

**Non-financial Information Statement
of AmRest Holdings SE
for 2019**



INTRODUCTION

According to the 11/2018 law of 28 December, relating to non-financial information and diversity, the Board of Directors of AmRest Holdings SE¹ is issuing this Non-financial Information Statement (NFIS) for the 2019 Financial Year as part of the Consolidated Directors' Report which is presented with Consolidated Annual Accounts. This statement has a public character and may be reviewed on the following website: www.amrest.eu.

The statement is an independent part of the Consolidated Director's Report for 2019 and includes information concerning all the subsidiaries of AmRest Holdings SE. In the cases where the data presented does not apply to all AmRest units, the scope is specified exactly. As of 31 December 2019, AmRest operated 2339 equity and franchised restaurants and coffee houses in 26 countries.

Although the franchised restaurants of AmRest are a part of its portfolio, the group does not disclose information regarding these restaurants, as they are operated by third parties.

The Board of Directors analyses the group's performance by geographical breakdown into divisions therefore the information might be presented in this way. Own restaurant and franchise business is analyzed by four operating segments presenting group performance in geographic breakdown. Geographical areas are identified based on the similarity of products and services, similar characteristics of the production process and on the customer base and economic similarities (i.e. exposure to the same market risks).

AmRest had been disclosing non-financial information since 2017, when it did so in accordance with Polish law. Since moving the domicile of AmRest Holdings SE to Madrid in 2018, the group discloses its non-financial information in accordance with Spanish law. On 28 February 2020 the Company's registered office was changed to Paseo de la Castellana 163, 28046 Madrid, Spain. The following NFIS has been prepared in accordance with the GRI Sustainability Reporting Standards, which are listed in the table at the end of the statement. The material topics covered in the following document were diagnosed during the dialogue with stakeholders, as further explained in Section 3 (CSR Strategy, Stakeholders and Material topics) herein.

The reporting scope is from 1 January 2019 to 31 December 2019. All the data is presented as of 31 December 2019 unless stated otherwise.

AMREST'S BUSINESS MODEL AND OPERATIONS IN 2019

AmRest Holdings, SE is the leading multi-brand franchise restaurant operator in Europe with a portfolio of twelve leading-class brands.

AmRest serves meals in more than 2300 locations across 26 countries, mostly in Europe. The group operates self-owned restaurants and franchises. AmRest offers on-premise and off-premise dining, including drive-thru windows, takeout for pickup, phone, online ordering and aggregators platforms.

At the end of 2019 its brand portfolio included four franchise brands (KFC, Pizza Hut, Burger King, Starbucks) and five self-owned brands (La Tagliatella, Blue Frog, Kabb, Bacoa, Sushi Shop) as well as the virtual brands Pokai, Lepieje, 'Oi Poke. AmRest restaurants serve high-quality meals made from fresh products following original recipes and strict standards for each of the brands.

The operations of AmRest are well-diversified across five main categories of restaurant industry:


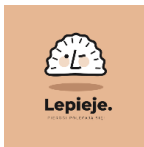
1. Quick Service Restaurants ("QSR"), represented by KFC and Burger King,
2. Fast Casual Restaurants ("FCR"), represented by Pizza Hut Delivery and Express, Bacoa and Sushi Shop,
3. Casual Dining Restaurants ("CDR"), represented by Pizza Hut Dine-in, La Tagliatella, Blue Frog and KABB
4. Coffee category, represented by Starbucks.
5. Virtual brands, represented by Pokai, Lepieje, 'Oi Poke.

¹ For the purposes of this document, the following should be understood to mean the same: AmRest Holdings SE, AmRest, the AmRest group and the group.

Currently, AmRest operates 2 339 restaurants in 26 countries, including Poland, the Czech Republic, Hungary, Russia, Romania, Bulgaria, Serbia, Croatia, Slovakia, Austria, Slovenia, Spain, France, Germany, Portugal, China, Netherlands, Armenia, Azerbaijan, Belgium, Italy, Switzerland, Luxembourg, the UK, the UAE and Saudi Arabia.

The table below outlines the different brands' business models.

Brand	Business model
<p>KFC</p> 	<p>KFC is a global restaurant chain specializing in chicken meals, a world pioneer of quick service restaurants. KFC is a brand for those who value high quality products and service at a good price. Every day, around 12 million customers are served in over 23 000 chain restaurants in over 135 countries around the world. AmRest Holdings operates over 800 KFC units in 12 countries: Poland, Czech Republic, Hungary, Russia, Bulgaria, Serbia, Croatia, Spain, France, Germany, Austria and Slovenia.</p>
<p>Pizza Hut</p> 	<p>Pizza Hut is one of the largest restaurant chains in the world. The brand offers a wide selection of pizzas straight from the oven, prepared with fresh ingredients. Since the opening of the first restaurant in 1958, Pizza Hut is known for its perfect service and relaxed atmosphere. AmRest Holdings operates over 450 restaurants (both equity and franchise) in 9 countries: Poland, Czech Republic, Hungary, Russia, Slovakia, Armenia, Azerbaijan, France and Germany. AmRest is developing the brand in the following formats: Pizza Hut Dine-In - restaurants with waiter service, Pizza Hut Express – the concept of offering a fresh pizza, prepared in 5 minutes, in front of guests and Pizza Hut Delivery - restaurants offering deliveries in 30 minutes.</p>
<p>Starbucks</p>  <p>STARBUCKS</p>	<p>Starbucks is a global leader in the coffee sector, offering its guests a wide selection of coffees from around the world, tea, as well as a wide range of fresh snacks and desserts. In 2019 Starbucks coffee houses operated by AmRest were present in 8 markets: Poland, Germany, Czech Republic, Slovakia, Hungary, Romania, Bulgaria and Serbia.</p>
<p>Burger King</p> 	<p>Founded in 1954, the Burger King brand is the second largest fast food hamburger chain in the world. The original HOME OF THE WHOPPER®, the Burger King system operates in more than 17 000 locations in more than 100 countries and U.S. territories. AmRest operates Burger King outlets in Poland, Bulgaria, the Czech Republic, Slovakia and as of 2019, Romania.</p>
<p>La Tagliatella</p> 	<p>La Tagliatella is a dynamically growing international Casual Dining chain. AmRest's acquired the brand in April 2011. La Tagliatella restaurants are operated by AmRest and its franchisees. As of 2019, the brand is present in four countries: Spain, Portugal, France and Germany.</p>
<p>Blue Frog</p> 	<p>Blue frog is an unusual concept combining elements of a casual restaurant with a wide bar offer. The restaurant offers dishes known from the American kitchen enriched by distinct Asian influences. In 2019 the brand was present in two countries: China and Spain.</p>
<p>KABB</p> 	<p>KABB Bistro Bar is a premium Dine-In restaurant serving dishes in China. AmRest became an owner of the KABB brand in December 2012 by purchasing the majority stock of the Blue Horizon Hospitality Group LTD.</p>
<p>Sushi Shop</p> 	<p>Sushi Shop became part of AmRest's portfolio in October 2018. Sushi Shop operates a chain of 179 Japanese restaurants, one-third of which are franchised out. Sushi Shop is present in France (72% of all restaurants) and 11 different countries, including Spain, Portugal, Belgium, Luxemburg, Netherlands, the UK, Germany, Switzerland, Italy, Saudi Arabia and UAE. Delivery orders account for 55% of the group's sales, while sales for takeout stand at 32%.</p>

Brand	Business model
<p>Pokai</p> 	<p>Pokai is a virtual brand created by the group Sushi Shop in April 2018, which offers a large range of poke bowls. Its products are sold through aggregators only (Deliveroo, UberEATS etc). Pokai is present in all of the countries where Sushi Shop restaurants are, except for shops in Luxembourg, the Netherlands, Saudi Arabia and Portugal.</p>
<p>Bacoa</p> 	<p>Bacoa is a chain of 10 premium burger restaurants located in three cities in Spain (Barcelona, Madrid, Lleida). The brand became part of AmRest's portfolio in 2018. Established in 2010, the company operates self-owned restaurants and franchises. Bacoa value proposition is based on fresh, natural, eco products sourced from expert suppliers and a central kitchen that delivers high-quality burgers in trendy surroundings.</p>
<p>Lepieje</p> 	<p>Lepieje is a virtual brand created for delivery only in response to the Shadow Kitchen project of AmRest and to the global restaurant market trends. The brand operates since 2 December 2019 in Wroclaw and it is accessible via aggregators (as at February 2020 on Glovo and Pizza Portal). The brand is inspired by the dumplings from the different parts of the world.</p>
<p>'Oi Poke</p> 	<p>'Oi Poke is a virtual brand offering exotic bowl compositions based on meat, fish or shrimps with fresh and original additions. The cuisine comes from Hawaii, where everything "perfect" is called "'Oi". The brand contributes to the Shadow Kitchen project of AmRest. It operates via aggregators Pizza Portal and Glovo from 18 December 2019 (SK Wroclaw Perla).</p>

AmRest has focused on the development and expansion of its mature brands and expanding the portfolio. The group has been growing continuously every year by opening more restaurants and conquering new markets. Recently, the AmRest Group has been implementing the strategy that aims to make it the restaurant market leader in the Quick Service Restaurants and Casual Dining Restaurants segments by developing brand restaurant chains reaching the scale and meeting the profitability criteria.

AmRest strategy is to leverage the culture, international capability and superior brand portfolio to grow scalable, highly profitable restaurants globally.

In the coming years, the Company will continue to strengthen its position as the restaurant market leader in Europe. In 2019 the group implemented a new strategy of growth based on four key pillars: Operations, Food Service, Franchising and Digital & Delivery.

Four pillars of AmRest growth:

- **Operations:** Every restaurant run by AmRest should provide an excellent experience to its guests and at the same time have healthy and profitable business economics.
- **Food Service:** A sustainable and agile beginning to end food service offering, which delivers excellence in margin, innovation, quality, supports organization growth and generates commercial value, serving both internal and external customers, underpinned by AmRest culture.
- **Franchising:** With a clear strategy, proper business model and market know-how, in addition to great brands, AmRest provides attractive offers to new partners and as a consequence gives them a sense of stability and security.
- **Digital & Delivery:** AmRest is all about customers and the experience they get when entering its restaurants. The goal for this area is to transform real life experiences and make them consistent with the experiences AmRest customers get in the online world.

The model will enable AmRest to grow dynamically and deliver satisfactory financial results, while respecting the natural environment and focusing on customers and their satisfaction.

The table below presents AmRest's growth between 2017 and 2019. The restaurant count includes self-owned restaurants and franchises.

Table. Restaurants and coffee houses operated by AmRest Holdings SE.

Dec 31, 2017	Dec 31, 2018	Dec 31, 2019
1 657 ² restaurants	2 138 ³ restaurants	2 339 restaurants

Table. Restaurants and coffee houses operated by AmRest Holdings SE in 2019 by brand

Brand	Restaurant count (2017)	Restaurant count (2018)	Restaurant count (2019)	Self-owned restaurants	Franchise restaurants	No. of countries where the brand was present in 2019
KFC	669	779	868	868	0	12
Pizza Hut	330	444 ⁴	483	265	218	9
Starbucks	319 ⁵	358 ⁶	396	376	20	8
La Tagliatella	236	249	248	84	164	4
Burger King	54	60	2	72	0	5
Blue Frog	45	67	79	73	6	2
KAAB	4	3	2	2	0	1
Sushi Shop	0	171	179	114	65	12
Bacoa	0	7	10	5	5	1
Lepieje	0	0	1	1	0	1
'Oi Poke	0	0	1	1	0	1
Total number of restaurant and coffee houses	1 657 ⁷	2 138 ⁸	2 339	1 861	478	-

Franchisors and franchisees

AmRest has been developing a portfolio of global restaurant brands and leaders in their categories - KFC, Pizza Hut, Burger King and Starbucks - based on franchise and partnership agreements. This means that in selected markets AmRest holds the right to manage such restaurants based on agreements signed with the brand owners: Yum! Brands, Burger King Europe and Starbucks EMEA. Long-term, well-arranged cooperation with partners allowed AmRest to develop a high level of independence in terms of the management model.

AmRest is a franchisee of Yum! Brands Inc. for the **KFC** and **Pizza Hut** brands. Starting from 2017 the Group as a master-franchisee of Pizza Hut brand has the right to grant a license to third parties to operate Pizza Hut Express and Pizza Hut Delivery restaurants (sub-franchise) in countries of Central and Eastern Europe, while ensuring a certain share of restaurants operated directly by AmRest.

Burger King restaurants are operated on a franchise basis following an agreement concluded with Burger King Europe GmbH.

Starbucks restaurants in Poland, the Czech Republic and Hungary are opened by the companies of AmRest Coffee (owned 82% by AmRest and 18% by Starbucks). These companies have the rights and licenses to develop and manage Starbucks restaurants in the respective countries. Starbucks restaurants in Romania, Bulgaria, Germany, Slovakia and Serbia are operated by the Group on a franchise basis.

² Restated (1 636 reported in 2018).

³ Restated (2 126 reported in 2018).

⁴ Restated (449 reported in 2018).

⁵ Restated (301 reported in 2018).

⁶ Restated (341 reported in 2018).

⁷ Restated (1 639 reported in 2018).

⁸ Restated (2 126 reported in 2018).

AmRest's portfolio also includes owned brands. As an owner, the group may grant franchises to independent entities.

La Tagliatella is the proprietary brand of AmRest and became a part of its portfolio in April 2011. La Tagliatella restaurants are operated directly by AmRest as well as by third party entities which operate restaurants on a franchise basis.

Blue Frog and **KABB** brands became the property of AmRest in December 2012 as a result of acquisition of Blue Horizon Hospitality Group LTD. In 2018 AmRest started granting the franchise to unrelated entities in Spain and since 2019 also in China.

Bacoa brand was acquired by AmRest on 31 July 2018. The chain represents seven premium burger restaurants operated in Spain through equity and franchise model.

Sushi Shop, a leading European sushi concept, is a proprietary brand of AmRest and became a part of its portfolio through the acquisition of Sushi Shop Group SAS finalized on 31 October 2018. Sushi Shop restaurants are operated by both AmRest (equity stores) and AmRest's franchisees. Sushi Shop network is present in 12 countries.

Pokai became part of AmRest by acquisition of Sushi Shop Group SAS.

Table. Number of AmRest Holdings SE business partners in 2019 by type

Type of partner	2017	2018	2019
Franchisees	161	194	353
Franchisors	4	4	4

While developing the global business AmRest remains an active member of the local community. The company is involved in many local industry organizations:

- China
 - Shanghai GiftCard Association
 - Shanghai JinQiao Economic and Technological Development Zone Enterprise Association
 - Shanghai Bar Profession Association
 - American Chamber of Commerce in Shanghai
- Russia
 - Saint-Petersburg Chamber of Commerce and Industry
- Poland
 - American Chamber of Commerce
 - Związek Pracodawców Hoteli, Restauracji i Cateringu (Association of HORECA Employers)
 - Young Presidents Organization Poland
- Czech Republic
 - Asociace Pro Rozvoj Trhu Nemovitostí (Association for Real Estate Development)
- Croatia
 - Croatian Chamber of Economics
- Germany
 - Bundesverband Systemgastronomie (The Federal Association of the System Catering)
 - Industrie- und Handelskammer (Chamber of Commerce and Industry)
- France
 - SNARR (National Professional Restaurant Union)
- Hungary
 - Chamber of Commerce
- Spain
 - Comité Horeca de AECOC (HORECA Committee)
 - Asociación progreso dirección - APD (Formación) (Association for Progress and Management)
 - Asociación Empresarial de Marcas de Restauración-Fehrcarem (Business Association of Restaurant Brands)
 - Asociación Española del Franquiciado (Spanish Association of Franchisees)
 - Asociación del Cluster Food Service de Cataluña (Association of the Food Service Cluster of Catalonia).

Total amount of money paid as membership fees is EUR 242 363.

CSR STRATEGY, STAKEHOLDERS AND MATERIALITY TOPICS

To effectively carry out the activities as a responsible company, AmRest implements the Responsible Business and Sustainable Development Strategy of AmRest's for 2015-2020 (CSR Strategy). In 2019, the company started the process of revising the strategy.

The CSR Strategy covers four pillars. In each area AmRest carries out many activities, both locally and globally:

1. Our food:
 - a. Constant improvement of the nutritional value of our food, paying maximum attention to its quality and safety throughout the entire supply chain.
2. Our people
 - a. Culture of inclusiveness; employer of choice.
3. Our environment
 - a. Acting in an environmentally-friendly manner in all operating areas.
4. Our communities
 - a. Brands recognized by employees, customers and local communities as a socially engaged brand.

Infographic. Four pillars of Responsible Business and Sustainable Development Strategy of AmRest.



Stakeholders

An AmRest stakeholder is anyone who influences the company and whom the company influences through its operations. The stakeholders were identified in 2015 by conducting internal workshops with members of the Executive Team during the process of developing the Responsible Business and Sustainable Development Strategy of AmRest. The most important ones were and remain still: employees, including employees with disabilities, customers of all brands, investors, suppliers (including regular and long-standing business partners), and local communities and local authorities in the regions where the group operates.

Infographic. Key stakeholders of AmRest Holdings SE and the way of communication



Materiality topics

Before the first non-financial reporting process (2017) AmRest conducted a survey among its stakeholders. They were asked which aspects of the company's performance should be included in the non-financial reporting. The survey provided detailed information on the stakeholders' views of AmRest. The respondents indicated the issues which, in their opinion, should be discussed in the sustainability report. These included environmental matters as well as employee and supplier relations. The most important topics were:

- ensuring a high quality of produce and the products made from it, including compliance with existing regulations and reliable ingredient listing,
- consumer satisfaction,
- waste minimization/maximum use of ecological packaging,
- description of the supply chain and criteria of supplier selection,
- resource management, including water and energy consumption,
- employee policy together with occupational health and safety,
- working for local communities and employee volunteering initiatives.

As part of the survey, interviews were also conducted with the key stakeholders. In this way the company learned how the stakeholders perceived and understood responsible business and what they thought of AmRest. The stakeholders believed that the group needed to report on such topics as corporate governance and management, workplace relations, supply chain, financial performance, and social engagement.

In 2018, a workshop was conducted with the participation of key managers, where topics and activities relating to responsible business in the company were raised. Key topics were: digitalization throughout the organization, integration of markets, entering new markets and adding new brands to AmRest's portfolio, as well as employee issues.

In September 2019 the group started the strategy revision process by conducting an external stakeholders' panel with representatives from many areas. The purpose of the panel meeting was to learn the opinions and expectations of stakeholders regarding the direction of AmRest activities in terms of sustainable development

and responsible business. The meeting was conducted in accordance with international standard for dialogue (AA1000 Stakeholder Engagement Standard).

During the workshop a list of thematic areas that stakeholders believe should be particularly important for AmRest as a responsible company were defined:

- SUPPLY CHAIN: ethics, social clauses, products origins, environmental impacts
- ENVIRONMENTAL MATTERS: circular economy, food waste, carbon footprint
- PRODUCTS AND DIVERSITY OF THE OFFER: healthier, vegetarian/vegan options
- WORKPLACE MANAGEMENT: accessibility, dialogue with employees
- SOCIAL COMMITMENT AND CONSUMER EDUCATION: building partnerships with experts on social topics.

The participants also shared their thoughts and recommendations on the topic of responsible business and sustainability.

In October 2019 AmRest organized an internal workshop dedicated to learn the opinions and recommendations of employees, representing various areas of the company's departments, on current and future environmental management priorities in AmRest's day-to-day operations.

During the meeting, the most impactful Sustainable Development Goals⁹ (SDGs) for AmRest were listed in terms of AmRest's future environmental policy and the relationship between specific tasks assigned to the SDGs and AmRest's activities. The most important SDGs for AmRest are:

- Goal 2. Zero hunger
- Goal 12. Responsible consumption and production
- Goal 13. Climate action
- Goal 15. Life on land

During the company's annual strategic offsite meeting, the Board of Directors established the priorities for the coming years, which include accelerating organic expansion through franchisees and a disciplined mergers & acquisitions strategy; increasing profitability, mainly in Western Europe; continuing our efforts to consolidate leadership in the home delivery segment; maintaining healthy leverage levels; offering our employees exciting growth opportunities; and continuing to support our corporate social responsibility initiatives. The purpose of all this is to transform AmRest into the leading and most profitable restaurant operator in Europe.

The results of all above will be a basis for the preparation of AmRest Environmental Policy and the company's sustainable development goals for the upcoming years.

FOOD-RELATED ISSUES

One of the most relevant issues for AmRest Holdings SE is to ensure the safety and quality of the products served in its restaurants and coffee houses. The group's objective is to apply the highest product safety and quality standards throughout the supply chain and source fresh products from local suppliers. Food quality and safety is one of the four key priorities of the Responsible Business and Sustainable Development Strategy of AmRest.

The CSR Strategy identifies the following key topics in 'Our Food' focus area:

- food quality and safety
- responsible procurement and sales
- transparent disclosure of nutrition facts

The **strategic activities** in 'Our Food' focus area are:

- product monitoring: laboratory tests according to an annual plan;
- supplier monitoring: audits of key suppliers;

⁹ The Sustainable Development Goals (SDGs) are a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs, set in 2015 by the United Nations General Assembly and intended to be achieved by the year 2030, are part of UN Resolution 70/1, the 2030 Agenda.

- implementation of an annual plan for increasing the transparency of the quality and safety information concerning products and meals offered to customers;
- developing cooperation with local suppliers.

Each of the brands in the AmRest Holdings SE portfolio has its own strict food safety policies and makes sure that they are diligently followed. What is more, AmRest applies global food safety rules set out in its **Food Safety Fundamentals (FSF)**. The FSF is a global document addressed to the different groups of people responsible for food safety and quality control across the organization. It is not directly applicable at restaurant-level. Instead, it provides a foundation on which food safety standards for each brand and country are based. The FSF is also the reference point for evaluating food safety in new markets where AmRest enters. Each market and brand is different, yet - regardless of local laws, individual standards and procedures - they all must meet a certain food safety level required by AmRest.

AmRest's restaurants and coffee houses are meticulously inspected for food safety. Individual inspection standards and schedules are applied across the different brands to account for their specific needs. All inspections are unannounced and carried out by independent internal and external auditors. Inspection results are uploaded to an online system and analyzed. If the outcome is not satisfactory, a corrective plan is put in place. From Q4 2019 all audits in AmRest franchised brands (KFC, Pizza Hut, Burger King, Starbucks) are conducted globally by external company which is trained and controlled by the franchisors.

The number of audits conducted in 2019 in AmRest Holdings is 6091. 100% of AmRest restaurants were inspected.

AmRest Holdings SE is committed to ensure food safety and quality. This objective is achieved through:

- systems designed to track expiration dates and manage inventory rotation;
- an order management system that helps restaurant and coffee houses managers optimize the quantity of products they order and ensure that the inventory is always fresh;
- cold and freezer rooms fitted with electronic temperature control systems and professional food storage equipment as well as special door curtains help eliminate sudden changes of temperature;
- highly effective, professional cleaning agents/disinfectants as well as specific devices to make dosing more efficient; continual monitoring of agent concentration to ensure maximum effectiveness;
- systems to ensure that employees wash/disinfect their hands;
- periodical training sessions on hygiene and quality maintenance standards;
- unannounced inspections at restaurants carried out by internal and independent auditors;
- food safety management procedures to ensure top quality and safety at the restaurants;
- control systems for thermal processing - e.g. frying or roasting - which guarantee the best food quality and safety.

Suppliers

AmRest's presence in 26 countries poses a great logistical challenge. The group has been working with a range of suppliers who deliver the best food quality and safety, as attested by appropriate certificates. The reliability, credibility, and professionalism of AmRest business partners' make it possible to serve fresh products at more than 2 000 restaurants all over the globe every day.

AmRest values well-established cooperation with local suppliers. The company still cooperates with the suppliers from the opening of the first Pizza Hut restaurant in Wroclaw in 1993. Direct purchases from local suppliers (which are over 80% of suppliers for the Central Europe division) are carried out through the company - SCM, which is responsible for all processes in the purchasing procedure.

As part of the agreement each supplier cooperating with SCM signs the AmRest Code of Conduct which addresses the social and environmental matters such as child labor, discrimination, health and safety, protection of the environment.

AmRest collaborates with food suppliers that use good environmental practices in farming and animal husbandry. These practices help to protect biodiversity, prevent soil degradation and conserve water resources.

AmRest audits its key suppliers to check their compliance with quality standards and good farm management practices.

With biodiversity in mind, larger farmers are required to remove a portion of their land from production (meadows, ditches, catch crop and crop rotation). AmRest's suppliers of foods derived from plants must comply with these requirements.

In 2019 AmRest cooperated with 18 148 suppliers.

Total expenditure for local AmRest's suppliers was 88.63%.

The table below presents the number of AmRest business partners between 2017 and 2019.

Table. Number of AmRest Holdings SE suppliers in 2019 by type

	2017	2018	2019
Suppliers	11 931	13 846	16 836
(incl. food suppliers):	1 167	1 211	1 312
Total	12 150	14 044	18 148

AmRest Holdings SE carries out regular food quality tests and supplier audits. The scope and rules of supplier audits are set out in the **Supplier Approval Process**, while food quality checks are governed by the **Brand Protection Monitoring System (BPMS)**, which focuses mainly on food safety.

The BPMS is applied in: Poland, the Czech Republic, Hungary, Bulgaria, Serbia, Croatia and Austria with regard to the KFC, Burger King and Pizza Hut brands. Product quality tests are carried out according to strict standards established for each of the brands AmRest operates as they all differ in terms of the type of products offered (and produce used) and the risks and threats they face as identified by the group based on its long-term experience in brand management.

Each restaurant operated by AmRest requires specific products that meet certain requirements. That is why, the group puts strong emphasis on direct, day-to-day contact with its suppliers and is involved in perfecting the production, storing and transport of the products it purchases. AmRest's suppliers are reliable, experienced producers and market leaders in product quality. AmRest's Supply Approval Process applies in all of the markets where the group operates. AmRest uses three separate procurement channels - each regulated by different policies and procedures:

- SCM: direct procurement and some of the investment procurement
- Indirect Procurement Department
- Investment Department

SCM purchases are regulated by the **Procurement Procedure**. It applies in the CEE markets (and will be implemented in the French and German markets). The Procedure indicates which documentation is needed before signing up a new supplier; when and how often tendering should take place; and governs the tender approval process. This is an audit requirement applicable within different product groups. SCM purchases are also governed by the Supplier Approval Process, which applies globally, except for the Chinese and Spanish markets.

The Indirect Procurement Department makes purchases based on AmRest's **Global Procurement Procedure** applicable across the whole group, with the possible exception of Spain and China, which have local policies.

The **Cost Management Procedure** governs the expenses incurred within the entire group by the Investment Department.

Table. AmRest Holdings SE procurement budget

Supplier category	Budget share
Local suppliers	88.63%
Foreign suppliers	11.37%

In 2019 100% of the suppliers providing fresh fruit and vegetables to AmRest's restaurants in the Central European Division (Poland, Czech Republic, Hungary, Croatia, Slovakia, Austria, Serbia) received the **Global GAP certification**. Global GAP is a farm management practice assessment scheme that helps meet the

highest standards of safety and quality in food production from field to table. Global GAP focuses on field practices, fertilization, plant protection and irrigation.

Consumer satisfaction surveys

Customers' opinions play an important role in the way AmRest manages and develops its business. Consumer feedback informs the decision-making processes concerning all AmRest brands across the world. Consumer satisfaction is the best indicator of how likely they are to return to the restaurant in the future.

Complaints¹⁰ are handled by AmRest's Customer Care Department. A complaint may be justified or stem from a misunderstanding or unrealistic expectation of a product or service. In any case, the way in which a complaint is handled influences the customer's general satisfaction and may influence their long-term loyalty.

Customers who are not happy with the service at AmRest's restaurants may offer feedback via:

- phone,
- e-mails,
- online contact forms on KFC, Pizza Hut, Starbucks, Burger King, AmRest.eu websites
- Social Media pages,
- or directly to the staff of the restaurant (who may ask the customer to file the complaint in writing).

Following their visit to an AmRest restaurant, customers are invited to take part in an online Customer Satisfaction Survey (the frequency is determined at POS level). Every operational leader (restaurant/coffee house manager) may personally access the survey results. Based on the customer feedback reports, the management team sets weekly priorities to increase customer satisfaction at the restaurant, regional, district and market level.

The total number of complaints received in 2019 was 198 923.

The maximum average response time is 72 hours.

The complaints-handling processes are governed by separate policies for different markets. Each complaint goes to the Owner and to the subject matter experts aligned to the approved communication flow. The Owner resolves the case according to the policies and hospitality standards within the expected SLA tracked by the online consumer feedback management system called AmCare.

Table. Overall consumer satisfaction in 2019 by brand

Brand	Score ¹¹
Bacoa	90
Blue Frog	94
Burger King	67
KFC	57
La Tagliatella	79
Pizza Hut	58
Starbucks	79
Sushi Shop	76

¹⁰ A complaint is understood to mean an expression of dissatisfaction with a product or service made by an internal or external customer verbally or in writing.

¹¹ The percentage of customers who gave the brand the highest rating when questioned about their overall satisfaction (maximum score = 100% responses offering the highest overall satisfaction rating).

Table. Number of customer inquiries made in 2019 by brand

Brand	No. of inquiries
Bacoa	1 706
Blue Frog	5 739
Burger King	20 371
KFC	287 005
La Tagliatella	25 716
Pizza Hut	145 618
Starbucks	164 446
Sushi Shop	56 618

Customer satisfaction results are communicated down from top management (Brand Presidents) to the business unit level (restaurant managers) during operational meetings. All consumer satisfaction results are available in a web-based consumer feedback system which facilitates fast and well-informed decisions to ensure that AmRest's restaurants continue to upgrade their offer.

In 2018 AmRest launched **AmCare**, a consumer feedback management system that aggregates consumer opinions, complaints or suggestions and is available on various electronic devices, including smartphones.

The service gathers feedback from various sources, including online contact forms, Facebook comments, e-mails, customer satisfaction surveys, etc. at the organization level.

The system manages the following processes:

- incident management, incl. fast communication within AmRest via text messages
- complaints management
- management of requests & suggestions
- recognition management

AmCare's characteristics:

- The service is accessible from different devices, including smartphones.
- It offers customized user access depending on the user's position in the hierarchy.
- Customer feedback is managed by the Customer Care Team, then communicated to the owners (RST or OPS, depending on the issue), supervisors and other experts according to the communication matrixes.
- Each AmCare user receives notifications about the status of each individual instance of customer feedback via email, and in the case of incidents or potential incidents, also via a text message.

Diversification of the offer

The main trend that impacts and will impact the offers of AmRest brands is personalization and limiting of meat consumption. Products like milk alternatives and vegan/vegetarian are becoming more and more popular. The ability to personalize the order by changing products into e.g. lactose-free gives a sense of uniqueness to the customers and expresses respect for them.

In 2019 AmRest biggest brands – KFC, Burger King, Pizza Hut and Starbucks – introduced products for people who wanted to limit their meat consumption or who were vegetarian. In May KFC in Poland introduced the Halloumi Burger and Twister that gained good reviews from customers. In November Burger King launched Rebel Whopper globally, which consists of a plant-based patty. The "artificial meat" was also introduced in Pizza Hut in Russia and Poland. Starbucks' food offer is based mainly on products that are vegetarian.

Consumers want to feel special, that is why they tend to lean towards products that meet their (often very specific) expectations. Together with suppliers and producers, AmRest is constantly seeking the best solutions for its guests.

ENVIRONMENTAL ISSUES

In today's volatile environment, sustainable growth implies undertaking actions which are good for the future of the Planet. AmRest's ambition is to be not only an active player, but also an agent of change contributing to building a better world for current and future generations.

In 2019 AmRest started preparing a global environmental policy for AmRest Holdings. Due to legislative differences across the countries where AmRest operates and the group's rapid growth, AmRest Holdings SE hasn't adopted a global environmental policy for the whole group yet. However, the group is aware that the scale of its operations impacts the environment and wants to manage those impacts in a careful and responsible manner. That is why the company expects its subsidiaries across the world to take active steps to protect the environment and optimize its use of natural resources. Additionally, AmRest has adopted a set of global goals for efficient energy use and energy saving that apply to the group as a whole.

GREEN Project - Global Remodeling of Energy Efficiency

The goal of the GREEN project was to remodel the energy efficiency of AmRest's new and existing restaurants to reduce electricity consumption and partly offset the rise in energy prices.

In 2019 the project was implemented in Poland, the Czech Republic, Russia, Romania, Hungary and Germany. The targets (-3% kWh vs LY, additional -5% kWh vs LY in the long term) were fully achieved in Poland, the Czech Republic and Hungary. The short term goal has been fulfilled in Romania. Although in Russia and Germany, AmRest had many energy efficiency solutions, the goals haven't been achieved in these countries.

Selected energy efficiency solutions implemented¹²:

- Most of AmRest's restaurants and coffee houses are covered by a remotely-operated energy consumption monitoring system which makes it possible to analyze energy use at the store level, act to conserve energy and look for optimizations. AmRest is working on implementing the system in each of its stores.
- In most markets AmRest uses optimized equipment-operating procedures which are explained in detail in the information material for employees.
- AmRest restaurants use motion detectors in utility rooms and restrooms as well as energy efficient ventilators. AmRest also uses air conditioning systems with heat pumps.
- Some of the deep fryers, freezers, ovens and other equipment used in the restaurants are energy-saving devices with ENERGY STAR certificates. Fryers are fitted with a special, energy-saving system that makes it possible to reduce the amount of oil used.
- KFC, Burger King and Pizza Hut restaurants in Poland recover heat from their refrigeration systems and use it to heat water.

AmRest restaurants and coffee houses work to minimize the environmental impact of their operations in accordance with each brand's procedures. In addition, the brands implement many eco-friendly solutions.

Pro-environmental activities from examples of selected brands:

KFC

- The KFC brand participates in the HARVEST program, which prevents food waste by sharing it with the poorest.
- GreenWay project - developing a network of e-vehicle chargers at KFC restaurants in Poland.

Pizza Hut

- The pizza boxes are recyclable and are made from 70% recycled paper.
- "No straw" action in Poland – straws handed out at the request of guests.
- In the Czech Republic and Slovakia, waste is segregated by category: BIO, plastic, paper and mixed waste.
- In Poland Pizza Hut participates in the HARVEST program and donates unsold food to Food Banks. The brand also joined the Too Good to Go program at the end of 2019.

¹² In the AmRest Group, energy from renewable sources is not used.

Starbucks

- Guests who visit the coffee house with their own cup and do not use paper cups receive a discount for any beverage.
- In Poland and Germany Starbucks participates in the Too Good to Go program, that prevents food waste.
- Coffee houses in Poland share packages of coffee waste with their guests so that it can be reused for plants or DIY peelings.

Sushi Shop

- The Sushi Shop brand participates in the catering industry program, Too Good to Go, which works at reducing food waste. This is why Sushi Shop reduces the weight of food waste and CO₂ emissions from such waste.
- The brand no longer inserts menu leaflets to orders placed online. Leaflets are added at the request of our guests.

KFC LEED:

October 2019 the KFC Kraków Opolska restaurant was opened. It is the first restaurant opened by the AmRest Holdings SE that has been designed with eco-friendly efficient solutions, e.g. solar panels, heat recovery systems, smart control systems of air volume, smart light automation and usage of reused materials. Due to the opening the company applied for LEED certification. The restaurant achieved LEED certification on 28 January 2020.

A paper revolution in Poland - Document Management System and digital confirmation of card payment

AmRest makes every effort to ensure that the company's development is carried out in compliance with the highest standards of care for the environment. In the last five years AmRest in Poland archived over 1 200 000 paper invoices. The growing business meant more and more paper in use. By 2019 the Polish market generated about 50 boxes of paper a month.

In 2019 the company developed the Document Management System (DMS) which would end the era of paper invoices. The first phase was introduced in September. The digital archive system has many advantages:

- reduces the usage of paper,
- shortens the time of document flow from the delivery time (from days via post to seconds using digital solutions) to placing the documents in binders and boxes,
- saves storage space.

DMS is an example of an eco-friendly solution that helps the company operate more effectively. AmRest plans to also launch the program on other markets.

Another initiative that aimed at reducing the usage of paper was switching to digital confirmation of card payment. From February 2019 KFC, Burger King and Starbucks in Poland, do not print the paper confirmation of payment by card for internal usage (accounting). Only a copy for the client is printed. Previously, both paper confirmations were printed, then one had to be stored and then sent to the office for accounting.

Energy

In 2019 AmRest Holdings SE used **1 301 590.71 GJ** of electricity.

Table. AmRest Holdings electricity consumption in 2019 by country (GJ)

Country	2018	2019
Austria	399.70	1 042.52
Belgium	-	1463.00
Bulgaria	6 442.60	8433.00
China	38 742.70	47 072.31
Croatia	10 481.00	6 658.39

Country	2018	2019
Czech Republic	106 073.75	124 260.75
France	121 814.60	123 071.75
Germany	80 280.00	74 358.00
Hungary	69 011.50	75 530.25
Italy	-	293.00
Luxembourg	-	585.00
Netherlands	-	146.00
Poland	379 006.40	384 030.00
Portugal	-	2 952.00
Romania	8 674.84	10 433.00
Russia	204 815.80	190 633.22
Serbia	11 460.00	8 606.12
Slovakia	1 332.00	3 555.80
Slovenia	957.40	863.80
Spain	179 552.80	234 383.80
Switzerland	-	1 756.00
United Kingdom	-	1 463.00
TOTAL	1 219 045.09	1 301 590.71

The total electricity consumption in 2019 increased compared to the previous year by 6.7%. This is caused by expanding the data source¹³, the organic growth of AmRest – 200 new restaurants opened globally - but also by climate changes, e.g. higher temperatures in Europe implies a higher demand for air conditioning usage.

Fuel

Table. Fuel consumption of AmRest car fleet in 2019 (liter)¹⁴

Metric	Country	DIESEL (liter)	PETROL (liter)
Fuel consumption by the AmRest car fleet in 2019 (liter)	Austria	4 127.40	-
	Belgium	-	61 696.00
	Bulgaria	-	-
	China ¹⁵	-	-
	Croatia	-	-
	Czech Republic	95 552.96	751.35
	France	108 966.77	219 988.00
	Germany	139 068.00	15 426.00
	Hungary	-	196 033.60
	Italy	-	2 322.00
	Luxembourg	-	9 815.00
	Netherlands	-	1 161.00
	Poland	418 348.00	56 761.00

¹³ In 2018 Sushi Shop markets did not disclose information.

¹⁴ Bulgaria, Croatia, Slovenia, Portugal – no data available.

¹⁵ In China employees do not use company cars.

Metric	Country	DIESEL (liter)	PETROL (liter)
	Portugal	-	-
	Romania	20 663.01	8 050.88
	Russia	7 602.00	95 154.00
	Serbia	1 031.00	1 618.00
	Slovakia	8 831.65	-
	Slovenia	-	-
	Spain	195 398.00	12 186.00
	Switzerland	-	11 900.00
	United Kingdom	-	57 241.00
	TOTAL	999 588.79	750 103.83

Carbon footprint

AmRest is working on reducing greenhouse gas emissions, especially by aiming to optimize energy consumption by reducing electricity consumption, and improving the data collection process needed to calculate emissions. In 2019 the company gathered data about:

- energy consumption from all markets where the group operates;
- fuel consumption of car fleet from all markets except Bulgaria, Croatia, Slovenia and Portugal;
- and business trips from all countries except of Austria, Bulgaria, Croatia, Portugal, Slovenia, Spain.

The numbers provided were the basics for calculating the carbon footprint of AmRest Holdings in 2019.

Table. Scope 1 and Scope 2 for AmRest Holdings [tCO₂e]

	2019
Scope 1	50 973.59
Scope 2	161 508.69

Water

In 2019 AmRest Holdings SE used **2 241 181** m³ of water.

Table. Water withdrawal in 2019 by country [m³]

Country	2018 (m ³)	2019 (m ³)
Austria	558	1 613
Belgium	-	1 358
Bulgaria	27 409	32 816
China	155 432	190 505
Croatia	10 957	11 509
Czech Republic	169 888	186 929
France	835 316	301 367
Germany ¹⁶	-	-
Hungary	106 854	120 758
Italy	-	8 834

¹⁶ No data available. All locations in this country have water charges included in the rent as a flat fee.

Country	2018 (m³)	2019 (m³)
Luxembourg	-	4 684
Netherlands	-	611
Poland	469 779	480 081
Portugal	-	2 147
Romania	44 292	48 752
Russia	420 000	481 000
Serbia	12 710	14 692
Slovakia	2 583	3 757
Slovenia	1 779	2 897
Spain	308 133	340 355
Switzerland	-	4 548
United Kingdom	-	1 968
TOTAL	2 565 690	2 241 181

Example of practices for reducing water consumption:

In most newly built restaurants and coffee houses managed by AmRest (KFC, Burger King, Pizza Hut and Starbucks brands) only wash basins with water-saving aerators and proximity sensors are used in the bathrooms. In the KFC LEED in Kraków the water for plants inside and outside the building comes from collected rainwater.

Potential effect on biodiversity

The following two areas potentially have the strongest effects on biodiversity in AmRest's value chain:

- practices used by suppliers of AmRest's key products, in particular their approach to vegetable and crop farming as well as animal husbandry.
- responsible management of waste generated by restaurants and coffee houses, in particular waste that might contaminate water and soil (e.g. used frying oil) if managed incorrectly.

With regards to provisions and guarantees for environmental risks AmRest has no specific environmental insurance.

Waste management

The variety of waste management solutions implemented and different legal requirements across individual countries and stores are the two reasons why AmRest has not adopted a global system of waste management and monitoring yet. It is also difficult to obtain data on waste production for restaurants and coffee houses located in shopping malls where waste collection and transfer is the responsibility of building managers. AmRest has, nevertheless, defined guidelines that must be followed by restaurant managers and employees, and continually works to raise their awareness on responsible waste management.

The restaurants of individual brands receive detailed instructions on how to manage waste and report their compliance with relevant good practices.

AmRest discloses waste management information in accordance with the relevant provisions existing in each country where it operates.

In 2019 AmRest generated 57 101.32 tonnes of non-hazardous waste. Hazardous waste are defined in accordance with national laws hence the data are not comparable. The company will work to address the issue and improve data collection in upcoming years.

Table. Total amount of waste generated by type and disposal method [tonnes]

Country	Type of waste		Disposal method	
	Non-hazardous	Organic	Recycled	Reused ¹⁷
Austria	34.77	10.89	13.08	3.67
Belgium	202.00	-	-	-
Bulgaria	1 076.00	-	-	-
China	2 352.00	-	-	217.22
Croatia	143.10	34.36	108.74	14.65
Czech Republic	2 389.42	561.44	454.23	284.46
France	6 174.12	-	-	170.80
Germany	4 184.00	10.80	1 816.00	161.61
Hungary	9 144.00	13.48	616.93	86.71
Italy	47.00	-	-	-
Luxembourg	138.00	-	-	-
Netherlands	5.00	-	-	-
Poland	7 347.19	502.03	349.90	422.62
Portugal	146.00	-	60.00	3.72
Romania	2 538.00	420.00	-	-
Russia	11 610.75	6517.25	1 065.80	921.97
Serbia	220.00	-	3.40	26.61
Slovakia	-	-	-	4.89
Slovenia	24.97	-	24.97	3.29
Spain	8773.00	243.76	3 930.00	417.88
Switzerland	373.00	-	-	-
United Kingdom	179.00	-	-	-
TOTAL	57 101.32	8 314.01	8 443.05	2 740.1

Following the Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment, AmRest is working on the reduction of plastic within its restaurants and coffee houses. Under the new rules, single-use plastic plates, cutlery and straws will be banned by 2021. AmRest has planned actions for 2020 to reduce the use of plastic within its brands in Europe.

In addition to the new plastic reduction goals, AmRest has an existing commitment to source 100% of our fiber-based packaging from certified/or recycled sources by the end 2020, which has already been achieved in Poland.

In Poland and Russia there are the Environmental Protection Specialist positions within organization that handle the topics of national requirements regarding environment such as waste management or sustainable use of land and water resources. In 2019 there were three people holding this position.

¹⁷ To minimize its potentially negative impact on the environment and biodiversity, AmRest separates used oil and sells it to biofuel producers. In this category AmRest Holdings SE also discloses information about used oil transferred to external companies for biofuel producing. Used oil is not counted in total waste amount.

EMPLOYEE ISSUES

AmRest Holdings SE draws its success from its unique culture which is strongly rooted in the company's history and focuses on employees as one of its main priorities. AmRest's ambition is to create a safe and friendly workplace that supports diversity and employee growth. Cultural diversity defines AmRest as an international organization and is treated as a source of inspiration. The company fosters a culture of inclusiveness that translates into openness and the recruitment of a diverse workforce.

As of December 31, 2019 AmRest Holdings SE employed 51 804 workers across 23 countries¹⁸.

Table. AmRest Holdings SE employees in total and dismissals by gender

	2018	2019
Employee count	47 055¹⁹	51 804
incl. women	25 471 ²⁰	27 495
incl. men	21 584 ²¹	24 309
Number of dismissals		
Women	1 236	1 137
Men	1 408	1 917

Table. AmRest Holdings SE employees in total and dismissals by work classification

	2019
Employee count	
Employees of restaurants and coffee houses (OPS)	49 393
Restaurant support team (RST)	2 411
Number of dismissals	
OPS	3 012
RST	42

Table. AmRest Holdings SE employees by gender and type of employment contract

	2018	2019
Permanent contract	31 325²²	34 868
incl. women	17 308 ²³	18 986
incl. men	14 017 ²⁴	15 882
Temporary contract	15 730²⁵	16 936
incl. women	8 163 ²⁶	8 509
incl. men	7 567 ²⁷	8 427

¹⁸ AmRest operates in 26 markets, but reports employment in 23 countries, as in 22 countries it has its own restaurants (in which staff is employed by company) and the USA, where it does not have restaurants, but has employee. Four of AmRest's markets are markets in which franchise restaurants operate, so the staff is not employed directly by the company.

¹⁹ Restated (48 846 reported in 2018)

²⁰ Restated (26 376 reported in 2018)

²¹ Restated (22 470 reported in 2018)

²² Restated (33 041 reported in 2018)

²³ Restated (18 175 reported in 2018)

²⁴ Restated (14 866 reported in 2018)

²⁵ Restated (15 805 reported in 2018)

²⁶ Restated (8 201 reported in 2018)

²⁷ Restated (7 604 reported in 2018)

Table. Average number of permanent contracts in 2019.²⁸

Permanent contract	32 983.4
incl. women	18 119.7
incl. men	14 863.7

Table. AmRest Holdings SE employees by gender and type of employment

Full-time employees	22 798
incl. women	12 595
incl. men	10 203
Part-time employees	29 006
incl. women	15 161
incl. men	13 845

Table. AmRest Holdings SE employees by age and type of employment contract

Permanent contract	34 868
<30	23 310
30-50	10 409
>50	1 149
Temporary contract	16 936
<30	15 224
30-50	1 464
>50	248

Table. Number of dismissals by age

Number of dismissals	2019
<30	2 271
30-50	691
>50	92

Table. AmRest Holdings SE employees by work classification and type of employment contract

Permanent contract	34 868
OPS	32 624
RST	2 244
Temporary contract	16 936
OPS	16 769
RST	167

Types of employment vary across individual legislations. AmRest complies with local contract and employment laws, also taking into consideration each employee's individual needs and preferences.

Policies

In 2019 AmRest Holdings SE and its employees were bound by the group's **Code of Business Conduct**. The Code of Business Conduct complements AmRest's Core Values. It is a set of rules and standards of ethical behavior which the employees should follow in everyday actions. The Code applies to all employees and coworkers at all levels, including the directors, executives and officers of companies belonging to the AmRest Group in each country where it operates. The aim of the document is to describe behaviors that are

²⁸ The data has been collected on a quarter basis. Data from Q1-Q3 were collected from all markets except Belgium, Italy, Luxembourg, Netherlands, Spain, Switzerland, United Kingdom (the Sushi Shop employees). In Q4 the employees from all markets have been included.

acceptable and not acceptable at AmRest: a set of norms to apply to the relations with the customers and coworkers, as well as Business Partners, media, local authorities and communities where the group operates.

In 2018 the Board of Directors approved a **revision of the Code of Business Conduct**. New provisions were communicated and implemented in 2019. The document has a global reach.

AmRest also has a global **Diversity Policy** that is aimed at creating a work environment in which each employee feels respected and valued and where they can fully realize their potential, which contributes to the success of the whole organization.

In 2018 the Board of Directors adopted a global **Gender Policy**, which was implemented and communicated in 2019. The policy is a global framework which defines the core standards and sets out the organizational mechanisms to ensure gender equality in AmRest entities worldwide. The provisions of the Policy stem directly from the AmRest Core Values, supplemented by the Code of Business Conduct.

Due to its rapid expansion into new markets and the differences between individual national markets, the company does not have global employment policies. Basic employment matters, including internal organization as well as employee and employer rights and responsibilities are regulated by separate documents adopted by AmRest subsidiaries in accordance with the relevant national laws.

Occupational health and safety is governed by the relevant national laws and not at the organizational level. In Poland every AmRest brand has occupational health and safety procedures and manuals as well as occupational risk assessment schemes. AmRest has prepared attractive training materials to promote occupational safety and an e-learning scheme to prevent workplace injuries.

The organization does not have a standardized, global policy concerning the rights of employees leaving the company nor does it have any common approach to labor disconnection.

Outcomes

Career development at AmRest is based on the **Career Redefined** concept, which means that career paths at the company are not defined in a standardized manner. Each employee gets to define and shape their own career, while the company works to provide them with opportunities to grow: new responsibilities or position, transferal to a different unit, moving from the restaurant to the office (or vice versa) or even abroad.

AmRest uses a unique employee promotion process in which the key role is played by a **Review Board**. Having completed most development processes and programs, the employee meets with the Review Board that verifies their knowledge and readiness to be promoted to a higher level.

AmRest is a rapidly growing organization. For this reason, it places a strong emphasis on training and employee development. The company offers a wide array of internal courses (hard and soft skills) led by qualified instructors. What is more, each manager supports their teams, acting as coaches and mentors.

AmRest executives participate in **AmRest University**, a tailored development program that focuses on strategy, finance, leadership and self-awareness. The courses are led by internal instructors, Board members or recognized international experts. AmRest managers advance their skills by participating in **AmCollege and the Leadership University of AmRest**.

Store-level managers participate in dedicated development programs depending on their position. Store managers are offered training to develop the skills necessary to effectively manage people and restaurants, including food safety, human resource management, customer service, product marketing, promotion and sales.

Restaurant workers are given job training that includes a customer-focused approach and suggestive selling. Employees not covered by the above-mentioned development programs are offered other training opportunities.

In 2019 AmRest ran **Spread Your Wings**, a global development program whose main goal was to identify employees with leadership talents and abilities within the organization and facilitate their growth. In this way, the organization develops the world-class leaders it needs in the context of its dynamic global growth.

Job Performance Appraisal is a formal method of evaluating employee performance in a given period. Based on their evaluation, the employee may qualify for the Spread Your Wings program or an annual bonus. The process involves employee self-evaluation and a performance review by a superior. The scheme applies to

store managers as well as office workers in all the countries where AmRest operates. In 2019, thanks to the implementation of new software, the process was standardized across all AmRest markets.

Table. Selected development program outcomes at AmRest in 2019²⁹

Review Boards convened	1 726
incl. employees who passed the Review Board	1 416
Employees evaluated as part of the Job Performance Appraisal	8 208
Employees who participated in Spread Your Wings	2 075

The total number of training hours of new employees globally is **1 313 113 for OPS** and **3 832 for RST**.

AmSpace is an integrated human resources management system and a crucial HR tool in an organization of AmRest's scale. The platform has two modules:

1. internal promotion (training and individual development plans)
2. succession planning (short and long-term employee development).

Currently, AmSpace has nearly 40 000 active users. Most importantly, it is available to users in their native languages.

Functionalities available in AmSpace:

- User profile
- Knowledge base: a library and search engine to find AmRest employees and materials
- E-courses
- Surveys/opinion polls
- FUN Index – a platform to measure employee experience, analyse the results and create action plans
- Personal development (including the possibility of creating an Individual Development Plan)
- Performance management (monthly priorities, annual goals, employee assessment)
- AmNet – internal communications.

AmRest uses a flexible working time system. The company favors the task-based system. Restaurants employees can influence their work schedules, which makes it easier for them to maintain work-life balance.

Actions aimed at facilitating conciliation and encouraging the co-responsible exercise of this by both parents in Spain:

- a. Sharing internal information channels to ensure that employees are informed of the legal possibilities of conciliation
 - Monitoring of the equality plan established in the company
 - Ensuring options such as the adaptation of the working timetable instead of reducing the working day in order to avoid changes in salaries.
- b. Discussions with unions to find new initiatives on a regular basis

Table. Total number of AmRest Holdings employees by country³⁰

Country	2018	2019
Austria	15	39
Belgium	204	290
Bulgaria	325	442
China	2 354	2 275

²⁹ AmRest offers a multitude of global training programs as well as different training courses within individual markets. For this reason, it is impossible to calculate the number of total training hours or training hours per employee of RST in a given period. AmRest works to ensure that its employees across different organizational units and levels have access to appropriate training and development programs.

³⁰ AmRest operates in 26 markets, but reports employment in 23 countries, i.e. in 22 countries it has its own restaurants (in which staff is employed by the company) and the USA, where it does not have restaurants, but has employee. Four of AmRest's markets are markets in which franchise restaurants operate, so the staff is not employed directly by the company.

Country	2018	2019
Croatia	202	214
Czech Republic	6 745	7 626
France	5 213 ³¹	5 145
Germany	3 072	3 363
Hungary	1 824	1 997
Italy	23	19
Luxembourg	86	88
Netherlands	-	9
Poland	15 095	16 785
Portugal	55	84
Romania	590	749
Russia	6 597	7 436
Serbia	242	315
Slovakia	81	260
Slovenia	19	16
Spain	4 175	4 430
Switzerland	181	152
United Kingdom	88	69
USA	3	1
TOTAL	47 055 ³²	51 804

Table. Average annual salary by gender, positioning within organization and segments³³ (China, Western Europe, Russia, Central Europe) in EUR, in 2019.³⁴ Total salary pay gap between men and women by position within the organization.

	Level	thousand EUR		thousand EUR		GAP ³⁵
		2018	2019	2018	2019	
China	L1	6.1	5.7	6.7	6.6	-1%
	L2	11.9	10.7	14.1	13.0	-8%
	L3	15.8	14.9	17.9	17.1	-4%
	L4	25.2	24.0	28.2	28.5	+1%
	L5	40.4	46.1	60.1	61.9	+3%
	L6	-	-	-	110.1	n.a.

³¹ Restated (6 870 reported in 2018).

³² Restated (48 846 reported in 2018).

³³ The segments are defined in note number 6 of Annual Accounts.

³⁴ Due to data protection and confidentiality, AmRest Holdings SE does not disclose information about remuneration in some countries as there are two or less persons employed on a given level.

³⁵ 1-(Average annual salary of employed women/average annual salary of employed men).

	Level	thousand EUR		thousand EUR		GAP ³⁵
		2018	2019	2018	2019	
Western Europe	L1	15.7	15.9	10.5	10.3	-2%
	L2	21.6	22.2	22.1	22.5	+2%
	L3	24.4	26.1	27.7	26.7	-4%
	L4	36.3	33.8	34.4	33.2	-4%
	L5	59.9	63.3	52.6	52.6	0%
	L6	106.3	101.7	87.6	97.7	+12%
Russia	L1	3.6	3.6	4.1	4.3	+5%
	L2	5.4	5.2	6.0	6.0	0%
	L3	7.9	6.9	8.4	8.0	-5%
	L4	10.9	9.1	14.0	13.0	-7%
	L5	22.4	23.0	27.0	27.0	0%
	L6	-	-	47.0	70.0	+49%
Central Europe	L1	7.5	7.4	7.3	7.3	+1%
	L2	9.7	9.4	9.7	9.5	-3%
	L3	13.2	12.4	13.0	12.4	-5%
	L4	19.2	17.7	18.9	17.1	-9%
	L5	36.9	35.5	37.2	35.8	-4%
	L6	71.3	64.9	72.1	63.4	-12%
Group Pay Gap						-1% ³⁶

Table. Total average annual salary by age in EUR in 2019.

	thousand EUR
<30	11.1
30-50	20.8
>50	34.0

The Board of Directors compositions as well as the breakdown of the remunerations is set forth in the table below:

Table. Total annual remuneration of Board of Directors, including variable remuneration, allowances, compensation in 2019.

Name	Period	Type	thousand EUR	
			FY 2018	FY 2019
José Parés Gutiérrez	From 01/01/2019 to 31/12/2019	Proprietary Director, Chairman of the Board	75	75
Luis Miguel Álvarez Pérez	From 01/01/2019 to 31/12/2019	Proprietary Director, Vice-Chairman of the Board	75	75

³⁶ In total women earn 1% less than men.

Name	Period	Type	thousand EUR	
			FY 2018	FY 2019
Carlos Fernández González	From 01/01/2019 to 31/12/2019	Proprietary Director	75	75
Henry Joseph McGovern	From 01/01/2019 to 14/05/2019	Executive Director	1 364	16 143
Steven Kent Winegar Clark	From 01/01/2019 to 14/05/2019	Proprietary Director	84	28
Pablo Castilla Reparaz	From 01/01/2019 to 31/12/2019	Independent Director	100	100
Mustafa Ogretici	From 01/01/2019 to 31/12/2019	Independent Director	100	100
Romana Sadurska	From 14/05/2019 to 31/12/2019	Independent Director	-	60
Emilio Fulluaondo Botella	From 14/05/2019 to 31/12/2019	Independent Director	-	60
Total			1 872	16 716

The 2018-2021 Directors Remuneration Policy sets the following fixed components:

- Board member: 75 thousand euros per annum per director.
- Independent director and member of the Executive Committee or any of the advisory committees: 25 thousand euros additional euros per independent director.

Directors Remuneration Policy was approved at the general shareholders' meeting held on 6 June 2018 and will remain in force until 2021 unless the general shareholders' meeting so resolves to amend or replace it. According to the policy, Executive directors may receive additional remuneration for performing executive functions. In 2019, Mr. McGovern being the only executive director was entitled to a variable cash remuneration.

In addition, he also received a cash amount after the exercise of his share options granted under the MIP and SOP programs which were granted to him in his capacity as first executive of the Company, previous to and independent from his status as Board member. Total remuneration for 2019 and 2018 considers share based schemes in the amount of EUR 15 460k and EUR 836k consequently.

Table. Total annual remuneration of Managers, including variable remuneration, allowances, compensation.

	thousand EUR	
	FY 2019	FY2018
Total Remuneration	10 476	2 151
Fixed	2 173	1 545
Variable	543	387
Share based remuneration schemes	7 760	219
Other	-	-
Allowances	-	-

Managers should be understood as group of person discharging managerial responsibilities (senior management staff who are not executive directors). Average remuneration (fixed and variable part but excluding remuneration resulting from share based schemes) of Managers by gender in 2019 was as follows: women EUR 299k and man men EUR 314 k. Share based remuneration schemes are long-term incentive plans with life of options up to 10 years, with dates and amounts of exercise depending solely on the Employee

decision, after fulfilling vesting conditions. Due to their non-recurring and long-term characteristics, calculation of average annual amount of share option plans would be misleading.

In the group there are neither long-term saving systems nor life insurance premiums.

Table. Indicator of diversity

	Number of employees	Percentage of all employees
Disability	1 071	2%

Table. AmRest Holdings employees covered by collective bargaining agreements³⁷

Country	Number of employees
France	3 164
Germany	3 068
Portugal	84
Spain	4 700
Switzerland	152
TOTAL	11 168

Table. Information about occupational health and safety in AmRest Holdings in 2019.

Work-related injuries	men	366
	women	366
Injury rate for employees ³⁸	men	16.59
	women	14.68
Work-related fatalities	men	0
	women	0
Absenteeism among employees ³⁹	men	172 575
	women	387 119
Type of injuries	broken hands and legs; bone fractures; dislocations or sprains or tears; hot water, steam or chemical burns; internal injures	

SOCIAL ISSUES

As a socially involved company, AmRest cares about its impact on neighborhoods and local communities.

An extremely important value for the company is the appreciation of diversity and AmRest undertakes initiatives dedicated to local communities that respond to their needs and are adapted to the local environment. AmRest's ambition is to positively influence the environment, share its success and constantly inspire others to act.

The social engagement of AmRest Holdings SE is governed by the **Responsible Business and Sustainable Development Strategy of AmRest for 2015-2020 (CSR Strategy)**, which identifies local communities as one of its focus areas.

Selected strategic goals:

- AmRest is perceived as a socially responsible business that helps solve important social issues **in its surrounding environment.**

³⁷ Collective bargaining agreements do not work in other countries of employment.

³⁸ Number of accidents / number of employees by gender * 1000. Based on data from 13 markets, representing 90% of employment.

³⁹ This includes absence from work because of incapacity of any kind, not just as the result of work-related injury or disease. Permitted leave absence such as holidays, study, maternity or paternity leave, and compassionate leave are excluded. The data is reported in days.

- AmRest supports its employees' engagement in **local initiatives**, and inspires action by providing its employees with the right tools to give back to and support external community service projects.

AmRest and its employees' approach to their social environment is regulated in the **Code of Business Conduct**, which obliges AmRest workers to be responsible members of their local communities. They are also encouraged to act for the benefit of others and support charity initiatives and educational projects.

In 2019 AmRest Holdings SE spent EUR 176 600 on social causes.

Table. Expenditure on community service projects by country

Amount of money spent on social projects	thousand EUR	
	2018	2019
Poland	57.4	64.6
Germany	49.5	27.1
Russia	3.8	4.7
Hungary	3.4	1.5
China	-	43.6
Czech Republic	6.3	26.0
Spain	1.0	9.1
TOTAL	121.4	176.6

Additional, KFC in Russia conducted two fund-raising actions during which the brand collected additional EUR 104 307 which was transferred directly to the Opening Horizons Foundation.

Community service projects carried out in 2019 in Poland:

Burger King in Poland cooperated with one of the biggest non-profit organization, Wielka Orkiestra Świątecznej Pomocy (The Great Orchestra of Christmas Charity). The foundation supports pediatric and geriatric wards by supplying them with vital medical equipment. Once a year thousands of volunteers participate in the fund-raising, collecting money from around the world. Burger King became an official partner, offering a free Whooper Jr for every WOŚP (GOCC) volunteer in Poland.

KFC in Poland participated in the DKMS foundation campaign to fight blood cancer. The stem cell donor registration day was held in KFC restaurants in Wroclaw, Poland in the middle of May.

Pizza Hut sponsored over 300 pizzas for participants of the Polish edition of Destination Imagination, the biggest educational program in the World, aimed at developing creativity and skills needed in the XXI century.

AmRest, as a strategic partner, continued to support SIEMACHA Spot Wroclaw, an educational space for children, where they can develop their passions and gain new experiences. The company organized culinary workshops and special events like KFC Olympic Games or Pizza Day.

AmRest is determined to work to reduce food waste. In 2019 a few of AmRest's brands were involved in two global schemes: **Harvest** and **Too Good To Go**.



AmRest launched **Harvest** in 2016. It is a scheme for donating surplus food from restaurants to institutions and organizations that support those in need. In 2019 Harvest operated across KFC restaurants in Poland, Hungary, Serbia, Bulgaria and Spain and in Pizza Hut restaurants in Poland. AmRest also donates the surpluses from its warehouses in Poland. Overall, Harvest donations in 2019 exceeded 190 thousand kilograms of food worth over EUR 1.1 million in total. In the beginning of 2020 Burger King in Poland joined the scheme.

Table. Harvest: key figures (2019)

	KFC	Pizza Hut	Warehouses	Total
Amount of food donated (kg)	180 272	1 971	7 777	190 020
Value of food donated (thousand euro)	1 095	12	20	1 127
No. of participating stores	289	16	-	305
No. of participating markets	5	1	1	-

Table. Harvest by country and brand

HARVEST at AmRest	No. of participating KFC restaurants	No. of participating Pizza Hut restaurants
Poland	210	16
Spain	19	-
Hungary	46	-
Bulgaria	4	-
Serbia	10	-
TOTAL	289	16



Too Good To Go

Too Good To Go is another important project aimed at reducing food waste in the food service industry. The scheme is web-driven, with an app informing users at the end of the working day where they can buy surplus food at a significantly reduced rate. The user can track restaurants participating in the scheme. The discounts reach

up to 50% off the regular price. In this way, instead of throwing food away, Sushi Shop sells it via the app. In 2019 the scheme covered 102 Sushi Shop restaurants across 6 countries (France, Belgium, the UK, Germany, Spain, Italy). In 2019 33 Starbucks coffee houses and 16 Pizza Hut restaurants in Poland joined the scheme. The program was also implemented in 7 Starbucks coffee houses in Germany.

Table. Too Good To Go in Europe: key figures

	Sushi Shop	Pizza Hut	Starbucks
No. of meals saved	140 443	2 435	6 500
No. of stores	102	16	40
No. of markets	6	1	2
Tonnes of less CO ₂	351	6.1	16.33

Employees engagement

In 2019 as many as 2 118 AmRest workers participated in 373 employee volunteering projects benefiting 34 572 people across Poland, Germany, Russia, Hungary, China, the Czech Republic and Spain. The amount of money spent on non-profit entities was EUR 278 181.

AmRest implemented exactly 12 grant projects as part of the employee volunteering scheme in Poland. The "AmRest Volunteers" program, founded in 2015, is the biggest voluntary initiative in Poland. The program is open to employees of all levels and the rules are very simple: a group of three with an idea for helping, have to fill in the formula estimating the budget, make a plan for support and share ideas on how to involve the local community. In 2019 AmRest Volunteers supported the youth, elderly and the environment.

Table. The employee volunteering scheme in selected countries

	Spain	Poland	Germany	Russia	Hungary	Czech	China	Total
No. of volunteering projects carried out	1	20	15	300	4	31	2	373
No. of employee volunteers	0	175	150	1 500	50	213	30	2118
No. of beneficiaries	300	3 200	800	1 000	200	29 000	72	34 572

In 2019 AmRest has launched an innovative program supporting NGOs in Poland.



AmHero allows AmRest employees to donate money via the benefits platform. The company allows the regular transfer of money to a selected organizations in the following categories: health of children, adults treatment, people with disabilities, animals, nature protection, seniors, education, culture, activities for the city, women's rights, action against exclusion. Ten non-governmental organizations selected through the survey conducted among employees qualified to the pilot version launched in 2019.

The program is run through a cafeteria system - an online platform that allows employees within a certain limit, depending on the position, to choose from the benefits offered. Funds are transferred through the system operating in Poland. The employee is able to indicate in the given month one organization from the list to which AmRest will transfer funds.

General idea of CSR activities of Starbucks across countries

As a global company rooted in local neighborhoods, Starbucks wants to bring people closer together – no matter what background, education or personal orientation have shaped each and every one of us. Starbucks believes in equality, diversity and mutual respect. The brand's heritage is of a liberal, socially responsible and open-minded entrepreneur. That's why Starbucks fosters a culture of opportunities for everyone. A culture of humanity.

Starbucks initiatives across the markets

■ Romania

Starbucks on the Romanian market, was involved in renovating the "Barbu Catargiu" Second Elementary School in Maia, Ialomița County, by organizing a day of volunteering on the school building site and covering modernization costs of almost EUR 29 thousands. Nearly 40 Starbucks Romania volunteers took part in school renovation work, for a school that hosts about 200 students, in Maia. Starbucks also donated the amount of EUR 28 thousands to the project, which covers rehabilitation expenses and sponsored 60 schoolbags packed with school supplies for the entire year for girls and boys from the 5-8th grade and 100 schoolbags for the younger students, both girls and boys, from the 1st-4th grade.

■ Germany

From November 2019 an additional cup charge of 5 cents for every hot drink ordered in a paper cup was implemented in Starbucks. Starbucks hopes the rollout will encourage even more customers across the country to make the switch to reusable cups. Starbucks donated 100% of the funds raised to the WWF.

■ Poland

In May, Starbucks gave away 10 000 reusable cups to their guests for free. In this way, the brand thanked its guests for 10 years spent together. It was also part of the "Bring Your Own Tumbler" campaign, which has been conducted in Poland for 10 years. The campaign promotes pro-ecological practices among Starbucks guests, encouraging them to reduce the consumption of paper cups. As part of the campaign, every guest at Starbucks, who decides to buy any drink in their own mug, receives a discount of PLN 1.

AmRest pays attention to the needs of customers with disabilities. This is reflected in the design of the restaurants, their layout and furnishings. Every new opening is designed in line with the local accessibility regulation. AmRest's general accessibility standards include: dedicated parking spaces for people with disabilities located near the main entrance in the case of freestanding and DT locations, adequate pavement width for convenient access to the restaurant, accessible entrance to the restaurant, wide passages in the dining space, furniture of accessible size and height, accessible toilet of convenient size and fixtures.

In addition, our Starbucks stores are designed in line with Starbucks commitment to social equity and the brand's long-standing policies on global human rights. When thinking about accessibility, AmRest goes beyond wheelchair access: it also makes sure to accommodate the elderly and the hearing and visually impaired.

KEY NON-FINANCIAL FACTORS

1. Capital Markets Day:
 - a. AmRest organized the event in Warsaw in October. It was dedicated to institutional investors and analysts. During the meeting AmRest shared its strategy, growth perspectives as well as discussed these topics with participants.
2. New markets openings:
 - a. Burger King opened the first restaurant in Romania in September.
 - b. Starbucks entered Serbia in April, opening the first coffee house in Belgrade.
 - c. Sushi Shop opened the first restaurant in the Netherlands.
3. Digital growth within the company:
 - a. Over 1 000 digital kiosks operating in KFC and Burger King restaurants in Poland, Czech Republic and Hungary.
 - b. 649 digital menu boards in KFC, Pizza Hut, Burger King and Starbucks across countries.
4. Preparation for establishing AmRest Foundation:
 - a. At the end of 2019 the resolution of the Board of Directors was signed regarding the establishment of the corporate foundation of AmRest Holdings SE.

In 2019 AmRest Holdings SE **operated 2 339 restaurants and coffee houses, both equity and franchised in 26 countries:** Poland, the Czech Republic, Hungary, Russia, Romania, Bulgaria, Serbia, Croatia, Slovakia, Austria, Slovenia, Spain, France, Germany, Portugal, China, Armenia, Azerbaijan, Belgium, Italy, Switzerland, Luxembourg, Netherlands, the UK, the UAE, Saudi Arabia.

In 2019 AmRest's restaurants and coffee houses handled ca. 262 500 000 transactions⁴⁰, which is 15% more than in 2018.

Table. Restaurants operated by AmRest Holdings SE in 2019 by type

Country	Self-owned restaurants	Franchise restaurants	Total
Armenia	0	3	3
Austria	2	0	2
Azerbaijan	0	2	2
Belgium	5	6	11
Bulgaria	24	0	24
China	70	4	74
Croatia	8	0	8
Czech Republic	191	0	191
France	177	145	322
Germany	184	98	282

⁴⁰ Does not include Sushi Shop Group.

Country	Self-owned restaurants	Franchise restaurants	Total
Hungary	130	0	130
Italy	1	2	3
Luxembourg	2	0	2
Netherlands	1	0	1
Poland	559	0	559
Portugal	2	3	5
Romania	54	0	54
Russia	241	30	271
Saudi Arabia	0	3	3
Serbia	12	0	12
Slovakia	13	0	13
Slovenia	1	0	1
Spain	172	172	344
Switzerland	7	0	7
UAE	0	10	10
UK	5	0	5
Total restaurant count:	1 861	478	2 339

Taxes

AmRest believes that it has the obligation to pay legally due taxes in any territory where it operates in accordance with the existing legal provisions. AmRest follows the relevant rules when determining the amount of its tax liabilities, submitting tax returns, paying taxes and disclosing information to tax authorities.

In order to ensure its compliance with existing tax laws, regulations and principles, AmRest has put in place effective control mechanisms. AmRest's tax professionals monitor the tax situation of the group and any changes in tax laws and practices which may impact the business and its growth. AmRest makes significant investments in people, material resources and technology to ensure that this tax strategy is applied throughout the organization.

Some countries in the tables below have reported a zero tax as a result of settling losses from previous years.

Table. Profits earned by country

Country	Profit/(loss) before tax	thousand EUR
Austria		(1 150.8)
Belgium		(657.3)
Bulgaria		574.0
China		5 026.8
Croatia		(536.0)
Czech Republic		23 501.2
France		(15.8)
Germany		(18 139.1)
Hungary		11 191.8

Country	Profit/(loss) before tax	thousand EUR
Italy		230.0
Luxembourg		394.8
Malta		(82.5)
Netherlands		(508.4)
Poland		25 516.5
Portugal		(108.2)
Romania		3273.7
Russia		4 940.0
Saudi Arabia		177.8
Serbia		(66.6)
Slovakia		(535.4)
Slovenia		(134.4)
Spain		81 692.6
Switzerland		1 747.1
UAE		659.9
UK		(780.5)
USA		(4 791.8)

The above data were derived from input data received from subsidiaries for the purpose of preparation of consolidated financial statements before any consolidation eliminations and adjustments.

Table. Income taxes paid (unearned)

Country	Income taxes paid (unearned)	thousand EUR
Austria		1.00
China		452.00
Czech Republic		2 744.00
France		3 519.00
Germany		4.00
Hungary		2 426.00
Poland		2 704.00
Portugal		5.00
Russia		1 451.00
Slovakia		26.00
Spain		9 453.00

The above data differ to income tax line in the consolidated income statement. Income tax line in consolidated financial statements includes both effect of current income taxes that may be paid or payable as well as deferred taxes accounted during the year. The above data also differ from income tax paid balance as presented in consolidated statements of cash flows, where only cash flows related to income taxes are disclosed.

Table. The public subsidies received in 2019 by country

Country	The public subsidies received	thousand EUR
Bulgaria	EU grants for youth employment	10.8
Spain	Patent Box 2018	774.1

RISK MANAGEMENT AND NON-FINANCIAL RISKS

The AmRest Holdings SE identifies financial and non-financial risks and manages them in its companies and at Group level. The risk management system, the internal control system and the review of effectiveness of such systems is supervised by managers responsible for the functions, AmRest Management Team (AmRest Top Management) and ultimately by the Board of Directors of AmRest Holdings SE (AmRest Board of Directors).

The AmRest Top Management performed a review, analysis and classification of risks to which AmRest is exposed.

The Global Internal Audit Department (reporting directly to the Audit and Control Committee of the AmRest Board of Directors) supports managers (who are responsible for these functions), AmRest Management Team and AmRest Board of Directors in risk management by:

- identifying risks and opportunities and recommending solutions;
- monitoring, verifying and reporting to the AmRest Board of Directors the implementation status declared by the Management action plans addressing identified risks and opportunities;
- up-dating the AmRest Risk Map.

AmRest developed a model to systematize the approach to risk: identification, evaluation and mitigation. One of the elements of the model is the Risk Map, which contains risks arising from the specific nature of AmRest activities. These risks are broken down into strategic, financial, operational and compliance risks and are periodically evaluated by AmRest Management.

In 2019 the Group conducted the update of the Risk Map. The AmRest Management Team along with representatives from IT, Brand Reputation, Finances, Supply Chain and Operations evaluated the document and included additional new risks, for e.g. environmental risks, which is the next step in the process of creating an environmental policy for AmRest Holdings.

The Risk Map is one of the information sources for the process of creating the annual and long-term Audit Plan. AmRest analyses the risks and improves its risk management systems and the internal control systems on an ongoing basis.

Below we present the risks that may have a considerable adverse effect on the operating areas of AmRest related to materiality topics, as well as corruption prevention and respect for human rights.

Table. Risks that may have a considerable adverse effect on operating areas of AmRest related to human resources and social and environmental issues, as well as corruption prevention and respect for human rights.

Issues: S - social, HR - human resources, E - environmental, PHR - protection of human rights, CP - corruption prevention

Risk	Possible considerable adverse effect on the issues:				
	S	HR	E	PHR	CP
Risk that the Company will be negatively perceived by public opinion due to improper care of social / public interests.	✓				
Risk that the response of the Company to ecological trends will not be consistent with strategic goals or will harm its competitive advantage (e.g. significantly increase costs). Risk that the insufficient response to trends or its communication will damage the reputation of the Company and decrease its sales.	✓		✓		

Risk	Possible considerable adverse effect on the issues:				
	S	HR	E	PHR	CP
Risk that the Company and its suppliers fail to meet environmental norms and standards.	✓		✓		
Risk related to consumption of foods: risk of an accident, food poisoning or other event that results in customer liability	✓	✓	✓		
Risk that regulations, processes, training systems and information flow functioning in the Company will not be adequate to ensure compliance with the regulations regarding environmental protection.	✓	✓	✓		
Risk that brand image will be harmed by internal or external events. Risk that brand name will be used by third party to the detriment of the Company.	✓				
Risk related to improper implementation and execution of anti-corruption procedures including lack of ensuring the protection of "whistle-blowers".	✓	✓		✓	✓
Risk related to keeping the employees in key positions	✓	✓		✓	
Risk related to labour costs associated with employees and employment and retention of professional staff	✓	✓		✓	
Risk of financial penalties for incorrect calculation of PIT, social insurance and other employee benefits resulting from an employee's error or a system error or due to differences in interpretation of laws in this regard.		✓			
Risk of breaking the law or other regulations by conducting improper business practices.	✓	✓	✓	✓	✓
Risk of an accident on the job that jeopardizes health and safety, causes property damage, environmental pollution or deterioration of the company's reputation or other negative consequences.	✓	✓	✓		
Risk of lack of support for ethical rules by Top Management and non-ethical behaviour of employees.	✓	✓	✓	✓	✓
Social and environmental risks (CSR viewpoint). Having implemented the Code of Business Conduct and the CSR Strategy, AmRest prevents, among others, the following risks: <ul style="list-style-type: none"> ■ negative perception of the company by the public in connection with undue care paid by AmRest to social/public interests; ■ lack of awareness and sensitivity of managers with regard to the ethics and rules of responsible business; ■ major negative impact of the company's operations on the environment; ■ inadequate response to environmental trends; ■ damage to AmRest's reputation caused by AmRest cooperation with unethical suppliers of low reputation; ■ the lack of public knowledge of AmRest involvement in the implementation of goals in the area of ethics and responsible business - unethical practices by AmRest and AmRest employees 	✓	✓	✓	✓	✓

The approach to risk management in 2019:

In 2019 there were no situations related to AmRest operations in any of the markets which had a negative impact on the company or a brand image and reputation.

In a few potential crisis situations that happened during the year, the AmRest Global Crisis Management Procedure was applied effectively to solve the problem.

The Global Crisis Management Procedure which provides the framework for addressing crisis or potential crisis in AmRest was created in 2015 and since then has been gradually introduced across AmRest markets

starting with the key CEE countries: Poland, the Czech Republic, Hungary, Romania and Bulgaria. With the acquisition of the Starbucks business in Germany, the policy was subsequently launched to the Starbucks leaders and operations staff in the market in 2017. This was further reinforced in 2018 by conducting a dedicated training session for the German management team comprising of the leaders of all brands operated by AmRest: Starbucks, Pizza Hut and KFC in the market and representatives of the key functions such as HR, legal and communications. A classroom training on the roles and responsibilities in the crisis management process of Area Coaches and General Managers of Pizza Hut and KFC in Germany was also run at the end of 2018.

In the same year AmRest re-launched the crisis escalation protocol across all markets via a distribution and posting on the premises of a dedicated sticker with relevant instructions for the store staff. To support the General Managers and Area Coaches in handling local incidents and issues, a related manual was created in 2018 in cooperation with the Customer Care team.

The ownership of the Global Crisis Management Procedure remains with the AmRest Brand Reputation (formerly PR) Director who is a member of the Core Crisis Team consisting also of the Chief Operations Officer, Brand Presidents and the heads of Legal and HR functions.

Implementation of the AmRest Global Crisis Management Procedure - key actions taken in 2019:

- Review and update of the Procedure by the Executive Team, Brand Presidents and Heads of key functions in the organization
- Revision and adaptation of the Crisis Escalation Protocol to align it with the new operational structure – a single Market Crisis Leader was replaced with multiple leaders per brand.
- Crisis College for Pizza Hut in Poland conducted together with Yum!
- E-learning course on crisis management for operations staff – General Managers and Area Coaches/District Managers across AmRest brands – was developed and launched in 5 countries
- A survey checking the awareness and effectiveness of the Crisis Management Process was conducted in 15 countries
- Stress test conducted in three markets.

ANTI-CORRUPTION POLICY

AmRest wants its activities to be based on the highest ethical standards. That is why the group compiled its values and principles into a globally binding document. The **Code of Business Conduct** is a guide to AmRest's obligatory rules that the employees have to follow. The Code covers such subjects as: relations with the customers and business partners, mutual relations in the workplace or gift policy. Under the new provisions, every gift whose value exceeds EUR 100 must be reported to a superior.

In 2018, the Board of Directors approved other global policies and documents regulating the prevention of corruption, bribery and money laundering, as well as a whistleblowing policy for the whole organization. The policies and procedures adopted at the end of 2018 were communicated and implemented at the start of 2019.

The most important of these are: a revised Code of Conduct; The Conflicts of Interest Policy; The Crime Prevention, Anti-bribery and Anti-corruption Policy; The Risk Management Policy; The Whistleblowing Policy and The Regulatory Compliance Policy.

At AmRest, open communication is a vital element that delivers valuable insight and helps the company enhance and protect its employees and business. The Speak Openly program delivers on that mission by allowing employees at all levels to voice concerns, raise issues and provide feedback in a safe environment. It is based on an alternative two-way communication process that enables AmRest employees to address any issue that is important to them.

In 2019 AmRest workers could report any wrongdoing, including cases of potential corruption, by:

1. informing their superior,
2. informing the HR Department or the Internal Audit and Internal Control Department,
3. using Speak Openly, a system for reporting any wrongdoing spotted, including cases of potential corruption, either anonymously or openly (Poland, the Czech Republic, Hungary).

In 2019 there was one case of employee misconduct.

HUMAN RIGHTS POLICIES

Human rights issues in the workplace are covered by the group's **Code of Business Conduct** and **Diversity Policy**, both of which were binding for all AmRest employees in 2019.

At the end of 2018 the Board of Directors adopted a set of global documents defining and regulating human rights issues at AmRest:

- **a revised Code of Business Conduct** introducing a zero tolerance policy regarding any behavior associated with harassment, bullying or violence in the workplace, while prescribing equality at all stages of recruitment and employment
- **The CSR Policy** defining respect for human rights as the foundation of ethical and responsible business
- **The Crime Prevention, Anti-bribery and Anti-corruption Policy** defining and prohibiting human trafficking, discrimination against foreigners, child prostitution, sexual harassment, corruption and violations of basic human rights and freedoms defined in the Constitution
- **Gender Policy**, a global framework which defines the core standards and sets out the organizational mechanisms to ensure gender equality in AmRest entities worldwide; the provisions of the Policy stem directly from AmRest Core Values, supplemented by the Code of Business Conduct
- **Whistleblowing Policy** indicating ways of reporting wrongdoing in the organization, including cases of potential human rights abuses
- **Regulatory Compliance Policy** identifying the mechanisms and procedures aimed at preventing and dealing with cases of unethical behavior, illegal practices or legal breaches.

The documents were implemented into the organization in 2019.

The main changes in The Code of Business Conduct concern the By-laws of the Ethics Committee, whose goal it is to promote the company's culture and Core Values. The Committee members are appointed by the CPO (Chief People Officer), who is also its chair. The Committee must consist of at least 5 members, including:

- the Chief People Officer,
- a representative of the Internal Audit Department,
- a representative of the Legal Department,
- a representative of the Employee Relations Department,
- a representative of the Brand Reputation Department,
- a representative of each country/region Country Leadership Team (CLT).

In 2019 AmRest employees could report any wrongdoing via:

- direct contact with local Compliance department representatives
- direct contact with Country Leadership Teams or Ethics Committee representatives
- email
- phone
- online service Speak Openly (for countries: Bulgaria, the Czech Republic, Poland and Romania).

During the reporting period there were 134 incidents reported. The Group plans to implement in 2020 a new online tool which will be available to every AmRest employee on a global level.

As an international franchise, AmRest places diversity at the centre of its corporate culture. Since 2018 AmRest is a signed **Diversity Charter in Poland**. Supported by the European Commission, the EU Platform of Diversity Charter is an international initiative whose aim is to promote diversity and equal opportunities in the workplace. Signatories commit to ban discrimination in their organization's workplace, work to achieve diversity and inclusiveness, and encourage its employees, business partners and stakeholders to follow suit. Signing a charter is a step towards advancing social cohesion and equality. In Poland the signatory process is coordinated by the Responsible Business Forum.

In 2019 there were **no confirmed discrimination instances neither violation of human rights** at AmRest Holdings SE.

GRI STANDARDS CONTENT INDEX

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General information		GRI reporting criteria	Pages
	Brief description of the group's business model	GRI 102-2 GRI 102-7	41
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