72%  | 68%    |
| KFC Moldova               | 134  | 102  | 42*** | KFC Moldova               | 123  | 94   | 7*** | KFC Moldova                | 17%  | 17%  | 17%    |
| KFC Italy                 | 1*   | 54*  |       | KFC Italy                 | 1    | 5*   |      | KFC Italy                  | 100% | 9%   | 100%** |

\* Starting from 1 July 2022, the logistics company QSL was replaced by HAVI Logistics, a company that collaborates with several suppliers.

\*\* 100% of our service providers are local, meaning they have their registered offices in Italy. Our main logistics provider is based in Italy, but they purchase products from different suppliers whose locations are unknown. Thus, the origins of some raw materials and products may be outside of Italy.

\*\*\* The figures reported for KFC Moldova in 2021 and 2022 include service providers, unlike the current standards that focus exclusively on product or commodity producers.





## 8.2 Food Quality and Safety

### SASB FB-RN-250a.1, SASB FB-RN-250a.2, SASB FB-RN-250a.3

Food quality and safety are fundamental values of our business strategy and sustainability. Our mission is to provide high quality products within the restaurant chain, adopting a holistic approach that incorporates transparency, traceability and accountability in all our processes.

We are committed to the strictest quality and safety standards, from the rigorous selection of ingredients to the moment of serving in the restaurants. We work closely with trusted suppliers and implement advanced quality control systems and food safety procedures in line with international best practices.

For this, continuous training of the team is essential to ensure correct food handling and preparation practices, thus minimizing the risks of contamination and providing customers with a safe and enjoyable dining experience. Our commitment includes constant innovation in technology and manufacturing processes to quickly respond to changing consumer preferences.

In 2022, we renewed the ISO 22000:2018 certifications for KFC, Pizza Hut and Taco Bell in Romania. These certifications support our commitment to continuous improvement and strengthening customer trust. KFC Moldova and KFC Italy are not ISO 22000:2018 certified.

In addition to third-party audits for ISO 22000:2018 certification, we frequently conduct internal audits covering food safety, compliance with operational standards and use of work equipment. Thus, we have several types of checks:

- The standard audit carried out four times a year, by an external company. This is specific to each brand, as follows: for KFC restaurants, the ROCC (Restaurant Operations Compliance Check) audit, for Pizza Hut, the ACE (Assured Customer Experience) audit, and for Taco Bell, the CORE (Customer Operations Review & Evaluation) audit;
- Internal evaluations carried out daily by the directors and team leaders of each individual restaurant and periodically by area managers. În perioada de raportare nu am avut de efectuat retrageri de loturi de materie primă. De asemenea, nu au existat cazuri de focare de boli asociate restaurantelor noastre.

During the reporting period, we had no withdrawals of batches of raw material. Also, there have been no cases of disease outbreaks associated with our restaurants.

We are committed to maintaining a high level of performance in this area and will continue to take all necessary measures to ensure the quality of our products.

### Number of standard/non-standard restaurant audits (ROCC/ACE/CORE)

|             | 2021 | 2022 | 2023 |
|-------------|------|------|------|
| KFC Romania | 402  | 232  | 347  |
| Pizza Hut   | 138  | 138  | 85   |
| Taco Bell   | 48   | 42   | 46   |
| KFC Moldova | 9    | 5    | 8    |
| KFC Italy   | 77   | 66   | 76   |

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

|             | 2021 | 2022 | 2023 |
|-------------|------|------|------|
| KFC Romania | 96%  | 100% | 100% |
| Pizza Hut   | 50%  | 100% | 100% |
| Taco Bell   | 46%  | 100% | 100% |
| KFC Moldova | 100% | 100% | 100% |
| KFC Italy   | 100% | 100% | 100% |

### Number of hours of employee training on food safety

|             | 2021   | 2022   | 2023   |
|-------------|--------|--------|--------|
| KFC Romania | 61,632 | 60,816 | 56,672 |
| Pizza Hut   | 9,872  | 9,600  | 6,960  |
| Taco Bell   | 6,032  | 7,152  | 4,608  |
| KFC Moldova | 1,104  | 1,168  | 1,072  |
| KFC Italy   | 1,320  | 1,338  | 1,280  |

The number of hours of food safety training decreased for each entity in 2023 due to the existence of stable restaurant teams and a reduction in new hires. Long-term employees have already been trained in previous years, which also implicitly reduced the need for training.

Every year, employees' knowledge of food safety is also tested to ensure that we strictly adhere to the standards set by internal policies and regulations, and applicable legislation.







## 8.3 Responsibility in Communication

GRI 417-1, GRI 417-2, GRI 417-3, SASB FB-RN-260a.1, SASB FB-RN-260a.2, SASB FB-RN-260a.3



### Responsible Marketing

Both Sphera Group and its subsidiaries promote responsible marketing, with particular emphasis on providing transparent and accurate information about the products on offer, enabling consumers to make informed and conscious choices in relation to nutrition and lifestyle.

We strictly comply with all applicable regulations, ensuring that nutritional information is communicated in accordance with current standards and regulations.

To eliminate the risk of errors and ensure the accuracy of published information, we implement strict procedures to verify its correctness. This involves a meticulous examination of the specifications communicated by all suppliers of raw materials, for the entire spectrum of purchased products. In addition, we subject all data received to a rigorous analysis, carried out by accredited laboratories, thus guaranteeing that the information communicated to customers is not only accurate, but also completely transparent.

During the reporting period, there were no incidents of non-compliance with the regulations concerning information on products, services and labeling, within the companies of Sphera Group.

Nutritional and allergenic information for each product and menu is transparently published on each entity's web page to facilitate responsible food choices.

We adhere to strict regulations in relation to advertising to minors, ensuring that all our messages are appropriate and aligned with family values. Also, all our campaigns are based on transparency and authenticity, honestly reflecting the quality and value of the products, supporting all claims with concrete evidence and complying with advertising norms. In accordance with our responsible marketing policies, there were no advertisements targeting children or with reference to alcoholic beverages during the reporting period.

To regulate all these aspects, the Group has a [Responsible Marketing Policy](#).

In 2023, Sphera Group entities did not register any non-compliance with respect to observing regulations and voluntary codes relating to marketing communications, including advertising, promotion and sponsorship, as well as marketing regulations. No fines or penalties were imposed, and there were no warnings for non-compliance.

### Revenue from alcoholic beverages for Sphera Group

|                                                         | KFC Romania | Pizza Hut | Taco Bell | KFC Italy | KFC Moldova | Total SFG |
|---------------------------------------------------------|-------------|-----------|-----------|-----------|-------------|-----------|
| Total sales of alcoholic beverages (thousand RON)       | 560         | 1.365     | 48        | 789       | 72          | 2.835     |
| Percentage of alcoholic beverages revenues (% of Total) | 0,05%       | 1,18%     | 0,06%     | 0,43%     | 0,35%       | 0,19%     |



### Product Distribution Efficiency

We want to make it easier for customers to access our products. Thus, in recent years, we have adapted and strengthened our distribution strategies. We have continuously expanded and diversified delivery options, allowing customers to benefit from the desired products directly at home, at work or in other places that are convenient for them. To achieve this, we have developed solid partnerships both in Romania and in Italy, with top suppliers which specialize in deliveries, such as Tazz, Glovo, Bolt, Deliveroo, Just Eats, Uber Eats and Vorrey.



### External Recognition of Achievements

In recent years, Sphera Group has obtained a series of prestigious awards given to high-performing companies in the restaurant and catering industry. Thus, we were honored to see that our efforts to communicate effectively and run innovative marketing campaigns were rewarded with awards such as **Effie, Golden Drum, Internetics, One Show, ADC, PR Awards, European Excellence Awards, Media Global Awards, Webstock, Top Social Brands and Creative Media Awards**.





Looking back to 2023, our teams continued to create value and be recognized and rewarded for their efforts, as follows:

**For marketing campaigns that deliver results, we have received no less than five EFFIE Awards as follows:**

|                                                                     |                                                            |                                                      |
|---------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------|
| <b>SILVER</b>                                                       | <b>BRONZE</b>                                              | <b>BRONZE</b>                                        |
| KFC "De Poftă"<br>Restaurants                                       | KFC "Crave Run"<br>Experimental Marketing                  | KFC "Meal of Almost-Christmas"<br>Seasonal Marketing |
| <b>BRONZE</b>                                                       | <b>BRONZE</b>                                              |                                                      |
| Pizza Hut<br>"We love families as they are"<br>Marketing Disruptors | Pizza Hut<br>"We love families as they are"<br>Renaissance |                                                      |

**For Internet excellence, Internetics has given us three awards:**

|                                                                                        |                                                                            |                                                       |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------|
| <b>SILVER</b>                                                                          | <b>SILVER</b>                                                              | <b>SILVER</b>                                         |
| KFC "Crave Run"<br>Digital Brand Experience<br>(Digital Brand Experience & Activation) | KFC "Crave Run"<br>Gamification<br>(Digital Brand Experience & Activation) | KFC "Crave Run"<br>Restaurants<br>(Digital Campaigns) |

**Our social responsibility platform, Tomorrow's Menu, received recognition at European level, when it was declared the winner in the Launch category at the European Excellence Awards.**

In terms of online and social media campaigns, we were rewarded by **Webstock** with Bronze for the KFC "Tomorrow's Menu" - Best Visual Storytelling Campaigns. Out of the top brands on social media, KFC took 8th place and Taco Bell 37th place.



# Environment

ENERGY

CARBON EMISSIONS

CIRCULAR ECONOMY AND WASTE MANAGEMENT

FOOD WASTE

WATER RESOURCES MANAGEMENT





# 09 Environment

## The Sustainable Development Goals we have subscribed to



As the franchise operator for the KFC, Taco Bell and Pizza Hut brands in Romania and KFC in Italy and the Republic of Moldova, Sphera Group aligns with the franchisor's global vision. Thus, we have a proactive approach to reducing our contribution to climate change and responsibly managing resources of all kinds. Our commitment into implementing the franchisor's global strategies, adjusted to suit regional particularities, ensuring that we respond to the needs of the communities in which we operate and meet global and local regulatory and voluntary standards, including those set by the franchisor Yum! Brands.

Thus, we aim to optimize operations, manage resources responsibly, reduce energy and water consumption, improve waste management processes, avoid food waste and ensure that the ingredients we use come from responsibly managed sources.

We pay close attention to how we select packaging, as we are aware of its significant impact on the environment. Thus, we focus on reducing the environmental footprint by using sustainable packaging that is either recyclable or biodegradable.

Our efforts also aim to minimize the use of plastics and other hard-to-recycle materials.

## 9.1 Energy GRI 302-1, GRI 302-4

We are actively implementing measures to reduce energy consumption and increase energy efficiency in all Sphera Group companies. We prioritize the use of low-consumption lighting sources and energy-efficient equipment. We also focus on educating and motivating our employees to adopt practices that contribute to a responsible use of energy resources.

These initiatives are part of our ongoing commitment to operate more sustainably and reduce our impact on the environment.

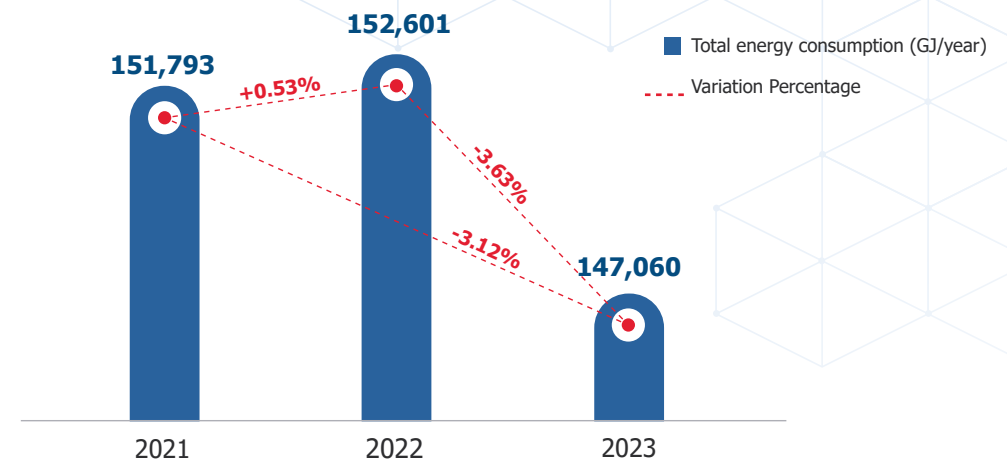
Also, when selecting new locations for our restaurants, we consider the energy efficiency characteristics of the buildings.



### Electricity Consumption

During 2023, we continuously monitored and optimized energy consumption within our restaurant network. We have recorded variations that reflect operational efficiency, sales volume and number of customers, along with changes in the number of restaurants.

### Total energy consumption of Sphera Group (GJ/year)







Specifically, as an exception, Taco Bell experienced a slight increase in energy consumption correlated with sales growth, while all other companies experienced decreases.

It is important to mention that, at KFC Romania, we observe a decrease in energy consumption even though the number of restaurants has increased. For Pizza Hut, the cuts have been linked to a reduction in the number of restaurants.

For KFC Moldova, even though the number of restaurants remained constant, we recorded a decrease in energy consumption due to efficiency measures.

The decrease in consumption at KFC Italy is due to the efficiency measures implemented, such as the installation of Smartcool energy efficiency equipment, but also the closure of two restaurants.

## Electricity Consumption at Organization Level (MWh)

| Brand                  | Restaurants |      |      | Consumption (MWh) |          |        |
|------------------------|-------------|------|------|-------------------|----------|--------|
|                        | 2021        | 2022 | 2023 | 2021              | 2022     | 2023   |
| Sphera Group           | 170         | 177  | 171  | 41,337            | 41,545   | 39,882 |
| Sphera Franchise Group | n/a         | n/a  | n/a  | -                 | -        | 235    |
| KFC Romania            | 93*         | 98   | 101  | 28,664*           | 27,274*  | 26,902 |
| Pizza Hut              | 42**        | 42** | 35** | 5,854***          | 6.101*** | 5.553  |
| Taco Bell              | 13          | 15   | 15   | 1,693             | 1,888    | 1,996  |
| KFC Moldova            | 2           | 2    | 2    | 517               | 530      | 512    |
| KFC Italy              | 20          | 20   | 18   | 4,608             | 5,519    | 4,685  |

\* Also includes consumption related to the Sphera Franchise Group SA headquarters.

\*\* Including a Pizza Hut Delivery franchise in Romania.

\*\*\* Does not include consumption related to the Pizza Hut Delivery franchise.



## Natural gas consumption

Natural gas is used for the preparation of certain products and for space heating.

### Natural gas consumption

| Brand                        | 2021 MWh | 2022 MWh | 2023 MWh |
|------------------------------|----------|----------|----------|
| Total Sphera Franchise Group | 822      | 844      | 968      |
| KFC Romania                  | -        | 440      | 412      |
| Pizza Hut                    | -        | 372      | 357      |
| Sphera Franchise Group       | -        | 32       | 198      |
| Taco Bell                    | -        | -        | 0        |
| KFC Moldova                  | -        | -        | 0        |
| KFC Italy                    | -        | -        | 0        |

All these results were obtained as a result of the implementation of certain energy efficiency measures, such as:

- Adjusting the air conditioning systems: in all KFC units; we adjusted the air conditioning systems to 19 degrees Celsius in the cold period and degrees Celsius in the hot period, balancing customer comfort with energy efficiency.
- Optimizing the use of air curtains: at KFC and Pizza Hut we have restricted the operation of air curtains to ventilation mode only, reducing energy consumption for additional heating or cooling.
- Improving lighting systems: we replaced conventional light bulbs with efficient LED solutions at KFC and Pizza Hut.
- Optimizing the management of electrical equipment: in all KFC, Pizza Hut and Taco Bell restaurants, we have improved the management of electrical equipment start-up and shut-down operations, effectively adjusting them to specific production needs.



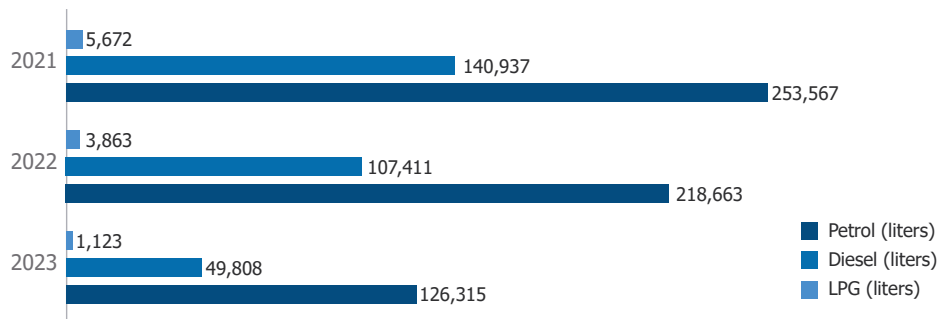


- Saving energy by turning off light advertisements: in in-line and Drive-Thru KFC units, we have implemented a policy to turn off light advertisements outside of operating hours.
- Installation of motion sensors: we have introduced motion sensors in low-traffic areas (including employee toilets) in all locations, activating lighting only when needed.

To assess the energy efficiency of the Sphera Franchise Group, we calculated energy intensity, defined as the ratio of total energy consumption to total net sales of the Group. This indicator allows us to understand how efficiently we use energy in relation to the company's financial performance.



### Own Fleet Fuel Consumption (liters/year) at Sphera Group Level



In 2023, the own fleet of KFC and Pizza Hut restaurants for delivery services was significantly reduced compared to the previous year, to only 20 mopeds.

Logistics operations were reorganized, with a significant part of the car fleet transferred to partner leasing companies. This decision had a direct impact on the reduction of the Group's fuel consumption; thus the emissions related to Scope 1 moved to Scope 3, reflecting the Group's orientation towards the outsourcing of logistics services.

## 9.2 Carbon Emissions

GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5



### Carbon Footprint

Climate change is a major concern for many companies and organizations around the world.

At Sphera, we believe it is important to address these issues with responsibility and take steps to minimize environmental impact.

Continued investment in recent years in energy efficiency and the adoption, where technically possible, of low-carbon technologies are essential steps to reduce our carbon footprint. Careful monitoring of energy consumption and calculation of direct and indirect CO2 emissions are effective methods to assess progress and take appropriate action.

Sphera Franchise Group is committed to monitoring and reducing its carbon

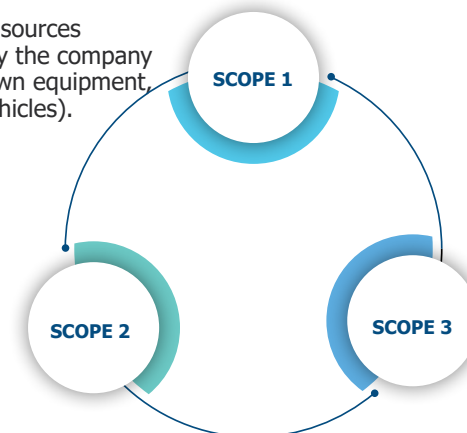
footprint, contributing to global efforts to combat climate change.

In the following, we present information on greenhouse gas emissions (GHG) generated by our activities, calculated according to international standards and industry-specific methodologies, using the GHG Protocol Corporate Accounting and Reporting Standard Greenhouse. The calculation covered direct emissions (Scope 1) and indirect emissions (Scope 2).

The GHG Protocol is the most widely used global standard for measuring and managing greenhouse gas emissions. It provides a comprehensive and flexible framework to help organizations identify, calculate and report GHG emissions. The GHG Protocol is structured on three areas of emissions:

Direct emissions from sources owned or controlled by the company (e.g.: fuels used for own equipment, for company-owned vehicles).

Indirect emissions from the consumption of purchased electricity, heat or steam.



Other indirect emissions that occur in the company's value chain, including those associated with the purchase of raw materials, the transport of goods and commuting employees. At present, Sphera has not calculated Scope 3 emissions, but we plan to develop a measure and reporting framework for these in the near future.





## Calculation Methodology and Assumptions

The calculation of GHG emissions was carried out according to the GHG Protocol, using two recognized methods: the location-based method and the market-based method. Data collected included electricity consumption, fossil fuels used and amounts of refrigerants consumed.

The location-based method uses the average emission factors for the national or regional electricity grid. It is an approach that reflects the energy mix specific to a geographic location, taking into account the energy sources available in that area (eg: coal, natural gas, renewable energy).

The market-based method uses the emission factors specific to the electricity supplier chosen by the company. This method reflects the impact of the company's purchasing choices in relation to energy sources, including green energy contracts.



### Subsidiaries in Romania

The total electricity consumption recorded for each entity of Sphera Group was taken into account.

**Location Based Method:** The emission factor used was the one published by the National Energy Regulatory Authority (ANRE) at national level for the year 2022.

**Market Based Method:** The hypothesis was used that the entire amount of electricity was supplied by E.On Romania, using the emission factor specific to E.On Romania for the year 2022.

The emission factors for 2023 were not published at the date of the calculation, so the data used are those available for the previous year.



### Subsidiaries in Italy

Monthly electricity consumption was recorded for each location operated by KFC Italy, together with the contracted supplier.

The emission factors of the energy suppliers were not available in the published energy mix information. Therefore, for both calculation methods, the emission factor published by the European Investment Bank (EIB) was used in the last revision of the calculation methodology, published in January 2023.



### Subsidiaries in the Republic of Moldova

The total electricity consumption was recorded for both units operated in the Republic of Moldova.

**Location Based Method:** The emission factor published for the Republic of Moldova was used in the last revision of EIB's calculation methodology.

**Market Based Method:** Due to lack of emission factors specific to the contracted supplier, the same emission factor published by EIB was used.

Emissions calculation results are presented below for both the location-based and market-based methods.

### Greenhouse Gas emissions generated at Sphera Group level in the last 3 years

| Scope                           | 2021      | 2022      | 2023      |                    |
|---------------------------------|-----------|-----------|-----------|--------------------|
| Scope 1                         | 1,130.45  | 1,038.48  | 933.47    | tCO <sub>2</sub> e |
| Scope 2 - Location-based Method | 14,015.69 | 9,482.73  | 9,021.14  | tCO <sub>2</sub> e |
| Scope 2 - Market-based Method   | N/A       | 12,655.40 | 10,308.32 | tCO <sub>2</sub> e |
| Scope 3                         | N/A       | N/A       | N/A       | tCO <sub>2</sub> e |

### Scope 2 emissions detailed by calculation method:

| Nr.               | Entity      |                    | Location Based Method | Market Based Method |
|-------------------|-------------|--------------------|-----------------------|---------------------|
| 1                 | Sphera      | tCO <sub>2</sub> e | 52.35                 | 61.06               |
| 2                 | KFC Romania | tCO <sub>2</sub> e | 6,005.85              | 7,004.18            |
| 3                 | Pizza Hut   | tCO <sub>2</sub> e | 1,239.75              | 1,445.82            |
| 4                 | Taco Bell   | tCO <sub>2</sub> e | 445.60                | 519.67              |
| 5                 | KFC Moldova | tCO <sub>2</sub> e | 209.48                | 209.48              |
| 6                 | KFC Italy   | tCO <sub>2</sub> e | 1,068.11              | 1,068.11            |
| TOTAL Sphera Grup |             | tCO <sub>2</sub> e | 9,021.14              | 10,308.32           |





|                                                                                                        | 2021             | 2022             | 2023            |
|--------------------------------------------------------------------------------------------------------|------------------|------------------|-----------------|
| <b>Total GHG emissions by location (tons CO<sub>2</sub>e)</b>                                          | <b>15,146.14</b> | <b>10,521.21</b> | <b>9,954.61</b> |
| Net sales (million lei)                                                                                | 1,000.29         | 1,322.82         | 1,469.17        |
| Gross sales (million lei)                                                                              | 1,082.61         | 1,424.16         | 1,615.76        |
| Net sales (million USD)                                                                                | 240.43           | 282.14           | 321.18          |
| Gross sales (million USD)                                                                              | 260.22           | 303.76           | 353.23          |
| Intensity of GHG emissions per 1 million lei of net sales revenue (tons of CO <sub>2</sub> e/mn lei)   | 15.14            | 7.95             | 6.78            |
| Intensity of GHG emissions per 1 million lei of gross sales revenue (tons of CO <sub>2</sub> e/mn lei) | 13.99            | 7.39             | 6.16            |
| Intensity of GHG emissions per 1 million lei of net sales revenue (tons of CO <sub>2</sub> e/mn USD)   | 63.00            | 37.29            | 30.99           |
| Intensity of GHG emissions per 1 million lei of gross sales revenue (tons of CO <sub>2</sub> e/mn USD) | 58.21            | 34.64            | 28.18           |

Over the reporting period, we see a decline in Scope 1 emissions from 1,038.48 tCO<sub>2</sub>e in 2022 to 933.47 tCO<sub>2</sub>e in 2023.

**The percentage of emissions from activities covered by Scope 1 in 2023**

**-17%**  
compared to  
2021

**-10%**  
compared to  
2021

This reduction is due to the outsourcing of transport services, which has reduced direct emissions from mobile sources.

Emissions in Scope 2 varied depending on the calculation method used, but the general trend was a decrease.

For the emissions in Scope 2, as a result of the calculations carried out using the location-based method, there was an approximately 5% decrease in emissions in the last year compared to 2022, and according to the market-based method, a decrease of approximately 19% was determined in 2023 compared to 2022. This decrease is due to measures to increase energy efficiency.

Another important aspect is fugitive emissions, which totaled 345.55 tCO<sub>2</sub>e in 2023. These come from the amounts of refrigerant added to the refrigeration equipment and air conditioning installations, considered equal to the fugitive emissions resulting from the period of operation of these items of equipment.

In order to measure the effectiveness of outsourcing transport services, Scope 3 emissions should be monitored and measured to assess whether there are reductions based on the mode of transport used by our partners.







## 9.3 Circular economy and waste management

GRI 301-1, GRI 301-2, GRI 301-3, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5

Circular economy principles are embedded in our sustainability strategy because we realize that in this era of climate change and limited resources, this is the only approach that will allow us to generate long-term value.

We prioritize minimizing our environmental footprint through technological innovations that allow us to operate our restaurants more efficiently, thereby reducing waste generation, water and energy consumption and optimizing operational costs. This approach is part of our efforts to aligns with the highest international sustainability standards, including the policies established by Yum! Brands, our franchisor, which promotes the elimination of unnecessary packaging, the transition to sustainable materials, the improvement of recycling systems and investments in circularity.

Because we are aware of the specific challenges of the restaurant industry, we can offer ways to facilitate the separate collection of waste and improve the recycling rate. In this respect, we have developed and implemented a system of waste management, based on best practices, to ensure the efficient collection and recycling of non-hazardous waste generated within our activities. This system is based on clear principles of separation at source, collaboration with certified partners for waste management and the use of technologies that enable a more efficient management and a more sustainable use of resources.

Within Sphera Group, we generate non-hazardous waste, including packaging waste and waste from the supply chain, as well as waste generated in sales units in shopping centers and in specially designed spaces of restaurants.

They are collected and, subsequently, capitalized or disposed of according to the regulations in force, through authorized companies, contracted by the Sphera Group entities. We focus on training our employees and on making them aware of the importance of separate collection and of correct recycling. Through these initiatives, we ensure that each team member understands their role in the waste management system and actively contributes to the success of our sustainability efforts.

In addition, we implement rigorous methods of monitoring and recording data on waste managed, ensuring full traceability of waste streams from the point of generation to the point of disposal or recovery.

This includes collecting and analyzing data related to the amounts of waste generated, the categories of waste recycled and the effectiveness of partnerships with collection and recycling companies.

Through these efforts, we are setting new standards of excellence in the restaurant industry, proving that sustainability and commercial success can go hand in hand.



### Reducing the use of plastic materials

(SASB FB-RN-150a.2, SASB FB-RN-150a.1)

In 2023, we kept the commitment made in 2021 to phase out plastics and ensured that all our restaurants use paper straws, paper and cardboard transport packaging and wooden cutlery.

In our effort to adopt sustainable materials, we have collaborated with manufacturers and suppliers who hold certifications such as the Program for the Endorsement of Forest Certification and the Forest Stewardship Council. This means our materials are responsibly sourced, supporting the health of forests and nearby communities.

#### Paper/cardboard packaging placed on the market (tons)

|                        | 2021     | 2022     | 2023     |
|------------------------|----------|----------|----------|
| Sphera Franchise Group | 1,321.77 | 1,412.90 | 1,064.34 |
| KFC Romania            | 804.42   | 736.08   | 705.64   |
| Pizza Hut Romania*     | 263.59   | 397.80   | 258.41   |
| Taco Bell Romania      | 52.73    | 67.53    | 65.29    |
| KFC Moldova            | 11.80    | 12.3     | 35       |
| KFC Italy              | 189.23   | 199.19   | N/A*     |

\*Pizza Hut + Pizza Hut Delivery

In Romania, the amount of cardboard packaging decreased because we selectively substituted this type of packaging with lighter paper alternatives.





## Plastic packaging placed on the market (tons)

|              | 2021   | 2022   | 2023   |
|--------------|--------|--------|--------|
| Sphera Group | 119.14 | 165.03 | 112.87 |
| KFC Romania  | 45.39  | 87.33  | 108.93 |
| Pizza Hut    | 1.92   | 2.09   | 1.62   |
| Taco Bell    | 0.00   | 0.00   | 0.02   |
| KFC Moldova  | 0.00   | 0.00   | 2.3    |
| KFC Italy    | 71.83  | 75.61  | N/A*   |

\* In 2023, data on the packaging placed on the market by KFC Italy could not be collected because the logistics company was unable to provide information. This situation created difficulties in the proper monitoring and reporting of packaging data.

We are committed to addressing this issue and working closely with our logistics partners to ensure the complete and accurate collection and provision of this data in the future. We will take the necessary steps to improve data collection processes and avoid such situations in the years to come.

In 2023, we recorded an increase in plastic packaging for KFC Romania, in direct correlation with the opening of new restaurants, the increase in sales in general and in particular of individually packaged sauces and as a result of the launch of temporary products (Limited Time Offer) that involved the use of plastic packaging.

To responsibly manage packaging waste introduced on to the Romanian market, Sphera Group collaborates with licensed organizations, ensuring the fulfillment of recovery objectives, in accordance with the legislation in force in relation to the implementation of extended producer responsibility.

| Indicator                                             |             |           |           |             |           |
|-------------------------------------------------------|-------------|-----------|-----------|-------------|-----------|
| 2021                                                  | KFC Romania | Pizza Hut | Taco Bell | KFC Moldova | KFC Italy |
| Packaging from recycled or renewable materials (%)    | 40          | 30        | 35        | N/A         | N/A       |
| Recyclable, reusable or compostable packaging (%)     | 46          | 46        | 46        | N/A         | N/A       |
| Plastic bags replaced by biodegradable bags (%)       | 100         | 100       | 100       | 100         | 100       |
| Plastic cutlery replaced by biodegradable cutlery (%) | 100         | 100       | 100       | 100         | 100       |
| Plastic straws replaced by paper straws (%)           | 100         | 100       | 100       | 100         | 100       |
| 2022                                                  | KFC Romania | Pizza Hut | Taco Bell | KFC Moldova | KFC Italy |
| Packaging from recycled or renewable materials (%)    | 85.26       | 98.01     | 91.94     | 85.63       | N/A       |
| Recyclable, reusable or compostable packaging (%)     | 85.26       | 98.01     | 91.94     | 85.63       | N/A       |
| Plastic bags replaced by biodegradable bags (%)       | 100         | 100       | 100       | 100         | 100       |
| Plastic cutlery replaced by biodegradable cutlery (%) | 100         | 100       | 100       | 100         | 100       |
| Plastic straws replaced by paper straws (%)           | 100         | 100       | 100       | 100         | 100       |
| 2023                                                  | KFC Romania | Pizza Hut | Taco Bell | KFC Moldova | KFC Italy |
| Packaging from recycled or renewable materials (%)    | 85          | 98        | 92        | 85          | N/A       |
| Recyclable, reusable or compostable packaging (%)     | 85          | 98        | 92        | 85          | N/A       |
| Plastic bags replaced by biodegradable bags (%)       | 100         | 100       | 100       | 100         | 100       |
| Plastic cutlery replaced by biodegradable cutlery (%) | 100         | 100       | 100       | 100         | 100       |
| Plastic straws replaced by paper straws (%)           | 100         | 100       | 100       | 100         | 100       |





## Waste management

Sphera Group takes responsibility for waste management, aiming to minimize the impact on the environment.

The fast-casual restaurant industry faces major challenges in managing household waste, as its quantity and composition are often influenced by customer actions. Sphera Group takes responsibility for reducing the impact on the environment and is committed to implementing education and awareness actions to reduce the amount of waste eliminated through campaigns in restaurants.

We recycle 100% of metal and glass packaging waste collected separately both in our restaurants in Romania and in the Republic of Moldova. They are handed over directly by the restaurants to authorized recycling entities, according to the terms specified in the existing contracts. For Italy, the total amounts of recycled waste are based on estimates.

The tables below show the total amount of waste generated, recycled, recovered and disposed of for the period 2021-2023, except for the 2023 data for KFC Italy, where exact data could not be obtained.

### Plastic waste (tons)

| Entity       | Generated 2021 | Recycled 2021 | Generated 2022 | Recycled 2022 | Generated 2023 | Recycled 2023 |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Sphera Group | 107.5          | 107.5**       | 193.47         | 193.47        | 162.22         | 162.22        |
| KFC Romania  | 25.32          | 25.32         | 92.24          | 92.24         | 58.22          | 58.22         |
| Pizza Hut    | 8.26           | 8.26          | 13.88          | 13.88         | 13.84          | 13.84         |
| Taco Bell    | 1.89           | 1.89          | 10.25          | 10.25         | 8.06           | 8.06          |
| KFC Moldova  | 0.2            | 0.2           | 1.5            | 1.5           | 1.6            | 1.6           |
| KFC Italy    | 71.83          | 71.83         | 75.61          | 75.61         | 80.5           | 80.5*         |

\*\*The figures for 2021 and 2022 have been corrected due to an error in the information from Italy and the way we reported the data: we initially aggregated the years 2020 and 2021, then reported separately for 2022.

### Paper and cardboard waste (tons)

| Entity       | Generated 2021 | Recycled 2021 | Generated 2022 | Recycled 2022 | Generated 2023 | Recycled 2023 |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Sphera Group | 935.15         | 935.15        | 832.79         | 832.79**      | 602.6          | 602.6         |
| KFC Romania  | 541.62         | 541.62        | 560.14         | 560.14        | 423.44         | 423.44        |
| Pizza Hut    | 177.73         | 177.73        | 36.57          | 36.57         | 41.62          | 41.62         |
| Taco Bell    | 9.37           | 9.37          | 18.78          | 18.78         | 11.7           | 11.7          |
| KFC Moldova  | 17.2           | 17.2          | 18.1           | 18.1          | 19.9           | 19.9          |
| KFC Italy    | 189.23         | 189.23        | 199.19         | 199.19        | 105.94         | 105.94*       |

\*\*The figures for 2021 and 2022 have been corrected due to an error in the information from Italy and the way we reported the data: we initially aggregated the years 2020 and 2021, then reported separately for 2022.

### Glass waste (tons)

| Entity       | Generated 2021 | Recycled 2021 | Generated 2022 | Recycled 2022 | Generated 2023 | Recycled 2023 |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Sphera Group | 5.18           | 5.18          | 4.85           | 4.85          | 8.76           | 8.76          |
| KFC Romania  | 2.71           | 2.71          | 0.17           | 0.17          | 0.83           | 0.83          |
| Pizza Hut    | 1.54           | 1.54          | 4.59           | 4.59          | 7.74           | 7.74          |
| Taco Bell    | 0.92           | 0.92          | 0.09           | 0.09          | 0.18           | 0.18          |
| KFC Moldova  | 0.01           | 0.01          | 0.01           | 0.01          | 0.01           | 0.01          |
| KFC Italy    | 0              | 0             | 0              | 0             | 0              | 0             |

### Metal scrap (tons)

| Entity       | Generated 2021 | Recycled 2021 | Generated 2022 | Recycled 2022 | Generated 2023 | Recycled 2023 |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Sphera Group | 5.96           | 5.96          | 13.29          | 13.29         | 16.61          | 16.61         |
| KFC Romania  | 3.75           | 3.75          | 9.47           | 9.47          | 10.87          | 10.87         |
| Pizza Hut    | 2.08           | 2.08          | 2.95           | 2.95          | 4.59           | 4.59          |
| Taco Bell    | 0.12           | 0.12          | 0.77           | 0.77          | 1.11           | 1.11          |
| KFC Moldova  | -              | -             | 0.04           | 0.04          | 0.05           | 0.05          |
| KFC Italy    | 0              | 0             | 0              | 0             | 0              | 0             |



## Used cooking oil waste

Because we are aware of the impact of used oils, within the Group we have implemented processes for their collection and recovery, transforming them from waste into a resource.

Our procedures begin with the separate collection of used oil, following a protocol that guarantees the integrity of this process. To maintain high quality and safety standards, we implement periodic quality checks of used oil using standardized tests. We complete the process by converting used oil, through our partners, into biofuel, a solution that highlights our commitment to sustainable alternatives and the circular economy.

### Used cooking oil waste (tons)

| Entity       | Generated 2021 | Recycled 2021 | Generated 2022 | Recycled 2022 | Generated 2023 | Recycled 2023 |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Sphera Group | 281.91         | 281.91        | 213.25         | 213.25        | 176.93         | 176.93        |
| KFC Romania  | 201.34         | 201.34        | 131.42         | 131.42        | 109.59         | 109.59        |
| Pizza Hut    | 1.89           | 1.89          | 2.12           | 2.12          | -              | -             |
| Taco Bell    | 10.19          | 10.19         | 9.2            | 9.2           | 10.52          | 10.52         |
| KFC Moldova  | 6.1            | 6.1           | 2.9            | 2.9           | 2.88           | 2.88          |
| KFC Italy    | 62.39          | 62.39         | 67.61          | 67.61         | 53.94          | 53.94         |

### Recycled waste

| Entity                | 2021 (tons) | 2022 (tons) | 2023 (tons) |
|-----------------------|-------------|-------------|-------------|
| Plastic waste         | 107.5       | 193.47      | 162.22      |
| Paper/cardboard waste | 935.15      | 832.79      | 602.6       |
| Glass waste           | 5.18        | 4.85        | 8.76        |
| Scrap metal           | 5.96        | 13.29       | 16.61       |
| Used oil Waste        | 281.91      | 213.25      | 176.93      |

## Household waste (tons)

| Entity       | Generated 2021 | Recycled 2021 | Generated 2022 | Recycled 2022 | Generated 2023 | Recycled 2023 |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Sphera Group | 7,881.99       | 7,881.99      | 6,479.01       | 6,479.01      | 6,347.09       | 6,347.09      |
| KFC Romania  | 7,369.37       | 7,369.37      | 4,963.7        | 4,963.7       | 5,180.7        | 5,180.7       |
| Pizza Hut    | 302.66         | 302.66        | 1001.3         | 1,001.3       | 637.05         | 637.05        |
| Taco Bell    | 4.52           | 4.52          | 198.53         | 198.53        | 345.74         | 345.74        |
| KFC Moldova  | 98.6           | 98.6          | 99             | 99            | 77.7           | 77.7          |
| KFC Italy    | 106.83         | 106.83        | 216.47         | 216.47        | 105.9          | 105.9         |

|                              | 2021 (tone) | 2022 (tone) | 2023* (tone) |
|------------------------------|-------------|-------------|--------------|
| <b>Total Generated Waste</b> | 9,298.29    | 7,841.13    | 7,590.35     |
| <b>Total Recycled Waste</b>  | 1,335.7     | 1,257.65    | 967.12       |
| <b>Total Removed Waste</b>   | 7,962.59    | 6,583.48    | 6,347.23     |

\*For KFC Italy, waste quantities are estimated based on volumes handed over to local sanitation companies. These companies do not provide us with documents attesting to these quantities of waste collected.





## 9.4 Food Waste

Sphera Group pays special attention to minimizing the amount of uneaten food, intervening at every stage to optimize processes and reduce food waste.

Thus, production is programmed according to the consumption history of each restaurant. This approach allows us to adjust the quantities of food prepared so that they correspond as closely as possible to the actual demand, reducing the surplus of uneaten food.

At the same time, in 2023, we continued the Harvest food donation program, with 28 participating restaurants in Romania and 4 in Italy. These coupled initiatives allow us to reduce food waste as well as support people in vulnerable situations.

### Food waste (tons)

| Entity       | Generated 2021 | Recycled 2021 | Generated 2022 | Recycled 2022 | Generated 2023 | Recycled 2023 |
|--------------|----------------|---------------|----------------|---------------|----------------|---------------|
| Sphera Group | 80.6           | 80.6          | 104.47         | 104.47        | 276.14         | 276.14        |
| KFC Romania  | 23.09          | 23.09         | 25.17**        | 25.17**       | 26.12          | 26.12         |
| Pizza Hut    | 0.2            | 0.2           | 0.06**         | 0.06**        | 0.05           | 0.05          |
| Taco Bell    | 1.2            | 1.2           | 1.70**         | 1.70**        | 1.87           | 1.87          |
| KFC Moldova  | 5.2            | 5.2           | 1.3            | 1.3           | 0.9            | 0.9           |
| KFC Italy    | 50.9           | 50.9          | 42.23          | 42.23         | 247.2*         | 247.2*        |

\*Starting from 2023, KFC Italy initiated the separate collection of biodegradable waste, which led to a significantly higher amount compared to 2022.

\*\*The figures for 2022 have been corrected due to an error in the data entry process in the 2022 sustainability report.

| Indicator                                                                                             | 2021     | 2022     | 2023      |
|-------------------------------------------------------------------------------------------------------|----------|----------|-----------|
| Total amount of waste (tons)                                                                          | 9,298.28 | 7,841.13 | 7,590.35* |
| Total amount of food waste (tons/year)                                                                | 80.60    | 104.47   | 276.14*   |
| Percentage of food waste (From total waste)                                                           | 0.87%    | 1.33%    | 3.64*     |
| Total amount of food saved from becoming waste (tons/year) (Donated food through the HARVEST program) | 8.40     | 6.97     | 4.938     |

\* Data on the waste generated by KFC Italy is estimated based on the volumes handed over to local waste collection companies. These companies do not provide us with documents setting out the collected quantities.

## 9.5 Water Resources Management

GRI 303-1, GRI 303—2, GRI 303-3, GRI 303-5

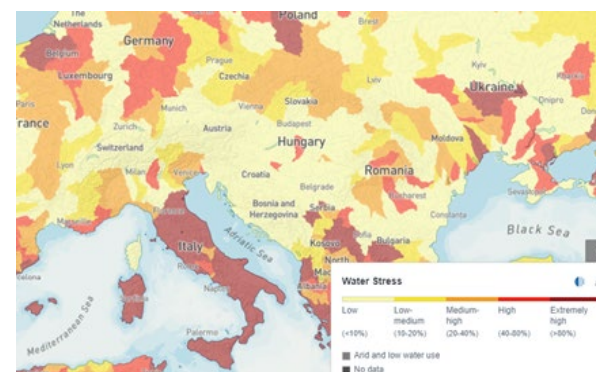
Water is the key to human existence, but it is one of the most undervalued resources.

Current consumption behavior and the accentuation of climate change threaten both human life and health, as well as the local and regional economy and natural ecosystems. Collective action must be taken now to tackle the water crisis.

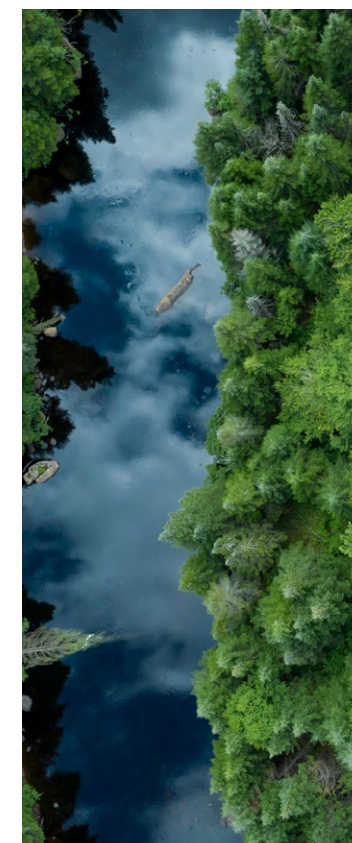
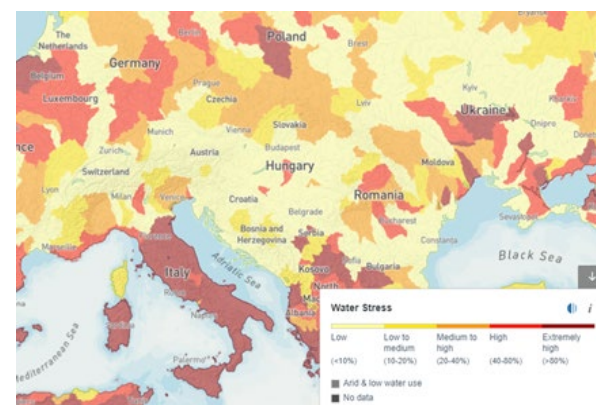
For our operations, water is an important resource. For this reason we considered it important to determine the risk of water stress in the countries where we operate. To identify associated risks, we used the Aqueduct Water Risk Atlas tool, provided free of charge by the Global Resources Institute (WRI).

Currently (2023), the risk of water stress for the areas where we are present varies from low to medium to high. However, according to forecasts (for 2040), more territory is set to become part of a high risk area.

### Current situation - 2023



### Prediction - 2040



Because we are aware of these developments, we actively monitor water consumption in all our restaurants. This approach is important for the responsible management of water resources and alignment with efficient operating practices.

We carry out regular tests through an accredited laboratory according to the ISO 17025/2018 standard, to validate the quality of the water used in our restaurants.

These analyses are carried out following the standards established by RENAR, to guarantee strict compliance with all health and safety regulations.

The waste water generated from daily activities is discharged, according to the current rules, into the sewage networks available at our locations. All restaurants have grease separators installed at the sinks used to wash equipment and utensils.

To minimize the impact of rough water supplies, we have implemented various measures, including using sensors to control water flow, promptly repairing leaking equipment, and promoting water-saving practices among employees, while maintaining strict hygiene and food safety standards. As a result of these measures, the total amount of water used has continuously decreased during the last three years for most of the Group's units, with the exception of KFC Italy, where water consumption in the last 2 years has increased, as a result of the relaxation of the restrictions imposed during COVID-19.

#### Water used for food processing and sanitation (m<sup>3</sup>)

| Entity                      | 2021 (m <sup>3</sup> ) | 2022 (m <sup>3</sup> ) | 2023 (m <sup>3</sup> ) |
|-----------------------------|------------------------|------------------------|------------------------|
| Sphera Group                | 262.815                | 291.511*               | 277.762                |
| Sphera Franchise Group S.A. |                        |                        | 947                    |
| KFC Romania                 | 199.982                | 205.182                | 200.762                |
| Pizza Hut                   | 33.936                 | 24.539                 | 22.716                 |
| Taco Bell                   | 6.399                  | 7.748                  | 7.410                  |
| KFC Moldova                 | 2.588**                | 2.683**                | 2.556                  |
| KFC Italy                   | 18.300                 | 47.076                 | 43.371 ***             |

\*Includes consumption related to the headquarters of Sphera Franchise Group.

\*\* Following a review, we identified an inconsistency caused by the double reporting of an invoice in previous years, which is why we are correcting the volume of water consumption for KFC Moldova for the years 2021 and 2022.

\*\*\* The estimate presented reflects data collected from 5 KFC restaurants in Italy, which provided accurate figures. We see a decrease in numbers compared to previous years, a direct consequence of the closure of two restaurants during 2023.





# People and Communities

OUR TEAM

DIVERSITY AND EQUAL OPPORTUNITY

VOCATIONAL TRAINING AND EDUCATION

HEALTH AND SAFETY

EMPLOYEE SATISFACTION

CUSTOMER SATISFACTION

COMMUNITY ENGAGEMENT





# 10 People and Communities

## Sustainable Development Goals to which we contribute



The teams and communities we operate in are important to us. We understand that our progress and success are closely linked to employee development and satisfaction as well as the positive contribution we bring to local communities.

One of the four fundamental pillars of Sphera Group's sustainability strategy is People and Community.

This strategic direction emphasizes the importance we place on developing our team and positive relationships with the communities in which we operate. We are aware of the impact we have on each individual and community, we are committed to cultivate harmonious relationships that generate mutual benefits and amplify the positive impact beyond our direct work.

## 10.1 Sphera Team

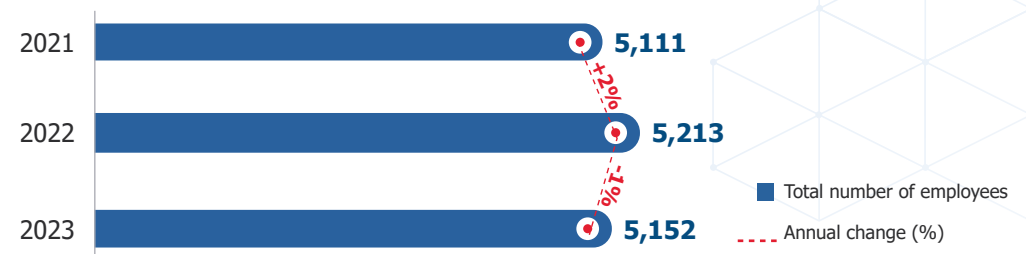
GRI 2-7, GRI 2-8, GRI 2-30, GRI 202-2, GRI 405-1, GRI 407-1

The force that supports Sphera Group consists of the specific teams of the entities present in Romania, the Republic of Moldova and Italy. Each member of these teams contributes to the company's continued success and development.

The employees working in Sphera Group's restaurants are the driving force behind our initiatives. Each member of the team is very important in adopting and promoting responsible behavior both in the relationship with customers and in the management of resources. We are committed to providing them with opportunities for growth and development. We promote a work environment that encourages personal and professional development and excellence by:

- **Excellence beyond legal compliance:** We ensure a safe and stable work environment and comply with all applicable regulations to facilitate the optimal performance of daily activities.
- **Supporting collaboration and efficiency:** We create a collaborative atmosphere, encouraging innovative solutions and results-oriented behavior.
- **Professional Development:** We provide access to training programs specific to each employee's role and promote continuous learning as a means of professional advancement.
- **Personal Development:** We encourage each team member to explore and develop their personal potential to the fullest.
- **Supporting diversity and inclusion:** We are committed to promoting and supporting diversity and inclusion within the organization by creating an environment where every voice is heard and valued.
- **Decent work:** We are committed to providing fair working conditions that respect the dignity and rights of every employee.

### Total number of Sphera Group employees at the end of 2023













In the organizational structure of Sphera Group, in the first eight months of 2023, there were 9 people who were not employees, but whose professional activities were controlled by the organization. As at September 2023, this number had been reduced to 8 people, of which 5 held administrative positions and 3 held executive roles. The detailed profiles of these collaborators are available for public consultation on the official website of the company by accessing the [dedicated section](#).







## Distribution of employees by gender, number of hours worked and type of contract\*

|                                                                                           | Sphera |      |      | KFC Romania |       |       | Pizza Hut |      |      | Taco Bell |      |      | KFC Moldova |      |      | KFC Italy |      |      |
|-------------------------------------------------------------------------------------------|--------|------|------|-------------|-------|-------|-----------|------|------|-----------|------|------|-------------|------|------|-----------|------|------|
| Category                                                                                  | 2021   | 2022 | 2023 | 2021        | 2022  | 2023  | 2021      | 2022 | 2023 | 2021      | 2022 | 2023 | 2021        | 2022 | 2023 | 2021      | 2022 | 2023 |
| <b>Total number of employees</b>                                                          | 164    | 172* | 172* | 3,529       | 3,519 | 3,617 | 727       | 705  | 539  | 265       | 341  | 322  | 78          | 81   | 72   | 348       | 395  | 418  |
|  Women   | 101    | 109  | 109  | 2,097       | 2,142 | 2,235 | 344       | 326  | 296  | 137       | 166  | 169  | 53          | 49   | 44   | 186       | 210  | 209  |
|  Men     | 63     | 63   | 63   | 1,432       | 1,377 | 1,382 | 383       | 379  | 243  | 128       | 175  | 153  | 25          | 32   | 28   | 162       | 185  | 209  |
| <b>Total number of employees - full time</b>                                              | 153    | 164  | 162  | 3,021       | 2,964 | 3,060 | 619       | 574  | 449  | 199       | 254  | 236  | 36          | 37   | 35   | 108       | 111  | 113  |
|  Women   | 99     | 105  | 105  | 1,825       | 1,862 | 1,933 | 312       | 291  | 256  | 99        | 130  | 127  | 24          | 28   | 28   | 48        | 48   | 50   |
|  Men     | 54     | 59   | 57   | 1,196       | 1,102 | 1,127 | 307       | 283  | 193  | 100       | 124  | 109  | 12          | 9    | 7    | 60        | 63   | 63   |
| <b>Total number part-time employees</b>                                                   | 11     | 8    | 10   | 508         | 555   | 557   | 108       | 131  | 90   | 66        | 87   | 86   | 42          | 44   | 37   | 240       | 284  | 213  |
|  Women   | 2      | 4    | 4    | 272         | 280   | 302   | 32        | 35   | 40   | 38        | 36   | 42   | 29          | 21   | 16   | 138       | 162  | 127  |
|  Men     | 9      | 4    | 6    | 236         | 275   | 255   | 76        | 96   | 50   | 28        | 51   | 44   | 13          | 23   | 21   | 102       | 122  | 86   |
| <b>Total number of employees - with an employment contract for an indefinite period</b>   | 164    | 167  | 168  | 3,529       | 3,470 | 3,531 | 727       | 672  | 530  | 265       | 316  | 321  | 78          | 81   | 72   | 18        | 224  | 238  |
|  Women | 101    | 108  | 108  | 2,097       | 2,138 | 2,217 | 344       | 326  | 294  | 137       | 166  | 168  | 53          | 49   | 44   | 5         | 110  | 129  |
|  Men   | 63     | 59   | 60   | 1,432       | 1,332 | 1,314 | 383       | 346  | 236  | 128       | 150  | 153  | 25          | 32   | 28   | 13        | 114  | 109  |
| <b>Total number of employees - with an employment contract for a definite period</b>      | 9      | 5    | 4    | 201         | 49    | 86    | 13        | 33   | 9    | 25        | 25   | 1    | 0           | 0    | 0    | 155       | 171  | 88   |
|  Women | 1      | 1    | 1    | 1           | 4     | 18    | 0         | 0    | 2    | 0         | 0    | 1    | 0           | 0    | 0    | 85        | 100  | 48   |
|  Men   | 8      | 4    | 3    | 200         | 45    | 68    | 13        | 33   | 7    | 25        | 25   | 0    | 0           | 0    | 0    | 70        | 71   | 40   |

\* Employees with a mandate are not included.





### Total number of male employees (2023)\*:

|               | Sphera    | KFC Romania  | Pizza Hut  | Taco Bell  | KFC Moldova | KFC Italy  |
|---------------|-----------|--------------|------------|------------|-------------|------------|
| < 30 years    | 3         | 951          | 146        | 112        | 25          | 122        |
| 30 – 50 years | 34        | 360          | 93         | 41         | 3           | 83         |
| >50 years     | 26        | 71           | 4          | 0          | 0           | 4          |
| <b>Total</b>  | <b>63</b> | <b>1,382</b> | <b>243</b> | <b>153</b> | <b>28</b>   | <b>209</b> |

\* Employees with a mandate are not included.



### Total number of female employees (2023)\*:

|               | Sphera     | KFC Romania  | Pizza Hut  | Taco Bell  | KFC Moldova | KFC Italy  |
|---------------|------------|--------------|------------|------------|-------------|------------|
| < 30 years    | 17         | 1,030        | 139        | 136        | 31          | 129        |
| 30 – 50 years | 73         | 923          | 115        | 27         | 9           | 79         |
| >50 years     | 19         | 282          | 42         | 6          | 4           | 1          |
| <b>Total</b>  | <b>109</b> | <b>2,235</b> | <b>296</b> | <b>169</b> | <b>44</b>   | <b>209</b> |

\* Employees with a mandate are not included.



### Distribution of the total number of employees by gender\*

| Sphera Group                     | 2021         | 2022         | 2023         |
|----------------------------------|--------------|--------------|--------------|
| <b>Total number of employees</b> | <b>5,111</b> | <b>5,213</b> | <b>5,152</b> |
| Total number of female employees | 2,918        | 3,002        | 3,062        |
| % Women                          | 57.10%       | 57.57%       | 59.43%       |
| Total number of male employees   | 2,193        | 2,211        | 2,090        |
| % Men                            | 42.90%       | 42.43%       | 40.57%       |

\* Employees with a mandate are not included.

All employees of Sphera Group benefit from collective labor contracts.







In line with the constant concern for a collaborative and inspirational work environment, we decided to in 2023, a program that aims to continuously continue **"Leading with Heart"** train the organization's leaders for empathetic and conscious leadership.





Within Sphera Group, 80% of managers were hired from the local community.

### Employees in management positions by gender:

|             | 2021                                                                              |                                                                                   | 2022                                                                              |                                                                                   | 2023                                                                              |                                                                                    |
|-------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
|             |  |  |  |  |  |  |
| Sphera      | 23                                                                                | 12                                                                                | 20                                                                                | 13                                                                                | 20                                                                                | 15                                                                                 |
| KFC Romania | 361                                                                               | 183                                                                               | 369                                                                               | 181                                                                               | 399                                                                               | 174                                                                                |
| Pizza Hut*  | 98                                                                                | 71                                                                                | 90                                                                                | 76                                                                                | 72                                                                                | 67                                                                                 |
| Taco Bell   | 30                                                                                | 28                                                                                | 30                                                                                | 28                                                                                | 38                                                                                | 33                                                                                 |
| KFC Moldova | 5                                                                                 | 3                                                                                 | 5                                                                                 | 4                                                                                 | 8                                                                                 | 2                                                                                  |
| KFC Italy   | 5                                                                                 | 13                                                                                | 9                                                                                 | 8                                                                                 | 7                                                                                 | 8                                                                                  |

\* Pizza Hut Delivery employees are also included.

## 10.2 Diversity and Equal Opportunities

GRI 406-1, GRI 202-1, SASB FB-RN-310a.3

At Sphera, we recognize that diversity brings new perspectives, drives innovation and helps create a richer and more dynamic work environment. We are therefore committed to respecting and promoting human rights and equal opportunities for all our employees, regardless of sex, age, ethnic origin, religion, sexual orientation, gender identity or any other personal characteristic. We value a diverse work environment and provide equal opportunities for all our employees.

During the reporting period, there were no incidents of non-respect of human rights or complaints related to diversity, equal opportunities and treatment, discrimination or harassment. Thus, in 2023, no financial losses were recorded as a result of legal proceedings related to workplace discrimination or associated with violations of labor legislation.

To ensure that we maintain this performance over the long term, we are implementing a number of initiatives and allocating resources to support this commitment. Thus, we have:

- The **Code of Conduct**, which, together with the associated training sessions, promotes a respectful and inclusive work environment;
- **Helplines** - we offer two support lines:
  - Telephone **Helpline** (0747 048 232), accessible from Monday to Friday, between 09:00 and 17:00, offering support to employees.
  - **Speak Up! Line** (0373 760 274), available 24/7, to report any ethics and compliance concerns.

Since 2019, Sphera Group has adhered to the **Romanian Diversity Charter**, an initiative that shows our commitment to supporting an organizational culture based on mutual respect, recognizing and capitalizing on differences and applying the principles of non-discrimination and equal opportunity and treatment in all our processes and operations.

Diversity for the Sphera Group is an essential theme, reflected in a variety of aspects. Age diversity is one example - the youngest person in our team is 16 and the most experienced member is 73, showing that the value of an employee is not determined by age. We comply with the legislation in force in relation to the employment of young people under 18 years of age in the workplace and ensure that their health and personal development are not affected and that we do not interfere with their schooling.

During 2023, within our teams, we had colleagues with 30 different nationalities in addition to Romanians. This extensive diversity not only enriches our work environment with a variety of perspectives and experiences, but also underlines the success of our recruitment and inclusion policies, which promote equality of opportunity and treatment.

Within Sphera Group, we apply the principle of equal pay for work of equal value, regardless of gender, age etc.

**The ratio between the entry-level gross salary and the minimum gross national salary in the reported period.**

### Entry-level gross salary ratio and gross minimum salary 30 September 2023



### Entry-level gross salary and gross minimum salary ratio 31 December 2023





The data presented for the subsidiaries in Romania highlight the ratio between the entry-level gross salary and the minimum gross salary at two significant moments in 2023. Although wage percentages remained above 100% throughout the year, they are lower at the end of the year compared to the first nine months. This does not reflect a reduction in wages offered by the company, but the adjustment of the ratio as a result of the increase in the legal minimum salary, according to new government regulations.

## 10.3 Vocational Training and Education

GRI 404-1, GRI 404-2, GRI 404-3

Excellent employee training is a very important pillar of our success and part of our development strategy. Our educational programs aim both to meet industry standards and to continuously develop the skills of the team.

We provide constant access to educational resources and tailored training programs for professional and personal development alike.

The organizational culture emphasizes the importance of each team member and we want to harness the potential of each employee, ensure that the role of each team member is matched to their skills and career stage, while also providing constant support and opportunities for internal promotion.

Employee training is done through an educational path and an operational manual designed for each franchise, as well as internal training sessions, which include practical and theoretical aspects. For example, internal policies, which incorporate KFC standards and local norms, are presented to employees on a regular basis, both theoretically and practically and knowledge is tested.

Each employee's performance is evaluated regularly, based on performance criteria, and bonuses are set based on these and the firm's results. Within Sphera Group, the benefits package is adapted to the specific work norms of each subsidiary. The standard package of benefits for companies that manage restaurants in Romania includes meal tickets according to the number of days worked, with a value of 30 lei per ticket, free days granted for special occasions, one day of vacation in addition to the legal limit, salary increases scheduled after 3 months, 1 year, 2 years and 5 years of employment, a loyalty bonus after one year of work and a Christmas bonus for employees' children under 13 years of age. In 2023, Sphera Group employees received a Christmas and Easter bonus, according to internal award criteria.

For KFC Italy, employee benefits include access to a wellness platform that offers preferential deals and significant discounts at a variety of partner companies. Meal vouchers are awarded according to the number of working days, but are exclusive to team leaders, general managers and head office staff. Employees with open-ended contracts benefit from Fondo Est, a fund that provides them with medical treatments which are complementary to the services offered by the National Health Service.

With the aim of increasing employee performance, in 2023, we conducted various types of training programs such as:

- **Training schools** – which offer a complex learning experience for new hires by providing all the details necessary to understand their role and scope of responsibility.
- **Initial training** - during the integration period, new employees are offered digital and shadowing programs with experienced colleagues.
- **Continuous training** – digital certification and training programs on various topics and for various hierarchical levels.
- **Exchange of experience** – training academies that promote collaboration between experienced colleagues to effectively manage new restaurant openings or improve performance.
- **RGM1 & Board of Review** – personal example is crucial and individual experiences can inspire the management style of our restaurant managers. We have therefore implemented an ongoing training and skills assessment process to ensure they are well trained and engaged. These programs are intended for new restaurant managers in KFC and Pizza Hut. Each restaurant manager is trained on key topics such as role-specific responsibilities, performance indicators, adopting effective behaviors, developing team communication skills, and coordinating team activities. At the end of the training period, the knowledge acquired by the new manager is validated by the direct superior and a representative of the human resources department, thus ensuring that he/she is ready to assume the responsibilities inherent in the position held.
- **AC Unlock** – a managerial style modeling program for Area Managers.







- **4P (4 Pillars: People, Product, Place, Promo)** – program for KFC management teams, in which each manager becomes responsible for one of the four strategic pillars, for 6-12 months. The project started in 2023 with a pilot test applied in 12 KFC restaurants. Due to the successful results, we decided to implement the program in all KFC restaurants in Romania, starting from January 2024.
- **Be a ROCC Star!** – program intended to train KFC employees in relation to the audit that takes place in restaurants, on a regular basis. On this occasion, employees have the opportunity to learn new information both about the audit process itself and about the impact on well-being.
- **World Food Safety Day 2023** – contest intended for KFC restaurants and organized in order to comply with food safety standards.
- **Customer Mania** – program aimed at improving the customer experience by training Pizza Hut staff in accordance with operational standards and adapted to customer behavior.
- **The HR Pill** – monthly training session for Sphera Franchise Group management teams and employees, covering topics of interest such as: onboarding new employees, legislative changes, how to increase productivity and performance within teams, maintaining health and safety at work, communication and collaboration.

- **START Program (Support, Training, Adaptation, Recruitment, Thriving)** held in collaboration with YUM! Brands and a non-profit association, intended to integrate employees from Ukraine into our teams.

In addition, we have programs focused on the development of skills useful for both professional and personal development:

- Improving skills related to the specific function. Thus, depending on the hierarchical position, Basic Project Management and Negotiation sessions are organized.
- Cultivating a Growth and Learning Mindset: The Self Coaching vs Coaching Others module of the Fix Mindset vs. Growth Mindset program emphasizes coaching as an essential approach to changing mindsets at individual and team level. Self-Coaching encourages personal development through self-knowledge, while Coaching Others helps achieve goals through dialogue and questioning. Benefits include increased awareness, improved communication and results at individual, team and organizational levels.
- Developing interpersonal skills. Through the E-learn@Sphera program (an elearning platform with over 700 courses focused on professional and personal development), we have developed customized educational paths for each development initiative within the company. The platform, created by an external partner, is easily accessible and responds to the needs and interests of employees.

#### Number of hours of training for each category of employees:

| Category         | Sphera       |              | KFC Romania    |                | Pizza Hut     |               | Taco Bell     |               | KFC Moldova  |              | KFC Italy     |               | Total Sphera Group |                |
|------------------|--------------|--------------|----------------|----------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------------|----------------|
|                  | 2022         | 2023         | 2022           | 2023           | 2022          | 2023          | 2022          | 2023          | 2022         | 2023         | 2022          | 2023          | 2022               | 2023           |
| Management       | 512          | 467          | 56,668         | 48,414         | 14,400        | 4,937         | 8,625         | 3,745         | 248          | 256          | 7,617         | 5,959         | 88,070             | 63,778         |
| Restaurant Staff | 1,258        | 2,014        | 213,087        | 145,056        | 35,330        | 17,781        | 25,102        | 11,550        | 2,920        | 2,680        | 18,635        | 21,028        | 296,332            | 200,109        |
| <b>Total</b>     | <b>1,770</b> | <b>2,481</b> | <b>269,755</b> | <b>193,470</b> | <b>49,730</b> | <b>22,718</b> | <b>33,727</b> | <b>15,295</b> | <b>3,168</b> | <b>2,936</b> | <b>26,252</b> | <b>26,987</b> | <b>384,402</b>     | <b>263,887</b> |





### Total number of training hours during the reporting period:

|        | Sphera |       | KFC Romania |         | Pizza Hut |        | Taco Bell |       | KFC Moldova |       | KFC Italy |       | Total Sphera Group |         |
|--------|--------|-------|-------------|---------|-----------|--------|-----------|-------|-------------|-------|-----------|-------|--------------------|---------|
| Gender | 2022   | 2023  | 2022        | 2023    | 2022      | 2023   | 2022      | 2023  | 2022        | 2023  | 2022      | 2023  | 2022               | 2023    |
| Women  | 1,304  | 1,707 | 146,451     | 106,813 | 20,410    | 11,299 | 15,434    | 7,713 | 1,766       | 1,280 | 7,339     | 2,163 | 192,704            | 130,975 |
| Men    | 470    | 774   | 123,304     | 86,657  | 29,264    | 11,419 | 18,293    | 7,582 | 1,154       | 1,656 | 10,720    | 2,457 | 183,205            | 110,545 |

### Percentage of total employees who received a periodic performance and career development review during the reporting period

|  | Sphera |      | KFC Romania |      | Pizza Hut |      | Taco Bell |      | KFC Moldova |      | KFC Italy |      |
|--|--------|------|-------------|------|-----------|------|-----------|------|-------------|------|-----------|------|
|  | 2022   | 2023 | 2022        | 2023 | 2022      | 2023 | 2022      | 2023 | 2022        | 2023 | 2022      | 2023 |
|  | 95%    | 98%  | 83%         | 84%  | 83%       | 82%  | 71%       | 81%  | 12%         | 100% | 15%       | 100% |

### Percentage of total employees who benefited from periodic performance and career development reviews in 2023, by gender:

| Gender | Sphera | KFC Romania | Pizza Hut | Taco Bell |
|--------|--------|-------------|-----------|-----------|
| Men    | 97%    | 81%         | 83%       | 86%       |
| Women  | 99%    | 87%         | 81%       | 78%       |

### Percentage of total employees who benefited from periodic evaluation of performance and career development in 2023, by employee category:

| Category of employee | Sphera | KFC Romania | Pizza Hut | Taco Bell |
|----------------------|--------|-------------|-----------|-----------|
| Management           | 100%   | 99%         | 97%       | 97%       |
| Restaurant Staff     | 98%    | 82%         | 76%       | 77%       |





## 10.4 Health and Safety

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

The health and safety of employees, customers and contractors remain top priorities for Sphera Group. In order to ensure a safe working environment, we transmit information, identify potential risks and hazards, conduct audits and apply training practices and methods. Effective occupational safety and health (OSH) management involves the entire organization and encompasses a variety of activities with the objective of promoting safe, healthy and productive workplaces within all Sphera Group companies.

Although we do not have a certified OSH management system, we carry out regular audits and develop concrete action plans to improve safety and health at work. The Committee for Safety and Health at Work (CSHW) monitors the activities and analyzes the proposals of employees to ensure a safe and healthy working environment. In accordance with Romanian legislation, all employees benefit from medical insurance within the state system, for which salary contributions are withheld.

In the context of Occupational Health and Safety regulations, our organization implements periodic training sessions for all employees between May and November. In addition to these periodic sessions, additional training is organized in the following specific circumstances:

- If an employee is absent for more than 30 working days;
- When there are changes in legislation or internal regulations related to safety and health at work applicable to specific activities carried out within the workplace or work station, including changes resulting from the evolution of risks or the identification of new risks;
- When resuming work after a work accident;
- Before starting the execution of special works;
- When introducing new equipment or making changes to existing equipment;
- When changing existing technologies or work procedures;

These training sessions are essential to ensure compliance with OSH standards and to guarantee a safe and healthy working environment for all members of our organization.

### \*Budget allotted in 2023 for occupational health and safety initiatives (lei)

| Sphera | KFC Romania | Pizza Hut | Taco Bell | Total     |
|--------|-------------|-----------|-----------|-----------|
| 50,311 | 7,361.840   | 1,028.613 | 641,564   | 9,082.328 |

If events occur, the investigation is carried out both internally and externally, together with a service provider that closely collaborates with the CSHW.

Each reported incident is investigated and followed by the setting up of a specific corrective action plan that is monitored by the OSH team and company management.

By promoting a culture of transparency, employees are encouraged to accurately and promptly report any workplace incident. Sphera Group offers instructions and relevant materials on health and safety at work, providing protective equipment and medical supervision through occupational medicine specialists. At the same time, we regularly organize training sessions for employees and managers and allocate financial resources for training staff and monitoring their health status. In these training courses, we include practical exercises on the use of fire extinguishers and practicing emergency procedures. Also, to prevent accidents or fires, Sphera Group constantly monitors all technological equipment and installations. No cases of occupational illness were registered within the organization.

### Number of registered work accidents:

|                   | 2021 | 2022 | 2023 |
|-------------------|------|------|------|
| Total Sphera Grup | 61   | 52   | 69   |

The most common injuries were sprains, bruises and other minor injuries.

No deaths were recorded at the sites of Sphera Group companies.





## Number of days of sick leave as a result of accidents at work

| Sphera | KFC Romania | Pizza Hut | Taco Bell | KFC Moldova | KFC Italy |
|--------|-------------|-----------|-----------|-------------|-----------|
| 0      | 407         | 9         | 0         | 0           | 400       |

Sphera Group also offered home delivery services in 2023. We consequently organized training for our colleagues about traffic rules and potential dangers.

## Number of traffic accidents resulting from own delivery services:

| Group 2021 | Group 2022 | Group 2023 |
|------------|------------|------------|
| 10         | 7          | 2          |

## Accident rate (reported per 200,000 hours)\*

| Year | Accident Rate |
|------|---------------|
| 2021 | 1.8           |
| 2022 | 1.4           |
| 2023 | 1.4           |

\* The rate is calculated for Romania.

In 2023, we continued the Energy@SPHERA wellness program, focused on improving the emotional and mental health of employees. During the year, there were two series of seminars open to all employees, in February-March and November 2023.

They covered topics such as: anxiety and anger management, mindfulness and smart relaxation, financial education, and resilience. This initiative was intended to contribute to employees' awareness and appreciation of well-being in both their personal and professional lives.

## 10.5 Employee Satisfaction

SASB FB-RN-310a.1, GRI 401-1, GRI 401-3

Sphera Group supports collaboration and teamwork. In order to foster an environment where employees feel supported and fulfilled, Sphera Group recognizes and celebrates their achievements and contributions. We invest in the professional development of our employees, offering training and development programs as well as career paths. Through these actions, we increase both employee satisfaction and loyalty and commitment to the organization.

As a result, most of our restaurant managers started their careers in one of our companies.

In the context of the tight labor market in Romania, we carried out standard recruitment actions both online and offline, including digital campaigns, job fairs and efforts to import labor from abroad.

Our recruitment campaigns target a wide range of people, from potential young people looking for a job for the first time, to older adults considering a career change. Thus, the work schedules offered vary between 3 hours, 4 hours, 8 hours or 12 hours or weekends. The extensive network of units gives the candidate the opportunity to select a restaurant near their home.

For restaurant staff, no previous experience is required, which facilitates access to various categories of employee, aged between 16 and over 65. To make the recruitment process more efficient, we have digitized its management by creating a partnership with a call center service provider, which contacts candidates within a maximum of 24 hours after application. Sphera Group operates in the hospitality industry, which is prone to high staff turnover for many different reasons. This instability is exacerbated by the perception of low wages and the dynamic of young professionals looking for careers aligned with their education and aspirations. In order to counteract this trend, we have implemented measures to integrate and develop employees, digitize processes and facilitate access to information and resources development, to improve staff retention.

In 2023, we recorded a percentage of 1.93% for disciplinary dismissals.







## Staff turnover rate (%)

| Entity                 | Staff turnover rate (voluntary) | Staff turnover rate (voluntary) | Staff turnover rate (voluntary) | Staff turnover rate (involuntary) | Staff turnover rate (involuntary) | Staff turnover rate (involuntary) |
|------------------------|---------------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                        | 2021                            | 2022                            | 2023                            | 2021                              | 2022                              | 2023                              |
| Sphera Franchise Group | 100                             | 96                              | 94                              | 0                                 | 4                                 | 6                                 |
| KFC Romania            | 98                              | 83                              | 83                              | 2                                 | 17                                | 17                                |
| Pizza Hut*             | 98                              | 90                              | 91                              | 2                                 | 10                                | 9                                 |
| Taco Bell              | 98                              | 90                              | 89                              | 2                                 | 10                                | 11                                |
| KFC Moldova            | 97                              | 100                             | 100                             | 3                                 | 0                                 | 0                                 |
| KFC Italy              | 69                              | 86                              | 75                              | 31                                | 14                                | 25                                |

\* The rate is also calculated for Pizza Hut Delivery.

In 2023, in the transition process between different functions, 81% of the new positions were filled by promoting existing employees. This success is due to our constant commitment to professional and personal development.

## Number of employees promoted

|                    | 2021 | 2022 | 2023 |
|--------------------|------|------|------|
| Total Sphera Group | 308  | 415  | 290  |

Employee wellbeing is monitored through a range of methods including one-on-one discussions between employees and their managers, an opinion survey open to all team members and access to a telephone helpline for additional support.

Sphera Group supports employees' access to childcare services and medical leave, recognizing their importance both for healthy growth of children and for the medical assistance needed by family members.

## Total number of Sphera Group employees who benefited from parental leave

|       | 2021 | 2022 | 2023 |
|-------|------|------|------|
| Women | 158  | 137  | 127  |
| Men   | 12   | 9    | 4    |

## Total number of employees who have returned from parental leave

|       | 2021 | 2022 | 2023 |
|-------|------|------|------|
| Women | 120  | 126  | 97   |
| Men   | 18   | 7    | 3    |

## Total number of employees who returned to work after parental leave, still employed 12 months after returning to work, by gender

|       | Sphera | KFC Romania | Pizza Hut | Taco Bell | KFC Italy |
|-------|--------|-------------|-----------|-----------|-----------|
| Men   | 0      | 1           | 0         | 0         | 0         |
| Women | 1      | 28          | 7         | 1         | 6         |

Recognition of merit is essential for Sphera Group. Managers are trained and encouraged to appreciate employees individually and collectively. We celebrate achievements, special occasions and the generosity of colleagues, through various recognition initiatives such as: awarding personalized cards for various events, celebrating the arrival of spring with specific symbols offered to women employees, marking personal anniversaries and restaurant openings, recognizing successes and winning of internal competitions, prizes such as "I believe in you" in recognition of the potential shown in the fulfillment of responsibilities, official communications, informative presentations and local meetings with employees, organization of internal contests on various operational and creativity themes, and participation in international contests organized within YUM! Brands, such as KFC Voice.





## 10.6 Customer Satisfaction

GRI 418-1

Sphera Group focuses on complying with all standards specific to the food industry and identifying the most effective solutions for potential problems. Every member of the team is trained to practice service in the spirit of "Customer Mania", specific to the industry in which we operate.

The service offered by Sphera Group fully complies with CHAMPS standards (Cleanliness, Hospitality, Accuracy, Maintenance, Product Quality, Service Speed). The implementation of each CHAMPS standard represents one among the main responsibilities of employees. At the same time, different customer satisfaction management and evaluation systems are implemented to monitor the quality of our services from the perspective of customer satisfaction.

GES (Guest Experience Survey) is a digital platform that allows customers to send suggestions or complaints related to the quality of products and services after a visit to our restaurants. The platform monitors various parameters such as overall satisfaction, taste of food, speed of service, accuracy of order, friendliness of staff, general cleanliness, potential problems identified and their resolution.

We reward customers who use the GES platform by giving them a free product on their next order.

PARTOO is a digital platform provided by Google My Business that allows real-time management of certain complaints received from customers, while facilitating communication with them. Over time, such initiatives have generated numerous pieces of feedback that have helped us to improve the services offered.

To identify and resolve complaints, Sphera has implemented a rigorous internal procedure. It regulates how to register, analyze, treat and resolve complaints received from customers.

Users of these mechanisms are directly involved in the design, review, operation and improvement processes. These processes are constantly monitored to ensure the effectiveness of complaint resolution mechanisms and to address them promptly and satisfactorily.

The complaint resolution procedure structures them into two categories, depending on the resources needed to resolve them. Complaints from Category 1 are solved on the spot at restaurant level, e.g. wrong orders, product quality, order delay.

For complaints in Category 2, such as food poisoning, contamination, accidents, the intervention of managers on call or the internal Customer Care department is required. In both situations, Sphera Group takes the complaints received seriously, pays attention to the incident, collects the necessary information and evidence and expresses gratitude for the feedback provided. Customer satisfaction is monitored through GES and the Customer Care department, which receives and responds to all reports received through various channels, such as social networks or email addresses such as:

- **contact@kfc.ro,**
- **contact@pizzahut.ro,**
- **contact@taco-bell.ro,**
- or through our **call center service.**

### Number of complaints

| Year | KFC Romania | Pizza Hut | Taco Bell | KFC Moldova | KFC Italy |
|------|-------------|-----------|-----------|-------------|-----------|
| 2021 | 4,963       | 999       | 187       |             |           |
| 2022 | 5,300       | 469       | 351       |             |           |
| 2023 | 4,877       | 344       | 364       | 0           | 0         |

### Number of points of view drawn up

| Year | KFC Romania | Pizza Hut | Taco Bell |
|------|-------------|-----------|-----------|
| 2021 | 16          | 3         | 1         |
| 2022 | 30          | 2         | 0         |
| 2023 | 33          | 3         | 5         |

## 10.7 Involvement in the community

GRI 413-1

Sphera believes that the future of children in Romania must come first, and this has been confirmed for over 15 years by the projects in which we have been actively involved alongside non-governmental organizations and institutions.

Through partnerships with high school and university education units, Sphera aims to create new opportunities for the development of future generations, facilitating access to the labor market and starting a career. Therefore, in 2023 we continued our internship program in Romania, organizing 132 internships, which allowed young people to discover and develop not only in the field in which we operate, but also in society.

### Total number of students who completed internships

|             | 2020 | 2021 | 2022 | 2023 |
|-------------|------|------|------|------|
| Internships | 85   | 192  | 216  | 132  |



At the same time, we support local communities, facilitating the collection of funds offered by customers, in donation boxes at cash registers, in all KFC Romania and Taco Bell restaurants. During 2023, these initiatives generated a total of 399,799 lei.

The Harvest Food Donation program continued this year in 28 restaurants in Romania, in collaboration with 10 associations, including: the Bucuria Darului Braşov Foundation, the Metropolis Philanthropic Foundation, several branches of the Food Bank (Bucharest, Oradea, Cluj, Craiova, Galati etc.). During 2023, we donated approximately 3,800 kg of food.

The program also continued in Italy, in collaboration with four restaurants: KFC Turin 8 Gallery and KFC Settimo Cielo in Piedmont, KFC Padova Station in Veneto and KFC Florence I Gigli in Tuscany. In 2023 KFC Italy donated 1,138 kg of food.

In the Republic of Moldova we do not have such a program yet.

### Total amount (kg) of food donated during the last 4 years.

|                                   | 2020  | 2021  | 2022  | 2023  |
|-----------------------------------|-------|-------|-------|-------|
| Total amount (kg) of food donated | 2,300 | 8,400 | 6,973 | 4,938 |



### "Tomorrow's Menu" CSR Platform

This is a new umbrella concept that encompasses all CSR initiatives carried out by the brands in the Sphera Group portfolio – KFC, Pizza Hut and Taco Bell.

We wanted to go to the next level and develop an independent CSR platform that encompasses all the actions we carry out, focusing on two main pillars: food and education. In defining this platform, we started from a simple question, with a deep meaning: "What will I put on the table tomorrow?". It is the depressing thought of a parent who does not know if they will be able to provide the next meal for their children, because their resources are very limited. Moreover, studies show that the impossibility of procuring the necessary food leads, in most cases, to school dropout.

Thus, our objective was to create and launch a CSR platform for Sphera Franchise Group that:

- Stands alongside and supports communities, in accordance with the company's values;
- Supports the UN's sustainable development objective related to poverty and hunger, one of the major concerns for Romanians\* (source: Sustainability: The European Story kantar.com) and one of the objectives pursued by the Group through the sustainability strategy;

- Creates a socially responsible public brand profile for KFC, the Group's anchor brand, by connecting it with the consumer.

We aim for the platform to be active for an indefinite period of time, and at the moment we are carrying out activities with several associations, such as SOS Satele Copiilor, Zi de Bine Association, World Vision Romania and others. For this initiative, Sphera received several awards in 2023, both at national and European level (see awards section).

In addition, in 2023, we worked with more than 30 associations and foundations through KFC and one association through Taco Bell, which received support in cash, products or items (eg.: bed linen) donations and income tax redirection for projects covering food and education needs. Among the supported associations are the Institute of Good Deeds, SOS Children's Villages, Zi de Bine Association, World Vision, The Little People Association, ASCHFR - Aurora Day Center, Association for Values in Education, Casa Bună Association, etc.

### Number of partner organizations

|                                                  | Sphera | KFC Romania | Pizza Hut | Taco Bell | KFC Moldova | Total     |
|--------------------------------------------------|--------|-------------|-----------|-----------|-------------|-----------|
| Number of partner organizations                  | 0      | 30          | 0         | 1         | 0           | 31        |
| Total value of contributions for charities (lei) | 0      | 1,144.371   | 0         | 12,737    | 0           | 1,157.108 |

During 2023, Sphera Group employees dedicated their time to contribute to various volunteer activities. Together, our employees have accumulated a total of 750 hours of volunteer work, demonstrating commitment and community spirit.



# EU Taxonomy

---







# 11

## Reporting according to EU Taxonomy

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments and amending EU Regulation 2019/2088 established the classification system sustainable the aim of towards a for environmentally economic activities, with directing capital flows sustainable economy.

The determination of the eligibility of the economic activities is carried out on the basis of CAEN codes or the description of the activities, which must correspond to the description of the activities mentioned in the Delegated Acts related to the EU Taxonomy Regulation: Delegated Act no. 2021/2139 amended and supplemented by Delegated Act no. 2022/1214 and by Delegated Act no. 2023/2485 for economic activities that have a substantial contribution to climate change mitigation and adaptation to climate change, and by Delegated Act no. 2023/2486 for economic activities that have a substantial contribution to the other four environmental Goals: the sustainable use and protection of water

and marine resources, the transition to a circular economy, the prevention and control of pollution, and the protection and restoration of biodiversity and ecosystems.

To be "aligned", eligible economic activities must cumulatively meet the following conditions: make a substantial contribution to at least one of the six environmental goals listed in Article 9 of the EU Taxonomy Regulation, not significantly harm any of other environmental goals, and comply with the minimum social guarantees mentioned in Article 18 of the Regulation.

According to the commitment assumed at the Sphera Group level to ensure compliance with the provisions of the EU Taxonomy Regulation, we have analyzed your performance indicators for this financial year: Turnover, CapEx, and OpEx.

### Determining the eligibility of economic activities:

For this financial year, Sphera Group is required to report the proportion of eligibility and alignment of economic activities that contribute substantially to the two climate goals: climate change mitigation and adaptation to climate change, and the proportion of eligibility of economic activities that make a substantial contribution to the other four environmental goals.



### Turnover

Sphera Group is the largest restaurant groups in Romania, operating franchises for famous international brands. Based on CAEN code 7010 - Activities of directorates (headquarters), centralized administrative offices (equivalent to NACE M70.10), Sphera Group provides management, marketing, development, sales support, human resources and other administrative services for its subsidiaries, which operate under CAEN code 5610 – Restaurants (equivalent to NACE I56.10).

In the financial year 2023, the economic activities carried out by the six companies that make up the Sphera group generated a total turnover of 1,469,171,970.24 RON. Analyzing these activities both on the basis of the CAEN codes mentioned, and based on their specificity, it was found that they are not eligible for the EU Taxonomy. Therefore, the turnover obtained by Sphera Group from these economic activities is ineligible.



### Capital Expenditure (CapEx)

The CapEx denominator includes additions to tangible and intangible assets during 2023, before depreciation, amortization or revaluations.

In the financial year 2023, the total amount of capital expenditures made by Sphera Group was 150,096,524.38 RON.



Following the analysis performed on the financial statements, the following capital expenditures were identified that fall under the following eligible activities:

- **CCM 6.5** Transportation by motorcycles, cars and light commercial vehicles - this is an activity that is highly relevant to the environmental goal of mitigating climate change and represents 1.42% of the total capital expenditure.
- **CE 3.2** Renovation of existing buildings - this is an activity that has a substantial contribution to the environmental goal of transition to a circular economy, and represents 18.38% of total capital expenditure.
- **CCM 7.3** Installation, maintenance and repair of energy efficiency equipment this is an activity that makes a substantial contribution to the environmental goal of climate change mitigation and represents 1.5% of total capital expenditure.
- **CCM 7.7** Acquisition and holding of buildings - this is an activity that makes a substantial contribution to the environmental goal of mitigating climate change and represents 59.77% of total capital expenditure.



## Operational Expenditure (OpEx)

The EU Taxonomy Regulation defines OpEx as those non-capitalised direct costs related to research and development, building renovation measures, short-term leasing, maintenance and repairs and any other direct expenditure related to the ongoing maintenance of tangible assets.

In order to identify the operating expenses that correspond to the categories of expenses that can be included in the OpEx denominator, a detailed analysis of the financial statements was carried out, which was based both on the provisions of Delegated Act 2021/2178 and on the subsequent Communications of the European Commission: 2022/ C 385/01, respectively C/2023/305. Thus, the operating expenses made by Sphera Group in the financial year 2023 had a total value of 46,479,392.79 RON.

From the total OpEx denominator, the following eligible operating expenses were identified, associated with renovation activities of existing buildings (0.33%), maintenance and upkeep of equipment for the energy efficiency of buildings (1.11%) and operating means of rented transport (0.78%), which amounts to a percentage of 2.22% of the total of these expenses.

Considering the insignificant proportion of eligibility of these expenses, and the fact that they are not considered material for the business model of Sphera Group, they were exempted from the calculation of the OpEx counter, based on Art. 1.1.3.2 of Appendix I to Delegated Act 2021/2178.



## Determining the alignment of economic activities

To be considered sustainable or “aligned”, eligible economic activities must make a substantial contribution to at least one of the six environmental goals listed in Article 9 of the EU Taxonomy Regulation, not significantly harm any of the other environment goals, and comply with the minimum social guarantees mentioned in Article 18 of the EU Taxonomy Regulation.

The evaluation of the eligible economic activities in order to determine the alignment ratio was carried out for the activities which significantly contribute to the climate goal Climate Change Mitigation, based on the technical criteria established by Delegated Act 2021/2139, and based on the evaluation criteria established for the 4 applicable areas relating to minimum social guarantees: human rights, corruption, taxation and competitive practices.

Following the evaluation, it was found that the eligible economic activities carried out by Sphera Group do not fully meet the technical criteria established for these activities, as the conditions for alignment with the EU Taxonomy are not met.





## Proportion of turnover generated by products or services associated with economic activities aligned to the taxonomy - information provided for the year 2023

| Financial year 2023                                                                                                   | 2023 |                  |                        | Substantial contribution criteria |                           |                            |                  |              |                             | DNSH criteria<br>("Does Not Significant Harm") |                           |                            |                  |           |                             | Minimum safeguards | Proportion of Taxonomy- aligned (A.1) or -eligible (A.2) turnover, year 2022 | Category (enabling activity) | Category (transition activity) |     |   |               |
|-----------------------------------------------------------------------------------------------------------------------|------|------------------|------------------------|-----------------------------------|---------------------------|----------------------------|------------------|--------------|-----------------------------|------------------------------------------------|---------------------------|----------------------------|------------------|-----------|-----------------------------|--------------------|------------------------------------------------------------------------------|------------------------------|--------------------------------|-----|---|---------------|
| Economic activities                                                                                                   | Code | Turnover         | Proportion of turnover | Climate change mitigation         | Climate change adaptation | Water and marine resources | Circular economy | Pollution    | Biodiversity and ecosystems | Climate change mitigation                      | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems |                    |                                                                              |                              |                                | Y/N | % | To Facilitate |
| 1                                                                                                                     |      | 2                | 3                      | 4                                 | 5                         | 6                          | 7                | 8            | 9                           | 10                                             | 11                        | 12                         | 13               | 14        | 15                          | 16                 | 17                                                                           | 18                           | 19                             | 20  |   |               |
| A. TAXONOMY ELIGIBLE ACTIVITIES                                                                                       |      |                  |                        |                                   |                           |                            |                  |              |                             |                                                |                           |                            |                  |           |                             |                    |                                                                              |                              |                                |     |   |               |
| A.1. Environmentally sustainable activities (Taxonomy-aligned)                                                        |      |                  |                        |                                   |                           |                            |                  |              |                             |                                                |                           |                            |                  |           |                             |                    |                                                                              |                              |                                |     |   |               |
| -                                                                                                                     | -    | -                | -                      | -                                 | -                         | -                          | -                | -            | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                           | -                            | -                              |     |   |               |
| Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)                                           |      | -                | -                      | -                                 | -                         | -                          | -                | -            | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                           |                              |                                |     |   |               |
| Of which enabling                                                                                                     |      | -                | -                      | -                                 | -                         | -                          | -                | -            | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                           | -                            |                                |     |   |               |
| Of which transitional                                                                                                 |      | -                | -                      | -                                 |                           |                            |                  |              |                             | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                           |                              | -                              |     |   |               |
| A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)               |      |                  |                        |                                   |                           |                            |                  |              |                             |                                                |                           |                            |                  |           |                             |                    |                                                                              |                              |                                |     |   |               |
|                                                                                                                       |      |                  |                        | EL;<br>N/EL;                      | EL;<br>N/EL;              | EL;<br>N/EL;               | EL;<br>N/EL;     | EL;<br>N/EL; | EL;<br>N/EL;                |                                                |                           |                            |                  |           |                             |                    |                                                                              |                              |                                |     |   |               |
| -                                                                                                                     | -    | -                | -                      | -                                 | -                         | -                          | -                | -            | -                           |                                                |                           |                            |                  |           |                             |                    | 0%                                                                           |                              |                                |     |   |               |
| Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) |      | -                | -                      | -                                 | -                         | -                          | -                | -            | -                           |                                                |                           |                            |                  |           |                             |                    | 0%                                                                           |                              |                                |     |   |               |
| Turnover of Taxonomy-eligible activities (A.1+A.2)                                                                    |      | -                | -                      | -                                 | -                         | -                          | -                | -            | -                           |                                                |                           |                            |                  |           |                             |                    | 0%                                                                           |                              |                                |     |   |               |
| B. TAXONOMY-NON-ELIGIBLE ACTIVITIES                                                                                   |      |                  |                        |                                   |                           |                            |                  |              |                             |                                                |                           |                            |                  |           |                             |                    |                                                                              |                              |                                |     |   |               |
| Turnover of Taxonomy non-eligible activities (B)                                                                      |      | 1,469,171,970.24 | 100%                   |                                   |                           |                            |                  |              |                             |                                                |                           |                            |                  |           |                             |                    |                                                                              |                              |                                |     |   |               |
| TOTAL (A + B)                                                                                                         |      | 1,469,171,970.24 | 100%                   |                                   |                           |                            |                  |              |                             |                                                |                           |                            |                  |           |                             |                    |                                                                              |                              |                                |     |   |               |





## Proportion of CapEx from products or services associated with economic activities aligned to the taxonomy - information provided for the year 2023

| Financial year 2023                                                                                                | 2023    |                |                     | Substantial contribution criteria |                           |                            |                  |            |                             | DNSH criteria<br>("Does Not Significant Harm") |                           |                            |                  |           |                             | Minimum safeguards | Proportion of Taxonomy-aligned (A.1) or -eligible (A.2) CapEx, year N-1 | Category (enabling activity) | Category (transition activity) |
|--------------------------------------------------------------------------------------------------------------------|---------|----------------|---------------------|-----------------------------------|---------------------------|----------------------------|------------------|------------|-----------------------------|------------------------------------------------|---------------------------|----------------------------|------------------|-----------|-----------------------------|--------------------|-------------------------------------------------------------------------|------------------------------|--------------------------------|
| Economic activities                                                                                                | Code    | CapEx          | Proportion of CapEx | Climate change mitigation         | Climate change adaptation | Water and marine resources | Circular economy | Pollution  | Biodiversity and ecosystems | Climate change mitigation                      | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems |                    |                                                                         |                              |                                |
|                                                                                                                    |         | RON            | %                   | Y; N; N/EL                        | Y; N; N/EL                | Y; N; N/EL                 | Y; N; N/EL       | Y; N; N/EL | Y; N; N/EL                  | Y/N                                            | Y/N                       | Y/N                        | Y/N              | Y/N       | Y/N                         | Y/N                | %                                                                       | To Facilitate                | For Transition                 |
| 1                                                                                                                  | 2       | 3              | 4                   | 5                                 | 6                         | 7                          | 8                | 9          | 10                          | 11                                             | 12                        | 13                         | 14               | 15        | 16                          | 17                 | 18                                                                      | 19                           | 20                             |
| <b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>                                                                             |         |                |                     |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                         |                              |                                |
| <b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>                                              |         |                |                     |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                         |                              |                                |
| -                                                                                                                  | -       | -              | -                   | -                                 | -                         | -                          | -                | -          | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                      | -                            | -                              |
| CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)                                           |         | -              | -                   | -                                 | -                         | -                          | -                | -          | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                      |                              |                                |
| Of which enabling                                                                                                  |         | -              | -                   | -                                 | -                         | -                          | -                | -          | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                      | -                            |                                |
| Of which transitional                                                                                              |         | -              | -                   | -                                 |                           |                            |                  |            |                             | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                      |                              | -                              |
| <b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>     |         |                |                     |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                         |                              |                                |
|                                                                                                                    |         |                |                     | EL; N/EL;                         | EL; N/EL;                 | EL; N/EL;                  | EL; N/EL;        | EL; N/EL;  | EL; N/EL;                   |                                                |                           |                            |                  |           |                             |                    |                                                                         |                              |                                |
| Transportation by motorcycles, cars and light commercial vehicles                                                  | CCM 6.5 | 2,126,330.99   | 1.42%               | EL                                | N/EL                      | N/EL                       | N/EL             | N/EL       | N/EL                        |                                                |                           |                            |                  |           |                             |                    | 2.60%                                                                   |                              |                                |
| Renovation of existing buildings                                                                                   | CE 3.2  | 27,588,078.26  | 18.38%              | N/EL                              | N/EL                      | N/EL                       | EL               | N/EL       | N/EL                        |                                                |                           |                            |                  |           |                             |                    | 14.56%                                                                  |                              |                                |
| Installation, maintenance and repair of energy efficiency equipment                                                | CCM 7.3 | 2,256,959.54   | 1.50%               | EL                                | N/EL                      | N/EL                       | N/EL             | N/EL       | N/EL                        |                                                |                           |                            |                  |           |                             |                    | 1.34%                                                                   |                              |                                |
| Acquisition and ownership of buildings                                                                             | CCM 7.7 | 89,712,377.91  | 59.77%              | EL                                | N/EL                      | N/EL                       | N/EL             | N/EL       | N/EL                        |                                                |                           |                            |                  |           |                             |                    | 43.57%                                                                  |                              |                                |
| CapEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) |         | 121,683,746.70 | 81.07%              | 77.3%                             | 0%                        | 0%                         | 22.7%            | 0%         | 0%                          |                                                |                           |                            |                  |           |                             |                    | 0%                                                                      |                              |                                |
| CapEx of Taxonomy-eligible activities (A.1+A.2)                                                                    |         | 121,683,746.70 | 81.07%              | 77.3%                             | 0%                        | 0%                         | 22.7%            | 0%         | 0%                          |                                                |                           |                            |                  |           |                             |                    | 62.07%                                                                  |                              |                                |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>                                                                         |         |                |                     |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                         |                              |                                |
| CapEx of Taxonomy non-eligible activities (B)                                                                      |         | 28,412,777.68  | 18.93%              |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                         |                              |                                |
| TOTAL (A + B)                                                                                                      |         | 150,096,524.38 | 100%                |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                         |                              |                                |







## Proportion of OpEx from products or services associated with economic activities aligned to the taxonomy - information provided for the year 2023

| Financial year 2023                                                                                               | 2023 |               |                    | Substantial contribution criteria |                           |                            |                  |            |                             | DNSH criteria<br>("Does Not Significant Harm") |                           |                            |                  |           |                             | Minimum safeguards | Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, year N-1 | Category (enabling activity) | Category (transition activity) |
|-------------------------------------------------------------------------------------------------------------------|------|---------------|--------------------|-----------------------------------|---------------------------|----------------------------|------------------|------------|-----------------------------|------------------------------------------------|---------------------------|----------------------------|------------------|-----------|-----------------------------|--------------------|-----------------------------------------------------------------------|------------------------------|--------------------------------|
| Economic activities                                                                                               | Code | OpEx          | Proportion of OpEx | Climate change mitigation         | Climate change adaptation | Water and marine resources | Circular economy | Pollution  | Biodiversity and ecosystems | Climate change mitigation                      | Climate change adaptation | Water and marine resources | Circular economy | Pollution | Biodiversity and ecosystems |                    |                                                                       |                              |                                |
|                                                                                                                   |      | RON           | %                  | Y; N; N/EL                        | Y; N; N/EL                | Y; N; N/EL                 | Y; N; N/EL       | Y; N; N/EL | Y; N; N/EL                  | Y/N                                            | Y/N                       | Y/N                        | Y/N              | Y/N       | Y/N                         | Y/N                | %                                                                     | To Facilitate                | For Transition                 |
| 1                                                                                                                 | 2    | 3             | 4                  | 5                                 | 6                         | 7                          | 8                | 9          | 10                          | 11                                             | 12                        | 13                         | 14               | 15        | 16                          | 17                 | 18                                                                    | 19                           | 20                             |
| <b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>                                                                            |      |               |                    |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                       |                              |                                |
| <b>A.1. Environmentally sustainable activities (Taxonomy-aligned)</b>                                             |      |               |                    |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                       |                              |                                |
| -                                                                                                                 | -    | -             | -                  | -                                 | -                         | -                          | -                | -          | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                    | -                            | -                              |
| OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)                                           |      | -             | -                  | -                                 | -                         | -                          | -                | -          | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                    |                              |                                |
| Of which enabling                                                                                                 |      | -             | -                  | -                                 | -                         | -                          | -                | -          | -                           | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                    | -                            |                                |
| Of which transitional                                                                                             |      | -             | -                  | -                                 |                           |                            |                  |            |                             | -                                              | -                         | -                          | -                | -         | -                           | -                  | 0%                                                                    |                              | -                              |
| <b>A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>    |      |               |                    |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                       |                              |                                |
|                                                                                                                   |      |               |                    | EL; N/EL;                         | EL; N/EL;                 | EL; N/EL;                  | EL; N/EL;        | EL; N/EL;  | EL; N/EL;                   |                                                |                           |                            |                  |           |                             |                    |                                                                       |                              |                                |
| -                                                                                                                 | -    | -             | -                  | -                                 | -                         | -                          | -                | -          | -                           |                                                |                           |                            |                  |           |                             |                    | 0%                                                                    |                              |                                |
| OpEx of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) |      | -             | -                  | -                                 | -                         | -                          | -                | -          | -                           |                                                |                           |                            |                  |           |                             |                    | 0%                                                                    |                              |                                |
| OpEx of Taxonomy-eligible activities (A.1+A.2)                                                                    |      | -             | -                  | -                                 | -                         | -                          | -                | -          | -                           |                                                |                           |                            |                  |           |                             |                    | 0%                                                                    |                              |                                |
| <b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>                                                                        |      |               |                    |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                       |                              |                                |
| OpEx of Taxonomy non-eligible activities (B)                                                                      |      | 46,479,391.79 | 100%               |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                       |                              |                                |
| <b>TOTAL (A + B)</b>                                                                                              |      | 46,479,391.79 | 100%               |                                   |                           |                            |                  |            |                             |                                                |                           |                            |                  |           |                             |                    |                                                                       |                              |                                |



Providing the information referred to in Art. 8, paragraphs (6) and (7) on nuclear activities and fossil gas-related activities<sup>1</sup>.

#### Activities related to nuclear energy

- |   |                                                                                                                                                                                                                                                                                                                                                         |    |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 1 | The company carries out, finances or has exposure to activities of research, development, demonstration and implementation of innovative power generation facilities that produce energy from nuclear processes with a minimum of fuel cycle waste.                                                                                                     | NO |
| 2 | The company undertakes, finances or has exposures to construction and the safe operation of new nuclear facilities for the production of electricity or process heat, including for purposes related to district heating or industrial processes such as hydrogen production, as well as their security upgrades using the best available technologies. | NO |
| 3 | The company conducts, finances or has operating exposures in safety conditions of existing nuclear installations producing electricity or process heat, including for purposes related to district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.                                   | NO |

#### Activities related to fossil gases

- |   |                                                                                                                                                                                                                             |    |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 4 | The company develops, finances or has exposures to construction or operation of power generation facilities that produce electricity using fossil gaseous fuels.                                                            | NO |
| 5 | The company carries out, finances or has exposures to construction, refurbishment and operation of installations combining the production of thermal energy for heating/cooling and electricity using fossil gaseous fuels. | NO |
| 6 | The company carries out, finances or has exposures to construction, refurbishment and operation of thermal energy production facilities for heating/cooling using fossil gaseous fuels.                                     | NO |

Given that Sphera Group does not carry out economic activities related to nuclear energy and fossil gases, it was not necessary to fill in the other tables provided in Annex III of Delegated Act 2022/1214.

<sup>1</sup> According to the model provided in Annex III to Delegated Act 2022/1214.2022/1214.



# Appendices

# Index

---





## Appendix no. 1

### Abbreviations

|               |                                                                  |
|---------------|------------------------------------------------------------------|
| <b>ACE</b>    | Assured Customer Experience                                      |
| <b>BRC</b>    | British Retail Consortium                                        |
| <b>CORE</b>   | Customer Operations Review & Evaluation                          |
| <b>FSA</b>    | Food Safety Audit                                                |
| <b>GFSI</b>   | Global Food Safety Initiative                                    |
| <b>HoReCa</b> | Hotels, Restaurants and Cafes                                    |
| <b>IFS</b>    | International Featured Standards                                 |
| <b>QSA</b>    | Quality System Audit ROCC Restaurant Operations Compliance Check |
| <b>QSR</b>    | Quick Service Restaurants                                        |
| <b>CSSM</b>   | Occupational Health and Safety Committee                         |

## Appendix no. 2

### Long list of Material Topics

| No. | Area        | Topic                                                             |
|-----|-------------|-------------------------------------------------------------------|
| 1   | Environment | Emissions of greenhouse gases / Climate change                    |
| 2   | Environment | Circularity of resources                                          |
| 3   | Environment | Water management                                                  |
| 4   | Environment | Food and packaging waste management                               |
| 5   | Environment | Energy management                                                 |
| 6   | Environment | Supply of raw materials that make up the food                     |
| 7   | Social      | Work practices                                                    |
| 8   | Social      | Employee Health & Safety                                          |
| 9   | Social      | Inclusion, diversity and equal opportunities                      |
| 10  | Social      | Developing employees and skills for the future                    |
| 11  | Social      | Human rights (incl. the entire supply chain)                      |
| 12  | Social      | CSR activity & relationship with, and impact on local communities |
| 13  | Social      | Liberty of association and collective negotiation                 |
| 14  | Social      | Privacy and data protection                                       |
| 15  | Social      | Quality, food safety and consumer health                          |
| 16  | Social      | Nutritional Content                                               |
| 17  | Social      | Sales and products labeling practices                             |
| 18  | Governance  | Corporate culture and business ethics                             |
| 19  | Governance  | Bribery and corruption                                            |
| 20  | Governance  | Anti-competitive behavior                                         |
| 21  | Governance  | Diversity among management and executives                         |
| 22  | Governance  | ESG performance of the management team                            |
| 23  | Governance  | Remuneration of management staff                                  |
| 24  | Governance  | Transparency on taxes                                             |
| 25  | Governance  | Compliance and risk management                                    |
| 26  | Governance  | Stakeholder commitment                                            |
| 27  | Governance  | Managing a responsible supply chain                               |







## Appendix no. 3

### Policies, Codes and Procedures

- Sphera Group - Code of Conduct;
- Guidelines for Continuous Reporting;
- Sphera's ESG Governance and Reporting Policy;
- Sphera's Anti-Corruption Policy
- Conflict of Interest Policy;
- Dividends Policy;
- Forecast Policy;
- Procedure for Organizing and Conducting General Shareholders Meetings;
- Remuneration Policy;
- Financial Reporting Policy;
- Policy on Efficient Operations (supply chain, restaurant operations);
- Sphera's Supplier Code of Conduct Policy;
- Sphera's Paper Packaging Supply Policy;
- Sphera's Policy on Human Rights and Key Commitments at Supply Chain Level;
- Sphera's Sustainable Packaging Policy;
- Sphera's Animal Welfare Policy;
- Sphera's Policy on Genetically Modified Foods;
- Sphera's Policy on Responsible Marketing;
- Sphera's Data Protection Policy;
- Sphera's Animal Protein Sustainable Principles Policy;
- Data Security Policy;
- Procurement Policy.





# Content Index

## GRI, SASB, ODD

### GRI Index

Explanation of omission GRI 2-21 - Internal processes are not configured for the purpose of this reporting and we do not collect nor analyze the data in this specific form. However, we are focused on providing for a fair salary review process.

|                               |                                                                         |              | OMISSION               |        |             |
|-------------------------------|-------------------------------------------------------------------------|--------------|------------------------|--------|-------------|
| GRI Standard Reference        | GRI Information Element Number and Name                                 | Page         | Missing Requirement(s) | Reason | Explanation |
| General Exposures             |                                                                         |              |                        |        |             |
| GRI 2: General exposures 2021 | 2-1 Details about the organization                                      | 8, 24        |                        |        |             |
|                               | 2-2 Entities included in the organization’s sustainability reporting    | 6, 8-9       |                        |        |             |
|                               | 2-3 Reporting period, frequency and point of contact                    | 6            |                        |        |             |
|                               | 2-4 Corrections of information                                          | 6            |                        |        |             |
|                               | 2-5 Providing the report                                                | 6            |                        |        |             |
|                               | 2-6 Activities, value chain and other business relationships            | 7, 10, 29-30 |                        |        |             |
|                               | 2-7 Number of employees depending on the type of employment contract    | 48-50        |                        |        |             |
|                               | 2-8 Workers who are not employed                                        | 48           |                        |        |             |
|                               | 2-9 Structure and composition of the organization’s management          | 21           |                        |        |             |
|                               | 2-10 Nomination and selection of the highest governing body             | 21           |                        |        |             |
|                               | 2-11 Highest management position of the organization                    | 21           |                        |        |             |
|                               | 2-12 Role of the highest governing body in overseeing impact management | 21, 22       |                        |        |             |
|                               | 2-13 Delegation of responsibility for impact management                 | 21-23        |                        |        |             |
|                               | 2-14 Role of the highest governing body in sustainability reporting     | 15, 22       |                        |        |             |
|                               | 2-15 Conflicts of interest                                              | 22           |                        |        |             |
|                               | 2-16 Communication of critical concerns                                 | 22           |                        |        |             |





| OMISSION                             |                                                                    |           |                        |                                                                                                                                                                                                |             |
|--------------------------------------|--------------------------------------------------------------------|-----------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| GRI Standard Reference               | GRI Information Element Number and Name                            | Page      | Missing Requirement(s) | Reason                                                                                                                                                                                         | Explanation |
| <b>General Exposures</b>             |                                                                    |           |                        |                                                                                                                                                                                                |             |
| <b>GRI 2: General exposures 2021</b> | 2-17 Collective knowledge of the highest governing body            | 23        |                        |                                                                                                                                                                                                |             |
|                                      | 2-18 Performance evaluation of the highest governing body          | 24        |                        |                                                                                                                                                                                                |             |
|                                      | 2-19 Remuneration policies                                         | 23-24     |                        |                                                                                                                                                                                                |             |
|                                      | 2-20 Process of remuneration establishing                          | 23-24     |                        |                                                                                                                                                                                                |             |
|                                      | 2-21 Annual rate of total remuneration                             |           | YES                    | Internal processes are not configured for this reporting and we do not collect or analyze data in this specific form.<br><br>However, we are focused on ensuring a fair salary review process. |             |
|                                      | 2-22 Statement regarding the sustainability strategy               | 3         |                        |                                                                                                                                                                                                |             |
|                                      | 2-23 Commitments by policies                                       | 3, 12, 24 |                        |                                                                                                                                                                                                |             |
|                                      | 2-24 Inclusion of policy commitments                               | 22        |                        |                                                                                                                                                                                                |             |
|                                      | 2-25 Processes for remediation of negative impacts                 | 24        |                        |                                                                                                                                                                                                |             |
|                                      | 2-26 Mechanisms for requesting advice and reporting irregularities | 24        |                        |                                                                                                                                                                                                |             |
|                                      | 2-27 Compliance with laws and regulations                          | 26        |                        |                                                                                                                                                                                                |             |
|                                      | 2-28 Affiliations                                                  | 10, 12    |                        |                                                                                                                                                                                                |             |
|                                      | 2-29 Approach regarding the involvement of interested parties      | 12        |                        |                                                                                                                                                                                                |             |
|                                      | 2-30 Collective labor agreements                                   | 50        |                        |                                                                                                                                                                                                |             |





| OMISSION                                |                                                                                                        |          |                        |        |             |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------|----------|------------------------|--------|-------------|
| GRI Standard Reference                  | GRI Information Element Number and Name                                                                | Page     | Missing Requirement(s) | Reason | Explanation |
| <b>Material Topics</b>                  |                                                                                                        |          |                        |        |             |
| GRI 3: Material Topics 2021             | 3-1 The process of determining Material Topics                                                         | 15       |                        |        |             |
|                                         | 3-2 List of Material Topics                                                                            | 16-17    |                        |        |             |
| <b>About the Sphera Group</b>           |                                                                                                        |          |                        |        |             |
| GRI 3: Material Topics 2021             | 3-3 Management of Material Topics                                                                      | 18-20    |                        |        |             |
| GRI 207: Tax 2019                       | 207-1 Approach to tax                                                                                  | 12, 21   |                        |        |             |
|                                         | 207-4 Country-by-country reporting                                                                     | 8, 9, 21 |                        |        |             |
| <b>CORPORATE GOVERNANCE</b>             |                                                                                                        |          |                        |        |             |
| GRI 3: Material Topics 2021             | 3-3 Management of Material Topics                                                                      | 18-20    |                        |        |             |
| GRI 201: Economic performance 2016      | 201-1 Direct economic value generated and distributed                                                  | 5        |                        |        |             |
| GRI 205: Anti-corruption 2016           | 205-1 Operations evaluated to identify the risks associated with the provisions of the code of conduct | 24-25    |                        |        |             |
|                                         | GRI 205-2 Communication and training on anti-corruption policies and procedures                        | 24-25    |                        |        |             |
|                                         | 205-3 Confirmed incidents of corruption and measures taken                                             | 25       |                        |        |             |
| GRI 206: Anti-competitive behavior 2016 | 206-1 Legal actions for anticompetitive behavior, antitrust and monopoly practices                     | 25       |                        |        |             |
| GRI 418: Customer Privacy 2016          | 418-1 Substantiated Complaints Regarding Breach of Customer Confidentiality and Loss of Customer Data  | 25-26    |                        |        |             |
| <b>Compliance and Risk Management</b>   |                                                                                                        |          |                        |        |             |
| GRI 3: Material Topics 2021             | 3-3 Management of Material Topics                                                                      | 18-20    |                        |        |             |
| GRI 201: Economic performance 2016      | 201-2 Financial implications and other risks and opportunities caused by climate change                | 26-27    |                        |        |             |







|                                                      |                                                                                          |       | OMISSION               |        |             |
|------------------------------------------------------|------------------------------------------------------------------------------------------|-------|------------------------|--------|-------------|
| GRI Standard Reference                               | GRI Information Element Number and Name                                                  | Page  | Missing Requirement(s) | Reason | Explanation |
| <b>OUR PRODUCTS</b>                                  |                                                                                          |       |                        |        |             |
| <b>Sustainability in the Supply Chain</b>            |                                                                                          |       |                        |        |             |
| GRI 3: Material Topics 2021                          | 3-3 Management of Material Topics                                                        | 18-20 |                        |        |             |
| GRI 308 - Environmental Evaluation of Suppliers 2016 | 308-1 New suppliers that have been identified using environmental criteria               | 29-31 |                        |        |             |
| GRI 414 - Social Evaluation of Suppliers 2016        | 414-1 New suppliers that have been identified using social criteria                      | 29-31 |                        |        |             |
|                                                      | 414-2 Negative social impacts in the supply chain and actions taken                      | 29    |                        |        |             |
| GRI 204 - Procurement Practices 2016                 | 204-1 Proportion of expenses with local suppliers                                        | 31    |                        |        |             |
| <b>Responsibility in Communication</b>               |                                                                                          |       |                        |        |             |
| GRI 3: Material Topics 2021                          | 3-3 Management of Material Topics                                                        | 18-20 |                        |        |             |
| GRI 417: Marketing and labeling 2016                 | 417-1 Requirements for product and service information and labeling                      | 33    |                        |        |             |
|                                                      | 417-2 Incidents of non-compliance regarding product and service information and labeling | 33    |                        |        |             |
|                                                      | 417-3 Incidents of noncompliance regarding marketing communications                      | 33    |                        |        |             |
| <b>ENVIRONMENT</b>                                   |                                                                                          |       |                        |        |             |
| <b>Energy</b>                                        |                                                                                          |       |                        |        |             |
| GRI 3: Material Topics 2021                          | 3-3 Management of Material Topics                                                        | 18-20 |                        |        |             |
| GRI 302: Energy 2016                                 | 302-1 Energy consumption within the organization                                         | 36    |                        |        |             |
|                                                      | 302-4 Reducing energy consumption                                                        | 37    |                        |        |             |





|                                              |                                                              |       | OMISSION               |        |             |
|----------------------------------------------|--------------------------------------------------------------|-------|------------------------|--------|-------------|
| GRI Standard Reference                       | GRI Information Element Number and Name                      | Page  | Missing Requirement(s) | Reason | Explanation |
| <b>Carbon Emissions</b>                      |                                                              |       |                        |        |             |
| GRI 3: Material Topics 2021                  | 3-3 Management of Material Topics                            | 18-20 |                        |        |             |
| GRI 305: Emissions 2016                      | 305-1 Direct GHG emissions (Scope 1)                         | 39    |                        |        |             |
|                                              | 305-2 Indirect GHG emissions generated by energy (Scope 2)   | 39    |                        |        |             |
|                                              | 305-3 Other indirect GHG emissions (Scope 3)                 | 39    |                        |        |             |
|                                              | 305-4 Intensity of GHG emissions                             | 40    |                        |        |             |
|                                              | 305-5 Reduction of GHG emissions                             | 40    |                        |        |             |
| <b>Circular Economy and Waste Management</b> |                                                              |       |                        |        |             |
| GRI 3: Material Topics 2021                  | 301-1 Materials used - weight or volume                      | 41-42 |                        |        |             |
| GRI 301: Materials 2016                      | 301-2 Recycled input materials used                          | 41-42 |                        |        |             |
|                                              | 301-3 Recovered products and their packaging materials       | 44    |                        |        |             |
| GRI 306: Waste 2020                          | 306-1 Waste generation and significant waste-related impacts | 43-45 |                        |        |             |
|                                              | 306-2 Management of significant waste impacts                | 43-45 |                        |        |             |
|                                              | 306-3 Waste generated                                        | 43-45 |                        |        |             |
|                                              | 306-4 Waste removed from disposal                            | 44    |                        |        |             |
|                                              | 306-5 Waste directed to disposal                             | 44    |                        |        |             |
| <b>Water Resources Management</b>            |                                                              |       |                        |        |             |
| GRI 3: Material Topics 2021                  | 3-3 Management of Material Topics                            | 18-20 |                        |        |             |
|                                              | 303-1 Interactions with water as a shared resource           | 46    |                        |        |             |
|                                              | 303-2 Management of water discharge-related impacts          | 46    |                        |        |             |
|                                              | 303-3 Water withdrawal                                       | 46    |                        |        |             |





| OMISSION                                        |                                                                                                           |       |                        |        |             |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------|-------|------------------------|--------|-------------|
| GRI Standard Reference                          | GRI Information Element Number and Name                                                                   | Page  | Missing Requirement(s) | Reason | Explanation |
| <b>Water Resources Management</b>               |                                                                                                           |       |                        |        |             |
| GRI 3: Material Topics 2021                     | 303-5 Water consumption                                                                                   | 46    |                        |        |             |
| <b>PEOPLE AND COMMUNITIES</b>                   |                                                                                                           |       |                        |        |             |
| <b>The Sphera Team</b>                          |                                                                                                           |       |                        |        |             |
| GRI 3: Material Topics 2021                     | 3-3 Management of Material Topics                                                                         | 18-20 |                        |        |             |
| GRI 202: Market presence                        | 202-2 Percentage of managers from significant operating locations who were hired from the local community | 51    |                        |        |             |
| GRI 405: Diversity and equal opportunities 2016 | 405-1 Diversity of management bodies and employees                                                        | 50-51 |                        |        |             |
| <b>Diversity and Equal Opportunities</b>        |                                                                                                           |       |                        |        |             |
| GRI 3: Material Topics 2021                     | 3-3 Management of Material Topics                                                                         | 51    |                        |        |             |
| GRI 406: Non-discrimination 2016                | 406-1 Incidents of discrimination and corrective measures taken                                           | 51    |                        |        |             |
| GRI 202: Market presence                        | 202-1 The ratio between the entry level salary and the minimum salary                                     | 26    |                        |        |             |
| <b>Vocational Training and Education</b>        |                                                                                                           |       |                        |        |             |
| GRI 3: Material Topics 2021                     | 3-3 Management of Material Topics                                                                         | 18-20 |                        |        |             |
| GRI 404: Training and Education 2016            | 404-1 Average training hours per employee per year                                                        | 53-54 |                        |        |             |
|                                                 | 404-2 Programs to improve employee skills and transition assistance programs                              | 52-53 |                        |        |             |
|                                                 | 404-3 Percentage of employees receiving regular performance and career development evaluation             | 54    |                        |        |             |





|                                         |                                                                                                                |       | OMISSION               |        |             |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------|-------|------------------------|--------|-------------|
| GRI Standard Reference                  | GRI Information Element Number and Name                                                                        | Page  | Missing Requirement(s) | Reason | Explanation |
| <b>Health and Safety</b>                |                                                                                                                |       |                        |        |             |
| GRI 3: Material Topics 2021             | 3-3 Management of Material Topics                                                                              | 18-20 |                        |        |             |
| GRI 403: Health and safety at work 2018 | 403-1 Occupational health and safety management system                                                         | 55    |                        |        |             |
|                                         | 403-2 Hazard identification, risk assessment and incident investigation                                        | 55    |                        |        |             |
|                                         | 403-3 Occupational health services                                                                             | 55    |                        |        |             |
|                                         | 403-4 Participation, consultation and communication of workers regarding health and safety at work             | 55    |                        |        |             |
|                                         | 403-5 Training of workers regarding occupational health and safety                                             | 55    |                        |        |             |
|                                         | 403-6 Employee health promotion                                                                                | 55    |                        |        |             |
|                                         | 403-7 Prevention and mitigation of effects on health and safety at work directly related to business relations | 56    |                        |        |             |
|                                         | 403-9 Occupational accidents                                                                                   | 55-56 |                        |        |             |
|                                         | 403-10 Occupational health problems                                                                            | 55-56 |                        |        |             |
| <b>Employee Satisfaction</b>            |                                                                                                                |       |                        |        |             |
| GRI 3: Material Topics 2021             | 3-3 Management of Material Topics                                                                              | 18-20 |                        |        |             |
| GRI 401: Employment 2016                | 401-1 Recruitment of new employees and staff turnover                                                          | 56-57 |                        |        |             |
|                                         | 401-3 Parental leave                                                                                           | 57    |                        |        |             |
| <b>Customer Satisfaction</b>            |                                                                                                                |       |                        |        |             |
| GRI 3: Material Topics 2021             | 3-3 Management of Material Topics                                                                              | 18-20 |                        |        |             |
| GRI 418: Customer Privacy 2016          | 418-1 Substantiated Complaints Regarding Breach of Customer Privacy and Loss of Customer Data                  | 58    |                        |        |             |







| OMISSION                            |                                                                                             |       |                        |        |             |
|-------------------------------------|---------------------------------------------------------------------------------------------|-------|------------------------|--------|-------------|
| GRI Standard Reference              | GRI Information Element Number and Name                                                     | Page  | Missing Requirement(s) | Reason | Explanation |
| <b>Involvement in the Community</b> |                                                                                             |       |                        |        |             |
| GRI 3: Material Topics 2021         | 3-3 Management of Material Topics                                                           | 18-20 |                        |        |             |
| GRI 413: Local communities 2016     | 413-1 Operations involving the local community, impact assessments and development programs | 55    |                        |        |             |

## SASB Index

Index of SASB contents, Restaurant Standard, version 2023-12.

| Category/Code                              | Indicator                                                                                                                                                               | Page    |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| <b>Activity Parameters</b>                 |                                                                                                                                                                         |         |
| FB-RN-000.A                                | The number of (1) entity-owned restaurants and (2) franchised restaurants                                                                                               | 9       |
| <b>Food and Packaging Waste Management</b> |                                                                                                                                                                         |         |
| FB-RN-150a.1                               | (1) Total amount of waste, (2) percentage of food waste and (3) percentage of diverted waste.                                                                           | 44      |
|                                            | (1) The total weight of the packaging, (2) the percentage made from recycled or renewable materials and (3) the percentage that is recyclable, reusable or compostable. | 41 - 42 |
| <b>Food Safety</b>                         |                                                                                                                                                                         |         |
| FB-RN-250a.1                               | (1) Percentage of restaurants inspected by a food safety watchdog, (2) percentage of restaurants receiving critical violations                                          | 32      |
| FB-RN-250a.2                               | (1) The number of recalls issued and (2) the total quantity of recalled food products                                                                                   | 32      |
| FB-RN-260a.3                               | (1) Number of confirmed food poisoning outbreaks, (2) percentage leading to an investigation                                                                            | 32      |
| <b>Nutritional Content</b>                 |                                                                                                                                                                         |         |
| FB-RN-260a.1                               | (1) Percentage of menus that meet dietary guidelines and (2) revenue generated from these menus                                                                         | 33      |
| FB-RN-260a.2                               | (1) Percentage of children's menu options that meet children's dietary guidelines and (2) revenue generated from these options                                          | 33      |
| FB-RN-260a.3                               | Percentage of advertisements (1) made for children and (2) made for children, which promote products observing dietary guidelines for children                          | 33      |








| Category/Code                                    | Indicator                                                                                                                                | Page |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|------|
| <b>Work Practices</b>                            |                                                                                                                                          |      |
| FB-RN-310a.1                                     | (1) Voluntary and (2) involuntary turnover rate of restaurant employees                                                                  | 57   |
| FB-RN-310a.3                                     | Total amount of financial losses resulting from legal actions associated with (1) labor law violations and (2) employment discrimination | 51   |
| <b>Supply Chain &amp; Food Supply Management</b> |                                                                                                                                          |      |
| FB-RN-430a.2                                     | Percentage of (1) eggs that come from a cage-free environment and (2) pork that was produced without the use of gestation stalls         | 29   |





## SDG Index

### Sustainable Development Goals Index

| Goal                                                                                                 | Main Goal                                                                                           |     | Secondary Goal                                                                                                                                                                 | Pages        |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <b>Goal 1</b><br>   | <b>End poverty in all its forms everywhere</b>                                                      | 1.1 | By 2030, eradicating extreme poverty for all people everywhere, as measured today, as people living on less than \$1.25 a day                                                  | 29-34, 48-59 |
| <b>Goal 2</b><br> | <b>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</b> | 2.1 | By 2030, end hunger and ensure access for all people, especially of poor and vulnerable people, including infants, to safe, nutritious and sufficient food throughout the year | 29-34, 48-59 |
| <b>Goal 3</b><br> | <b>Ensure healthy lives and promote well-being for all at all ages</b>                              | 3.4 | By 2030, reducing premature mortality from non-communicable diseases by a third prevention and treatment and the promotion of mental health and well-being                     | 29-34, 48-59 |










| Goal                                                                                                 | Main Goal                                                                                                                   | Secondary Goal                                                                                                                                                                                                                                                                                                                                                                     | Pages               |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Goal 4</b><br>   | <b>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b>                 | 4.1 By 2030, ensure all girls and boys have equitable access to quality primary and secondary education that leads to relevant and effective learning                                                                                                                                                                                                                              | 48-59               |
|                                                                                                      |                                                                                                                             | 4.2 By 2030, ensure that all girls and boys have access to early childhood development, care and education programs so that they are ready for primary education                                                                                                                                                                                                                   |                     |
|                                                                                                      |                                                                                                                             | 4.3 By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university studies                                                                                                                                                                                                                        |                     |
|                                                                                                      |                                                                                                                             | 4.4 By 2030, substantially increase the number of young people and adults who have relevant skills, including technical and vocational skills for employment, decent jobs and entrepreneurship                                                                                                                                                                                     |                     |
|                                                                                                      |                                                                                                                             | 4.a Build and upgrade child, disability and gender sensitive educational facilities that provide safe, non-violent, inclusive and effective learning environments for all                                                                                                                                                                                                          |                     |
|                                                                                                      |                                                                                                                             | 4.b By 2020, substantially expand globally the number of scholarships available to developing countries, particularly for least developed countries, small island developing States development and African countries, for enrollment in higher education, including vocational training and information and communication technology, technical, engineering and science programs |                     |
| <b>Goal 5</b><br>   | <b>Achieve gender equality and empower all women and girls</b>                                                              | 5.1 End all forms of discrimination against all women and girls everywhere                                                                                                                                                                                                                                                                                                         | 21-27, 48-59        |
|                                                                                                      |                                                                                                                             | 5.5 Ensure full and effective participation of women and equal opportunities for leadership at all levels, decision-making in political, economic and public life                                                                                                                                                                                                                  |                     |
|                                                                                                      |                                                                                                                             | 5.c Adopt and strengthen sound policies and applicable legislation to promote gender equality and empower all women and girls at all levels                                                                                                                                                                                                                                        |                     |
| <b>Goal 7</b><br>  | <b>Ensure access to affordable, reliable, sustainable and modern energy for all</b>                                         | 7.3 By 2030, double the global rate of improvement in energy efficiency                                                                                                                                                                                                                                                                                                            | 36-46               |
| <b>Goal 8</b><br> | <b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b> | 8.1 Support economic growth per capita in line with national circumstances and, in particular, at least 7% growth in gross domestic product per year in the least developed countries                                                                                                                                                                                              | 21-27, 29-34, 48-59 |
|                                                                                                      |                                                                                                                             | 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including youth and persons with disabilities, and equal pay for work of equal value                                                                                                                                                                                                    |                     |
|                                                                                                      |                                                                                                                             | 8.6 By 2030, substantially reduce the proportion of young people not in employment, education or training                                                                                                                                                                                                                                                                          |                     |
|                                                                                                      |                                                                                                                             | 8.7 Take immediate and effective action to eradicate forced labor, end modern slavery and human trafficking and ensure the prohibition and elimination of the worst forms of child labor, including the recruitment and use of child soldiers, and by 2025 end child labor in all its forms                                                                                        |                     |
|                                                                                                      |                                                                                                                             | 8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, especially migrant women, and those in precarious employment                                                                                                                                                                                                 |                     |





| Goal                                                                                                  | Main Goal                                                                                                                                                                                          | Secondary Goal |                                                                                                                                                                                                                 | Pages               |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| <b>Goal 10</b><br>   | <b>Reduce inequality within and among countries</b>                                                                                                                                                | 10.2           | By 2030, empower and promote the social, economic and political inclusion of all, regardless of age, sex, disability, race, ethnicity, origin, religion or economic or other status                             | 21-27, 29-34, 48-59 |
| <b>Goal 12</b><br>   | <b>Ensure sustainable consumption and production patterns</b>                                                                                                                                      | 12.2           | By 2030, achieve sustainable management and efficient use of natural resources                                                                                                                                  | 21-27, 29-34, 36-46 |
|                                                                                                       |                                                                                                                                                                                                    | 12.3           | By 2030, halve global per capita food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses                                          |                     |
|                                                                                                       |                                                                                                                                                                                                    | 12.5           | By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse                                                                                                               |                     |
| <b>Goal 13</b><br>   | <b>Taking urgent action to combat climate change and its impacts</b>                                                                                                                               | 13.1           | Consolidation of resilience and adaptive capacity to climate hazards and natural disasters in all countries                                                                                                     | 36-46               |
| <b>Goal 15</b><br>   | <b>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss</b> | 15.2           | Promote the implementation by 2030 of sustainable management for all types of forests, stopping deforestation, restoring degraded forests and substantially increasing afforestation and reforestation globally | 29-34, 36-46        |
| <b>Goal 16</b><br> | <b>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b>           | 16.5           | Substantially reduce corruption and bribery in all their forms                                                                                                                                                  | 21-27, 48-59        |
|                                                                                                       |                                                                                                                                                                                                    | 16.7           | Ensure decision-making processes at all levels that are reactive, inclusive, participatory and representative                                                                                                   |                     |







## Disclaimer

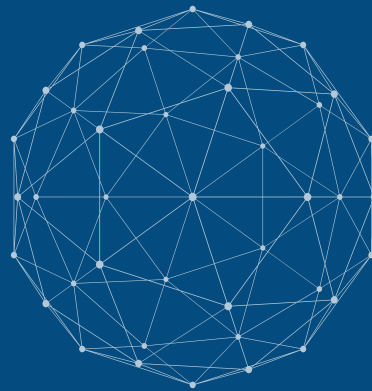
This Report does not constitute, and is not intended to constitute or be part of, and should not be construed as representing or being part of any current offer to sell or issue shares, or as a request of purchase or subscription in respect of any shares issued by Sphera Franchise Group SA (the Company) or any of its subsidiaries in any jurisdiction, or as an incentive to start investment activities; this document or any part thereof or the fact that it is provided may not be invoked or constitute any basis whatsoever for the foregoing. Neither any part of this Report, nor its distribution may form part of, or be relied on in connection with any contract or decision to invest in relation thereto; nor does it constitute a recommendation regarding securities issued by the Company. The information and opinions contained in this Report are provided as of the date hereof and may be updated, revised, amended or changed without any prior notice. If this Report mentions any information or statistics from any external source, such information should not be construed as having been adopted or approved by the Company as correct. Regardless of the purpose, one should not rely on the information contained in this Report or any other material discussed orally. No representation or warranty, whether explicit or implied, is given as to the accuracy, correctness and current relevance of the information or opinions contained herein or the completeness hereof, and no liability is accepted in respect of any such information, loss resulting directly or indirectly from the use of this Report or any part thereof. This Report may contain forwardlooking statements. Such statements reflect the Company's current knowledge, as well as its expectations and

forecasts of future events and may be identified in the context of such statements or by words such as 'foresees', 'believes', 'estimate', 'invest', 'subscribes', 'expects', 'intends', 'plans', 'projects', 'aims', 'maybe', 'will be', 'would', 'could' or 'should' or similar terms. By their nature, forwardlooking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual Company deliverables and performance to differ materially from the deliverables and performance expressed or suggested by any forward-looking statements. In particular, none of the future forecasts, expectations, estimates or prospects in this Report should be construed as forecasts or promises, nor should they be construed as implying an indication, assurance or warranty that the assumptions based on which the future forecasts, expectations, estimates or prospects have been developed or the information and statements contained in this Report are correct or complete. As a result of such risks, uncertainties and assumptions, these forward-looking statements should not be construed as a prediction of actual or potential results or otherwise. This Report is not meant to contain all the information that may be necessary regarding the Company, its actions and, in any case, anyone who receives this Report should conduct an independent evaluation. The Company undertakes no obligation to publicly disclose the outcome of any revisions of such forward-looking statements contained in this Report that may arise as a result of changes in its expectations or to reflect any events or circumstances after the date of this Report. This Report and its content are Company property and neither this document, nor any part thereof may be reproduced or redistributed to any other person.





SPHERA



[www.spheragroup.com](http://www.spheragroup.com)

