



**Non-financial Information Statement  
of AmRest Holdings SE  
for 2020**

## INTRODUCTION

According to the Royal Decree-Law 11/2018 of 28 December, relating to non-financial information and diversity, the Board of Directors of AmRest Holdings SE is issuing this Non-financial Information Statement (NFIS) for the 2020 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](http://www.amrest.eu). 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. The reporting scope is from 1 January 2020 to 31 December 2020. All the data is presented as of 31 December 2020 unless stated otherwise.

The statement is an independent part of the Consolidated Directors' Report for 2020 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 2020, AmRest operated 2 337 equity and franchised restaurants and coffee houses in 25 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.

As of 31 December 2020 the Company's registered office was 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 materiality analysis, as further explained in Section 3 (Materiality analysis) herein.

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'S BUSINESS MODEL AND OPERATIONS IN 2020










AmRest Holdings SE is one of the leading publicly listed European restaurant operators and has a presence in 25 countries in Europe and Asia. The portfolio of the Group consists of four franchised brands (KFC, Pizza Hut, Starbucks, Burger King) and 14 proprietary brands including nine virtual brands (La Tagliatella, Blue Frog, Kabb, Bacoa, Sushi Shop, and virtual brands: Pokai, Lepieje, 'Oi Poke, Moya Misa Ramen, Sushi Tone, Pierwsze i Drugie, Viva Salad!, Eat's Fine, Cremontano). The offer of virtual brands in Poland is available also under the Food About concept that enables consumers to order different virtual brand dishes under one order. For each of the brands, AmRest restaurants serve high-quality meals made from fresh products following original recipes and strict standards

AmRest's operations are well-diversified across five main categories of the restaurant industry:

1. Quick Service Restaurants ("QSR"), represented by KFC and Burger King,
2. Fast Casual Restaurants ("FCR"), represented by Pizza Hut Fast Casual Dine In 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, whose offer is available only online, represented by Pokai, Lepieje, 'Oi Poke, Moya Misa Ramen, Sushi Tone, Pierwsze i Drugie, Viva Salad!, Eat's Fine and Cremontano.

Currently, AmRest operates 2 337 restaurants in 25 countries, including Poland, the Czech Republic, Hungary, Russia, Romania, Bulgaria, Serbia, Croatia, Slovakia, Austria, Slovenia, Spain, France, Germany, Portugal, China, Armenia, Azerbaijan, Belgium, Italy, Switzerland, Luxembourg, the UK, the UAE and Saudi Arabia.

**Table. AmRest brands' business models**

Franchised brands	
<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. AmRest Holdings SE 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.</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 2020 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 restaurant chain in the world, specializing in flame-broiled fast-food hamburgers. AmRest operates Burger King outlets in Poland, Bulgaria, the Czech Republic, Slovakia and Romania.</p>
Equity brands	
<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 2020, 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 range of drinks on offer. The restaurant serves dishes from the American kitchen enriched by distinct Asian influences. In 2020 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 183 Japanese restaurants, one-third of which are franchised out. Sushi Shop is present in 10 different countries, including France, Spain, Portugal, Belgium, Luxembourg, the UK, Switzerland, Italy, Saudi Arabia and UAE.</p>
<p>Bacoa</p> 	<p>Bacoa is a chain of 7 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>

## Virtual brands

Pokaï



Pokaï is a virtual brand that was created by Sushi Shop in April 2018. It offers a large range of poke bowls and its products are sold through aggregators (Deliveroo, UberEATS etc). Pokaï is present in France, Belgium, Spain, Italy, Luxembourg, UK, Switzerland and UAE.

Viva Salad



Viva Salad! is a brand developed exclusively for the delivery channel that offers fresh, healthy and highly customizable dishes divided into few segments: Viva salads, protein dishes, desserts, milk-shakes, fruit waters and smoothies. The concept was launched in Madrid and Barcelona in June 2020. The dishes are prepared in selected La Tagliatella locations.

Lepieje



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 has operated in Poland since December 2019 and is accessible via aggregators. The brand is inspired by the dumplings from different parts of the world.

'Oï Poke



'Oï Poke is a virtual brand offering exotic bowls, with meat, fish or shrimp and a selection of fresh and original additions. The cuisine comes from Hawaii, where everything "perfect" is called "'Oï". The brand contributes to the Shadow Kitchen project of AmRest. It has operated via aggregators since December 2019.

Pierwsze i Drugie



The offer of Pierwsze i Drugie is based on traditional flavors of beloved Polish cuisine and the latest insight into consumer preferences. It includes a range of bestsellers, available through fast and convenient delivery.

MOYA MISA RAMEN



MOYA MISA RAMEN is a perfect choice for everyone who enjoy Asian cuisine and experimenting with different flavor combinations. The offer is fully personalized, allowing consumers to compose their own recipe for perfect Ramen in just few steps.

Sushi Tone



Sushi Tone offers 8 sets to choose and all the most popular rolls, including Nigiri and Futomaki, as well as typical Asian side dishes like Miso soup with tofu or kimchi salad. The brand sources ingredients from AmRest's carefully chosen suppliers, offering only products of outstanding quality.

EAT'S FINE



Eat's Fine is a virtual brand developed in Poland in 2020, as part of the Food About concept. It is committed to responding to specific dietary needs and customer expectations. The brand offers a wide range of healthy, plant-based meals for any occasion.

CreMontano



CreMontano takes inspiration from the Tuscan tradition of artisan ice-cream manufacturers. The brand believes in using natural ingredients, and respects the traditional recipes and the importance of the details. The best taste of ice cream is born in the process of making, that is why CreMontano pays attention to the methods it uses and takes pride in its craft.

## Business strategy

AmRest builds its business with energy and passion, leading it with determination and a sense of responsibility. The company has focused on the development and expansion of its mature brands and expanding the portfolio. Recently, the 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 that are scaling and meeting the profitability criteria.

**AmRest strategy:** Leverage our culture, international capability and superior brand portfolio to grow scalable, highly profitable restaurants globally.

### Infographic. AmRest business strategy



Since 2019 the group has been continuing the strategy of growth based on four key pillars: Operations, Food Service, Franchising and Digital & Delivery.

**Table. Four pillars of AmRest growth**

Name of the pillar	Description
<b>OPERATIONS</b>	Every restaurant run by AmRest should provide an excellent experience to its guests and at the same time have healthy and profitable business economics.
<b>FOOD SERVICES</b>	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 the AmRest culture.
<b>FRANCHISING</b>	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 result, gives them a sense of stability and security.
<b>DIGITAL &amp; DELIVERY</b>	AmRest is all about customers and the experience they have 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 table below presents AmRest's growth between 2018 and 2020. The restaurant count includes self-owned restaurants and franchisees.

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

Dec 31, 2018	Dec 31, 2019	Dec 31, 2020
2 138 restaurants	2 336* restaurants	2 337 restaurants

\*- Restated (2339 reported in 2019).

**Table. Restaurants and coffee houses operated by AmRest Holdings SE in 2020 by brand**

Brand	Restaurant count (2020)	Self-owned restaurants	Franchise restaurants	Countries where the brand was present in 2020
KFC	895	895	-	PL, CZ, HU, RU, BG, RS, HR, ES, FR, DE, AT, SI
Pizza Hut	463	241	222	PL, CZ, HU, RU, SK, AR, AZ, FR, DE
Starbucks	386	364	22	PL, DE, CZ, SK, HU, RO, BG, RS
La Tagliatella	242	80	162	ES, PT, FR, DE
Burger King	81	81	-	PL, BG, CZ, SK, RO
Blue Frog	75	68	7	CN, ES
KAAB	1	1	-	CN
Sushi Shop	183	123	60	FR, ES, PT, BE, LU, UK, CH, IT, SA, UAE
Bacoa	7	1	6	ES
Virtual brands	4	4	-	PL
<b>Total number of restaurant and coffee houses</b>	<b>2 337</b>	<b>1858</b>	<b>479</b>	<b>-</b>

## Franchise model

### AmRest as a franchisee

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.

**Table. Description of the cooperation with franchisors**

Brand	Description of the cooperation
<b>KFC</b> <b>Pizza Hut</b>	AmRest is the operator of <b>KFC</b> and <b>Pizza Hut</b> brands based on a franchise agreement with owner of the brand - Yum! Brands Inc. (To be exact, Yum! Restaurants Europe Limited for KFC and Pizza Hut Europe Limited for Pizza Hut.)
<b>Starbucks</b>	<b>Starbucks</b> 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.
<b>Burger King</b>	<b>Burger King</b> restaurants are operated on a franchise basis following an agreement concluded with Burger King Europe GmbH.

### AmRest as a franchisor

AmRest aims to build the best offer for the franchisees, allowing them to focus on their operations. Currently, the company offers franchisee agreements for owned brands: La Tagliatella, Bacoa, Blue Frog and Sushi Shop. Moreover, following agreements with Yum! Brands Inc. AmRest as a master-franchisee of Pizza Hut brand has the right to grant the license to the third parties to operate Pizza Hut concepts in countries of Central and Eastern Europe, Germany and France as well as Russia, Armenia and Azerbaijan.

Services AmRest provides for the franchisees:

- Developing: personalized advice in the search and selection of the best premises and locations
- Building: comprehensive design of the premises including all structural and interior elements
- HR: advice on the profiles and structure necessary to guarantee excellence in customer service
- Training: initial and ongoing training for the franchisee in the management and profitability of the business.
- Operations: help in implementing internal procedures that facilitate the global management of restaurants and guarantee their correct operation
- Marketing: an advisory service for developing the best advertising and public relations strategy for the restaurants.

**Table. Number of AmRest Holdings SE business partners in 2020 by type**

Type of partner	2018	2019	2020
<b>Franchisees</b>	194	353	344
<b>Franchisors</b>	4	4	4

## MATERIALITY ANALYSIS

In 2020 AmRest conducted a materiality analysis, a process through which the company identified social, environmental and ethical aspects that are relevant to its corporate responsibility strategy. Materiality is the principle of defining the topics that matter most to AmRest business and stakeholders.

AmRest considered materiality analysis as an opportunity to apply a sustainability lens to business risk, trend-spotting and enterprise risk management processes:

- Prioritizing organization's resources for the sustainability issues that matter most to the business and stakeholders.
- Identifying the areas of interest to the most important stakeholders, enabling to report concise information that gives a meaningful picture of progress to those that need it.
- Highlighting areas where the company needs to manage and monitor issues that are important but not currently addressed.

Consultations and methodologies included:

- Issues considered by sustainability standards and frameworks (SASB, GRI)
- Issues considered by financial analysts on ESG information (DJSI)
- Media analysis
- Peer' analysis
- Regulatory environments (Poland, Czech Republic, France and Spain)
- Over 170 online surveys in English, French and Spanish sent to suppliers, bank representatives, franchisors, franchisees, employees, NGOs
- Focus Group with the Sustainability Committee and survey to top management

As a consequence of the materiality analysis process 25 material topics were identified. Table below presents the most relevant ones. The company addresses the materiality topics in this annual Non-financial Information Statement. Materiality analysis will also be used for the purpose of Sustainability Strategy revision to cover the external and internal perspective.

**Table. AmRest materiality topics by category**

Category	Topic	Definition
Human capital	<b>Employee health and safety</b>	Aspects related to the safety and health of employees within the organization.
	<b>Employment matters</b>	Management of basic employee working conditions (remuneration, working time, absenteeism etc.).
	<b>Diversity, inclusion and equal remuneration</b>	Set of commitments, policies and procedures implemented to promote gender equality, diversity and inclusion in order to ensure equal opportunities and remuneration for all.
	<b>Talent development</b>	Training initiatives, professional and career development programs available for all employees.



Category	Topic	Definition
Customer relationship	<b>Customer orientation</b>	Ensuring an optimal customer experience, which helps us achieve high customer satisfaction scores and increases customer loyalty.
	<b>Food quality and safety</b>	Set of commitments, policies and procedures ensuring compliance with legal requirements and health controls in terms of food quality and safety.
Good governance	<b>Ethics and compliance</b>	Promotion of ethical practices both within the organization, its value chain and the sector.
	<b>Corporate governance</b>	Responsible practices of the governing bodies in terms of equality, ethics, accountability and transparency.
	<b>Risk management</b>	Identifying, assessing and managing the non-financial risks of the organization.
Business model	<b>Human rights</b>	Respect for human rights, monitoring and supervising mechanisms to ensure that they are respected (such as whistleblowing channel).
	<b>Responsible sourcing</b>	Integration of social, ethical, animal welfare, and environmental performance factors into the process of selecting suppliers.
Environment	<b>Responsible supply chain management</b>	Sustainable purchasing policies, commitments, and guidelines.
	<b>Environmental management</b>	Set of policies, commitments and management systems implemented in the company in order to minimize the impact on the environment.
	<b>Circular economy</b>	Commitments, policies and procedures aimed at responsible waste management, promoting of recycling, eliminating single-use-plastic etc.
	<b>Energy and carbon footprint management</b>	Energy efficiency initiatives and operational solutions carried out to fight against climate change.
	<b>Food waste</b>	Measures and initiatives implemented by AmRest to prevent food waste along its value chain and increase awareness among its stakeholders.

AmRest values its stakeholders view on the important topics as well as ambitiously strives to meet the global sustainability standards and local requirements.

## CORPORATE SOCIAL RESPONSIBILITY STRATEGY

To effectively carry out its activities as a responsible company, AmRest has been implementing the **Responsible Business and Sustainable Development Strategy of AmRest for 2015 - 2020** (hereinafter named also CSR Strategy). By the time the document was created, the company was focusing on the CEE region, hence the strategy applied to brands managed by AmRest in Poland, Czech Republic, Hungary, Croatia, Bulgaria, Romania and Serbia. In 2018, the company developed a global Corporate Responsibility Policy that applied to all countries in which AmRest operated.

**Table. Outcomes of the CSR Strategy of AmRest**

Pillar	Key area of focus	Outcomes	
<b>Our food</b>	<ul style="list-style-type: none"> <li>■ Food quality and safety</li> <li>■ Responsible purchasing</li> <li>■ Transparency of information about the nutritional value of products</li> </ul>	The company focuses on the highest standards of food safety and quality in the entire chain of supply and on procuring fresh produce from local suppliers whenever and wherever possible (approx. 80% local suppliers budget share). The company offers lighter options and vegetarian or vegan alternatives in the brands' menus.	
	<b>Our people</b>	<ul style="list-style-type: none"> <li>■ Employer of choice</li> <li>■ Inclusiveness</li> <li>■ Trainings and development</li> </ul>	AmRest creates a friendly, safe and diversity-conscious workplace (2% employees with disabilities, 3% employees over 50 years old). The company inspires and promotes self-development which is reflected in the internal-promotion rate: 80%.
		<b>Our environment</b>	<ul style="list-style-type: none"> <li>■ Environmentally-friendly packaging</li> <li>■ Waste and recycling</li> <li>■ Environmentally-friendly buildings</li> </ul>
<b>Our communities</b>			<ul style="list-style-type: none"> <li>■ Children education projects</li> <li>■ Employee volunteering</li> </ul>

AmRest has been working on revising its CSR strategy, based on the outcomes of the materiality analysis, current trends and the company's ambitions.

The new global document will be published in 2021.

## RISK MANAGEMENT AT AMREST

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

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

- identifying risks and opportunities and recommending solutions;
- monitoring, verifying and reporting the implementation status of action plans addressing identified risks and opportunities to the AmRest Top Management and the Audit and Control Committee;
- periodic updating of 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 the risks arising from the specific nature of AmRest activities. These risks are grouped into strategic, financial, operational and compliance risks and are periodically evaluated by the AmRest Management.

The last update of the Risk Map was conducted in 2019. The AmRest Management Team along with representatives of the key departments evaluated the document and included additional new risks, e.g. environmental risks.

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

Currently Compliance and Risk Management with support from the Internal Audit Department realizes Global Risk Management project to improve managing risks at AmRest Holding SE by introducing a new approach to: identifying, evaluating and managing corporate and local (market-specific) risks.

A table below presents the risks that may have a considerable adverse effect on the operating areas of AmRest, as well as on corruption prevention, environmental protection, respect for human rights and others.

**Table. Risks that may have a considerable adverse effect on operating areas of AmRest, corruption prevention, environment protection, respect for human rights and others.**

### Risks

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Risk that the Company will be negatively perceived by public opinion due to improper care of social / public interests.

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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.

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Risk that the Company and its suppliers fail to meet environmental norms and standards.

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Risk related to consumption of foods: risk of an accident, food poisoning or other event that results in customer liability.

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## Risks

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 a third party to the detriment of the Company's reputation.

Risk related to improper implementation and execution of anti-corruption procedures including a lack of protection for "whistle-blowers".

Risk related to losing employees in the key positions.

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 the Top Management and non-ethical behaviour of employees.

Having implemented the Code of Business Conduct and the CSR Strategy, AmRest prevents, among others, the following risks occurring:

- 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 cooperation with unethical suppliers of low reputation;
- lack of public knowledge of AmRest involvement in implementation of the goals in the area of ethics and responsible business;
- unethical practices by AmRest and AmRest employees.

### **The response to COVID-19 pandemic**

The COVID-19 pandemic is the most important event in 2020 that has impacted almost every continent. The virus was on the rise in Asia at the end of 2019 and spread globally within just a few months. This pandemic

is not only a health crisis. Due to the effects of restrictions, lockdowns, and overall anxiety, the pandemic occurs as one of the biggest socio-economic crises of our time.

At AmRest, the first information about COVID-19 has been reported in the beginning of 2020 and came from China, where the Group operates Blue Frog and KABB restaurants. At that time, the group handled this matter on a local level, implementing proper solutions that included a new hygiene regime and the temporary closure of restaurants. As the coronavirus gradually spread across Europe, AmRest identified it as a global risk and responded immediately by creating the AmRest Crisis Mitigation Plan for COVID-19 based on the AmRest Global Crisis Management Procedure.

Main objectives of Crisis Mitigation Plan for COVID-19:

- Crisis Core Team activated and actively addressing the issue
- Appropriate action plans developed and executed
- Communication protocols established

As part of the plan, the Global Crisis Team was established, consisting of (Core Team) Chief Executive Officer, Chief Operations Officer, Chief People Officer and Brand Reputation Director, and of representatives of main departments at AmRest (Coordination Team). The main responsibilities of the Global Crisis Teams were:

- activating and leading a crisis management process in the organization
- appointing local/country crisis leaders
- constituting crisis task forces and ensuring adequate resources, human and financial
- gathering information on crisis development and agreeing adequate action plans
- ensuring communications flow and approving messages to internal and external stakeholders including AmRest franchisors, media and regulatory bodies
- updating AmRest's management bodies: Executive Team and Board of Directors.

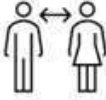







The company followed the plan during the whole year, managing the crisis both globally and on a local level.

### **Impact on business**

The COVID-19 pandemic posed a great challenge for the daily business of AmRest in 2020. The immediate consequence of the pandemic for AmRest Group has been temporary closure of shopping malls and dine-in areas, with the only remaining sales channels permitted being food delivery and, in some countries, take-away and drive-thru. For many years, the Group has been investing in delivery channel and recently made it one of the pillars of growth. While some AmRest restaurants have been temporarily closed during the year, the company was able to instantly change the business model to focus on take-away and delivery channels, with solid infrastructure and strong leadership,.

Moreover, in all countries where the Group operates, strict hygiene regime, limitations and lockdowns were implemented. Following legal requirements, the Group implemented a series of global procedures, guidelines and checklists for maintaining the hygiene regime in AmRest restaurants but also while delivering orders to the customers (contact-less deliveries). All global documents were adapted for brand purposes and local legislation.

**Table. Selected hygiene and safety routines implemented at AmRest in response to COVID-19 pandemic**

SELECTED HYGIENE AND SAFETY ROUTINES	
 <p><b>Social distancing</b></p>	 <p><b>More attention on washing and disinfecting hands</b></p>
 <p><b>Procedures and schedules for cleaning and disinfection</b></p>	 <p><b>Employees and uniforms hygiene</b></p>
 <p><b>Disposable gloves</b></p>	 <p><b>Employee and visitor health checks</b></p>
 <p><b>Masks</b></p>	 <p><b>Employee temperature control</b></p>

## FOOD-RELATED MATTERS

Food quality and safety, responsible procurement and sales, as well as transparent disclosure of nutrition facts are the keys priorities of the Our food area - one of four pillars of Responsible Business and Sustainable Development Strategy of AmRest. The group's objective is to deliver the best culinary experience to its guests while maintaining the highest quality and safety standards across the supply chain.

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

- identifying possible risks and mitigating or eliminating them
- designing, constructing and maintaining restaurants, equipment, small wares, and consumables to standards that allow the company to maintain safety of our products
- implementing and executing strict hygiene, food safety and quality standards and procedures
- periodical training sessions on hygiene, quality, and food safety maintenance standards
- conducting unannounced audits in restaurants carried out by internal and external, independent auditors
- having 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
- implementing system and procedures for the prevention of pest entry and activity
- having systems designed to track expiration dates and manage inventory rotation

- having an order management system that helps restaurant and coffee house managers optimize the quantity of products they order and ensure that the inventory is always fresh
- having implemented systems for temperature control during all processing chain (from producer to a client)

Each of the brands in the AmRest Holdings SE portfolio has its own strict food safety policies and systems (including HACCP System) 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 for Pizza Hut, KFC, Burger King, Starbucks, and Sushi Shop. 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 must all meet a certain food safety level required by AmRest.

### **Audits System**

Compliance audits are being conducted for every brand and market. AmRest's restaurants and coffee houses are meticulously inspected for hygiene and food safety. Individual inspection standards and schedules are applied across the different brands to account for their specific needs. During an audit all required standards related to food safety, quality and hygiene are checked. Inspection results are uploaded to an online system and analyzed. If the outcome is not satisfactory, a corrective plan is put in place.

Audits are unannounced. Audits in AmRest's franchised brands (KFC, Pizza Hut, Burger King, Starbucks) are conducted globally by an external company that is trained and controlled by the franchisors. In AmRest's proprietary brands (Sushi Shop, Blue Frog, KABB, La Tagliatelle, Bacoa) audits are conducted by external companies trained and controlled by AmRest and half of audits in China market is conducted by internal auditors.

Despite the pandemic, AmRest put in the effort to conduct as many audits as possible. To ensure the highest level of safety for its employees and products AmRest conducted online audits for some markets and brands due to local restrictions. **The full number of audits conducted in restaurants and among suppliers in 2020 was 4993.** The results achieved are at a very high level.

### **Supply chain management**

AmRest's global presence 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. **As of 31 Dec 2020 over 80% of suppliers in CEE region were signatories of AmRest Code of Conduct.** Other regions are mostly covered by franchisors requirements, e.g. KFC in Western Europe.

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

**Table. Selection of supplier audit processes for Pizza Hut and KFC brands conducted at AmRest**

Name of the process	Description
<b>Food Safety Audit (FSA)</b>	Food Safety Audits (FSA) are performed in food manufacturing facilities annually or at a frequency determined by Yum! Brands. The audit covers specific food safety, sanitation and food safety culture requirements, as well as those related to food fraud.
<b>Quality Systems Audit (QSA)</b>	Quality Systems Audits (QSA) are performed in all Quality Risk Grade A food manufacturing facilities annually or at a frequency determined by Yum!. The audit focuses on the documentation, implementation, and effectiveness of a supplier's quality systems. It is mandatory for Yum! products to be running during the QSA.
<b>Warehouse Audit (WA)</b>	Warehouse Audits (WA) are performed in all facilities that store and distribute Yum! products, or those that act as a cross-dock location for Yum!, annually or at a frequency determined by Yum! The audit focuses on the documentation, implementation, and effectiveness of a distributors warehouse and product management systems. All cross-docks must be audited, suppliers and distributor's must communicate all cross-docks to Franchise QA.
<b>Transportation Audit (TA)</b>	Transportation Audit (TA) are performed in all facilities that deliver Yum! products directly to restaurants including both manufacturers and distributors. These are conducted annually or at a frequency determined by Yum! The audit focuses on the control and effectiveness of a distributors or a supplier's transportation and product management systems.
<b>Packaging Audit (PA)</b>	Packaging Audits are performed in food contact packaging manufacturing facilities annually or at a frequency determined by Yum! Brands. The audit focuses on specific packaging manufacturing requirements, as well as HACCP, food safety and hygiene.
<b>Animal Welfare Audit KFC</b>	All suppliers responsible for abattoir operations are subject to an animal welfare audit every 15 months. Suppliers are expected to humanely handle animals and AmRest monitors their performance. The scope of this audit focuses on the management of farms, feeding, responsible antibiotic usage, animal collection, transport and slaughter.
<b>Yum! GAP Audit</b>	All produce farms are required to have Global Gap Certification. Where this is not possible, the farm can take the Yum! GAP Audit which follows the same scope as Global GAP and includes water management, pest management, traceability, 'add-ons' usage and personnel GMPs.

In 2020 AmRest cooperated with 13 493 suppliers.

Total expenditure for local AmRest's suppliers was 79%.

The table below presents the number of AmRest business partners between 2018 and 2020.

**Table. Number of AmRest Holdings SE suppliers in 2020 by type**

	2018	2019	2020
<b>Suppliers</b>	13 846	16 836	<b>13 493</b>
(incl. food suppliers):	1 211	1 312	<b>1 253</b>

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 in Pizza Hut brand in France and Pizza Hut and Starbucks in Germany. AmRest covers only around 20% of purchases under the Procurement Procedure, the rest is governed by Starbucks EMEA. Following agreements with Yum! Brands Inc. purchases made for KFC in France, Germany and Spain are managed by Yum! Brands, as AmRest is one of the franchisors operating the brand on those 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.

In Spain, the purchases are governed by **Purchasing Manual: Purchasing Procedures and the Approval of Raw Materials and Suppliers**, a specific procedure created by the Spanish Purchasing Department.

This process includes different steps:

- Product selection process
- Homologation process of Product(s) and Supplier(s)
  - o Product evaluation and acceptance process
  - o Supplier and Product acceptance process
- Continuous Evaluation Process
- Criteria for Product Classification according to Risk
- Product incident process
- Process of Registration of Offers and/or Price Fluctuations

This process is supported also by specific documentation to capture the data:

- Product request document
- Supplier's initial questionnaire
- Supplier's assessment/evaluation document (facility audit)
- Price variation document
- Control document (continuous evaluation, product classification)
- Registration of offers


The Indirect Procurement Department makes purchases based on AmRest's **Global Procurement Procedure** applicable across the whole group. 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	79%
Foreign suppliers	21%

In 2020 100% of the suppliers providing fresh fruit and vegetables to AmRest's restaurants in the Central European Division 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.

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. With biodiversity in mind, larger farmers are required to remove a portion of their land from production.



In 2020 AmRest for the first time issued the Forests survey by Carbon Disclosure Project (CDP), an independent body specializing in the disclosure process on carbon and climate risk management. The questionnaire involved disclosing data on a supply chain and use of raw products such as soy, coffee, palm oil, rubber, timber etc. The company mapped the topic in Poland, Czech Republic and Hungary. As a first-time responder AmRest was not scored.

### Customer relations

Customer relations are crucial for a company's development. Ensuring the quality and safety of the food AmRest offers to customers through its restaurants is one of the company's key responsibilities. AmRest prioritizes the highest safety and quality standards along the whole supply chain and obtaining fresh produce from reliable suppliers.

At AmRest, customer relations are built on trust in the brands and products, drawing on loyalty and constantly improving customer satisfaction. The Group protects the health and safety of its customers by abiding by appropriate procedures.

Customer feedback plays an extremely important role in how AmRest approaches the services it provides worldwide. The guest feedback process and guest satisfaction survey program deliver thousands of valuable insights every day which allow AmRest managers to take all the necessary steps to make the service experience even better.

Customers who are willing to share with their opinion or idea with AmRest's may offer their feedback via:

- phone,
- e-mails,
- letters,
- online contact forms,
- customer satisfaction surveys,
- 3<sup>rd</sup> party delivery service provider system,
- 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.

In 2020 AmRest’s restaurants and coffee houses handled **approx. 196 328 000 transactions**. The total number of complaints received in 2020 was 226 041. The maximum average response time is 62.5 hours. The complaints-handling processes are governed by separate policies for different markets and are complying with local legislation. Each complaint is evaluated by the subject matter expert and a dedicated Customer Care representative. Based on the content of the complaint it received an appropriate grid tier, which determines the necessary path to follow and the maximum time allowed to find a resolution. This is carefully monitored and complaints are resolved by the Restaurant Management Team.

**Table. Overall consumer satisfaction in 2020 by brand**

Brand	Score*
Bacoa	88
Blue Frog	92
Burger King	70
KFC	80
La Tagliatella	77
Pizza Hut	72
Starbucks	82
Sushi Shop	85

\* - *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 complaints made in 2020 by brand (without the data from China)**

Brand	No. of complaints
Bacoa	241
Blue Frog	201
Burger King	4 522
KFC	107 221
La Tagliatella	4 184
Pizza Hut	30 438
Starbucks	14 775
Sushi Shop	64 459

Customer satisfaction results are distributed to all of AmRest’s Restaurant Managers every day. Additionally, once per month, each brand representative of Top Management (Brand Presidents) communicates the next steps to follow in terms of customer satisfaction.

**Nutritional value of the offer**

Ensuring the transparent information of the nutritional value of meals served at the restaurants is vitally important for AmRest. The care for customers’ health and addressing their specific dietary needs has impacted the food industry significantly in the last few years. That is why AmRest brands have recently introduced vegetarian, vegan and generally lighter option for customers in their menus.

In 2020, AmRest worked on a global document regulating the company's approach to the nutritional value of our food offer. Previously, the topic was governed by each brands' standards. The policy's focus is on simplifying ingredients by removing artificial flavors and colors, added preservatives, and reducing sodium and sugar levels. This policy will be implemented in 2021.

**Table. Summary of main documents at AmRest in terms of food-related matters**

Name of the document	Main objectives
<b>Food Safety Fundamentals (FSF)</b>	The document 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 must all meet the food safety level required by AmRest.
<b>Brand Protection Monitoring System</b>	Restrictive standards for each brand managed by AmRest in terms of food quality.
<b>Code of Conduct</b>	The aim of this document is to describe behaviors that are acceptable and not acceptable at AmRest. It applies to the relations with customers and coworkers, as well as business partners, media, local authorities and communities where AmRest operates.

## ENVIRONMENTAL ISSUES

AmRest Holdings SE is committed to managing its environmental impact in a thoughtful and responsible manner across all its operations. AmRest wants to grow hand in hand with a coherent, organization-wide understanding of the significance of environmental protection. This understanding must be consistent across all countries and regions in which the company operates, regardless of any cultural differences.

The main environmental impacts of AmRest Holdings SE are:

- Climate change
- Circular economy
- Animal welfare
- Responsible sourcing

### Climate change

AmRest constantly looks for ways to reduce its environmental impact and embrace opportunities to speed up positive change. This applies, for example, to transport and supply chain management, preventing food waste, and reducing CO2 and greenhouse gas emissions by cutting down on energy and fuel consumption.

### Environmentally-friendly solutions in AmRest restaurants

In 2020 AmRest restaurants and coffee houses were working to minimize the environmental impact of their operations in accordance with each brand's procedures. In addition, AmRest's Global Design Department is working on a document that will centralize the brands' environmentally-friendly solutions that are either already implemented or will be in the future. The outcomes of this project are presented below. The Group is constantly seeking for new opportunities and commits to implement environmentally-friendly solutions to minimize the impact on environment.

**Table. Selected initiative and ideas of sustainable design solutions.**

Explanation of the abbreviations: PH – Pizza Hut, BK – Burger King, SSG – Sushi Shop Group, SBX – Starbucks, TAG – La Tagliatella.

Description	Objective	KFC	PH	BK	SBX	SSG	TAG
<b>REAL ESTATE</b>							
<b>Automobile parking sustainable design strategy</b>	To reduce pollution and land development impacts from automobile use.	√		√			√
<b>Maintain maximum of the primary structural elements of existing building</b>	To reduce the environmental impact on new land excavation, decrease demolition waste, and save energy on materials that are manufactured and transported for new building construction.	√	√	√	√	√	√
<b>CIVIL DRAWINGS</b>							
<b>Parking spots for fuel-efficient vehicles</b>	To reduce pollution and land development impacts from automobile use.	√					
<b>Heat island reduction in site plan design</b>	To reduce heat islands to minimize impact on microclimates and human and wildlife habitats.	√		√			
<b>Native plant selection</b>	To reduce irrigation water consumption by planting native species.	√		√			√
<b>ARCHITECTURAL DRAWINGS</b>							
<b>Recycling areas at BOH provided inside and outside the restaurant.</b> <i>BOH - a internal term for the kitchen area in AmRest restaurant.</i>	To facilitate the reduction of waste generated by building occupants that is hauled to - and disposed of - in landfills, by allocating space for recycling.	√	√	√	√		√
<b>Provide bike racks</b>	Reduce carbon dioxide emission from personal vehicles and promote healthy active lifestyles.	√					
<b>Local building materials selection</b>	To increase demand for building materials and products that are extracted and manufactured within the region, thereby supporting the use of indigenous resources and reducing the environmental impacts resulting from transportation.	√					√
<b>Furniture and wall cladding from legitimated sources</b>	To encourage environmentally responsible forest management.	√	√	√	√		√
<b>MECHANICAL, ELECTRICAL, &amp; PLUMBING DRAWINGS (MEP)</b>							
<b>Optimized kitchen hood selection</b>	Optimizing exhaust hood selection requires the right balance between comfort, energy consumption and cost of HVAC system.	√	√	√			√
<b>HVAC efficiency and economizers</b>	Reduce the energy load and use associated with the HVAC system.  Approx. costs of the solution in Poland in 2020 was 171 000 EUR for KFC brand.	√	√	√	√	√	√

Description	Objective	KFC	PH	BK	SBX	SSG	TAG
<b>Green certification of kitchen technology</b>	Improve energy efficiency of kitchen equipment.	✓	✓	✓	✓	✓	✓
<b>Thermal transmittance coefficient of building envelope</b>	Maximize the energy performance of the building envelope by selecting energy-efficient transparent and non-transparent windows and/or designing permanent shading devices on exterior walls.	✓	✓	✓	✓	✓	✓
<b>Walk-in units (cooling&amp;freezing chambers) design</b>	Optimizing the walk-in units design, choosing sufficient chambers cargo space and high efficiency refrigerators in order to reduce energy consumption and cost.	✓	✓	✓		✓	✓
<b>Use ozone-friendly non-CFC and non-HCFC refrigerants</b>	Reduce stratospheric ozone depletion minimizing direct contributions to global climate change.	✓	✓	✓	✓	✓	✓
<b>Energy harvesting from waste heat</b>	Reduce energy consumption associated with domestic hot water systems.	✓		✓			✓
<b>Thermal control</b>	Provide comfortable indoor temperature levels to promote employee productivity, customer satisfaction and optimized HVAC energy usage at the same time.	✓	✓	✓	✓	✓	✓
<b>Electricity consumption monitoring system</b>	Reduce whole restaurant energy consumption.	✓	✓	✓	✓		✓
<b>Interior lighting</b>	Reduce energy consumption by using energy efficient interior lighting and improve lighting experience, comfort and safety for our customers and restaurant staff.	✓	✓	✓	✓	✓	✓
<b>Exterior lighting</b>	Reduce energy consumption by using energy efficient exterior lighting and improve lighting experience, comfort and safety for our customers and restaurant staff, and restaurant external visibility.	✓	✓	✓	✓	✓	✓
<b>Lighting control</b>	To provide a high level of lighting control system for individual workstations to promote the productivity, comfort, energy savings and wellbeing of building occupants.	✓	✓	✓	✓		✓
<b>Minimization of water usage</b>	Minimize the use of potable water required for plumbing fixtures.	✓	✓	✓	✓		✓

Moreover, AmRest manages the environmental impacts also in its offices, implementing e.g. waste segregation, minimizing plastic usage, promoting recycling of materials.

## Energy

In 2020 AmRest Holdings SE used **1 088 268 GJ** of electricity.

**Table. AmRest Holdings electricity consumption in 2020 by country (GJ)**

Country	2018	2019	2020
Austria	400	1 043	1 244
Belgium	-	1 463	702
Bulgaria	6 443	8 433	9 769
China	38 743	47 072	44 534

Country	2018	2019	2020
Croatia	10 481	6 658	5 823
Czech Republic	106 074	124 261	116 789
France	121 815	123 072	107 452
Germany	80 280	74 358	55 278
Hungary	69 012	75 530	84 357
Italy	-	293	254
Luxembourg	-	585	692
Poland	379 006	384 030	341 271
Portugal	-	2 952	1 730
Romania	8 675	10 433	23 156
Russia	204 816	190 633	164 879
Serbia	11 460	8 606	8 039
Slovakia	1 332	3 556	4 673
Slovenia	957	864	659
Spain	179 553	234 384	113 833
Switzerland	-	1 756	1 836
United Kingdom	-	1 463	1 297
<b>TOTAL</b>	<b>1 219 047</b>	<b>1 301 445*</b>	<b>1 088 268</b>

\*- restated 1 301 591 reported in 2019.

Other energy-related initiatives in Spain:

- 21 restaurants in Spain have **solar panels** installed. The tools are used for heating water.
- Gesinne Project: Electrical Savings. The project is aimed at reducing CO2 emissions from electricity consumption. Phase 1 started in Q4 2020. Estimations show around 7,78% of saved electricity on the 6 restaurants with this solution. Total costs of the project for Spain in 2020 was EUR 74 151.

## Fuel

In 2020 AmRest collected data of fuel consumption applying to business cars.

### Table. Fuel consumption of AmRest car fleet in 2020 (liter).

*In China and Slovenia AmRest does not provide company cars. Bulgaria, Serbia, Portugal – no data available.*

Country	DIESEL	PETROL
Austria	3 438	-
Belgium	-	48 921
Croatia	3 300	-
Czech Republic	75 981	2 711
France	81 196	175 690
Germany	59 486	5 401
Hungary	71 965	341 311
Italy	-	814
Luxembourg	-	6 605
Poland	313 945	46 999

Country	DIESEL	PETROL
Portugal	-	-
Romania	14 218	6 868
Russia	9 306	76 792
Slovakia	7 857	-
Spain	9 672	7 178
Switzerland	-	7 273
United Kingdom	-	343
<b>TOTAL</b>	<b>650 363</b>	<b>726 907</b>

### Carbon footprint

Climate change is currently one of AmRest's main points of interest in terms of environmental impacts. While the company hasn't yet communicated commitments in this area, it has been continuously working on reducing greenhouse gas emissions, especially by aiming to optimize energy consumption by reducing electricity consumption. The company plans to publish carbon footprint reduction goals by the end of 2021.

Since 2018 the company has been disclosing information about its carbon footprint, improving the data collection and widening the scope each year. Starting from 2020 the company will be disclosing the Scope 3 calculation. AmRest is working on the procedures to conduct the calculation for its whole business. This year Scope 3 is being calculated for six countries, representing around 80% of AmRest's business. The Group is committed to improving the data collection in the years ahead. Due to the complexity of the AmRest business, the company also decided to base part of the data for Scope 3 as of 30 November 2020 (purchased goods, capital goods, transport, delivery).

**Table. Factors taken into account in the calculation of AmRest carbon footprint for 2020**

Scope	Topic	
Scope 1	company facilities	
	fuel consumption	
	purchased gas	
Scope 2	purchased electricity	
	purchased heating	
Scope 3	purchased goods	
	capital goods	
	Upstream	transport
		waste
		business travels
	Downstream	franchisees
	delivery (outsourced)	

**Table. Scope 1, Scope 2 and Scope 3 for AmRest Holdings [tCO2e]**

Carbon footprint	[tCO2e]
Scope 1	531 551
Scope 2	129 119
Scope 3	868 450





In 2020 AmRest for the first time issued the Climate Change survey by Carbon Disclosure Project (CDP), an independent body specialized in disclosure process on carbon and climate risk management. The questionnaire involved disclosing data on risks and opportunities, targets and performance, emissions data and methodology.

### Circular economy

To contribute to the Circular Economy, AmRest strives to make every effort to minimize waste produced in every aspect of its operations. Specifically, AmRest has been aiming to reduce food waste by implementing food waste prevention programs globally. AmRest is also developing solutions to minimize its use of plastic and is seeking to maximize the reuse of materials.

In 2020 a global survey was conducted at AmRest to research the waste management approaches across markets.

The variety of waste management solutions implemented and different legal requirements across individual countries and stores are the main 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. At AmRest, the main hazardous waste is used oil, that the company reuses by forwarding it to biofuel producers. Other hazardous waste is subject to local laws.

**Table. Total amount of waste generated by type [tonnes]**

Country	Type of waste					
	Mixed waste	Paper and cardboard	Plastic	Glass	Organic	Used oil
Austria	8.16	15.36 100% recycled	1.14 99% recycled	-	19.52	4.50 100% reused
Belgium	31.08	45.88 0% recycled	-	-	71.04	-
Bulgaria	274.01	-	-	-	19.56	17.89 100% reused
China	219.00	-	-	-	120.45	145.04 100% reused
Croatia	200.00	-	-	-	126.00	17.00 100% reused
Czech Republic	1 135.16	367.00 95% recycled	71.98 88% recycled	2.12 100% recycled	506.66	232.70 100% reused
France	2 518.87	1 467.86 30% recycled	-	-	1 000.63	362.64 100% reused
Germany	1 747.54	823.47 100% recycled	248.59 0% recycled	-	103.64	90.00 100% reused
Hungary	5 996.08	389.10 100% recycled	0.68 100% recycled	-	13.52	111.86 100% reused
Italy	4.82	7.00 0% recycled	-	-	11.02	-
Luxembourg	22.89	33.77 0% recycled	-	-	52.33	-
Poland	7 428.33	594.22 100% recycled	77.04 100% recycled	0.95 100% recycled	446.88	456.41 100% reused

Country	Type of waste					
Portugal	-	10.34 0% recycled	1.94 0% recycled	60.95 89% recycled	-	-
Romania	102.48	11.61 100% recycled	1.45 100% recycled	0.14 100% recycled	1.52	4.27 100% reused
Russia	1 077.58	143.43 100% recycled	-	-	1 154.25	811.93 100% reused
Serbia	240.00	47.03 100% recycled	3.84 100% recycled	-	-	25.60 100% reused
Slovakia	-	-	-	-	-	6.07 100% reused
Slovenia	26.50	4.60 100% recycled	2.80 100% recycled	-	3.80	3.00 100% reused
Spain	218.70	1 185.36 2% recycled	156.12 3% recycled	1 462.78 89% recycled	638.76	232.00 100% reused
Switzerland	66.12	97.61 100% recycled	-	-	151.15	-
United Kingdom	40.50	59.79 100% recycled	-	-	92.59	-
<b>TOTAL</b>	<b>21 357.82</b>	<b>5 303.43</b> 57% recycled	<b>565.58</b> 27% recycled	<b>1 526.94</b> 89% recycled	<b>4 533.32</b>	<b>2 520.91</b> 100% reused

The company strives to make every effort to ensure that less waste is produced in every aspect of its operations, putting emphasis on reducing organic waste. As part of these efforts, AmRest continues to implement effective programs and initiatives aimed at reducing food waste. AmRest plans to set waste reduction targets for specific streams and take other measures on waste prevention. The company is also developing solutions to minimize its use of plastic and is seeking to maximize the reuse of materials.

### Single-use plastic reduction

Following the Directive of the European Parliament on the reduction of the impact of certain plastic products on the environment, AmRest is working on the reduction of plastic products used in its restaurants and coffee houses. Under the new legislation, single-use plastic plates, cutlery, and straws will be banned in 2021 in all of AmRest's European markets.

Over the course of 2020, AmRest brands launched many initiatives to eliminate single-use plastic.

**KFC** implemented multiple solutions across the markets. This included the brand's switch to recyclable paper bags, which allowed it to eliminate thousands of kilograms of plastic annually. Moreover, KFC burgers and Twister wraps are now made exclusively from paper, with no additional polyethylene layer. The brand has also changed the material used for shake cups to recyclable plastic.

**Starbucks** not only committed to switching to paper straws, but also introduced the new straw-less lids to help reduce the number of straws used. Straw-less lids have become the new standard for nearly all Starbucks cold drinks across the EMEA region. Starbucks' new straw-less lids feature a slightly raised sipping hole that eliminates the need for a straw, resulting in an overall reduction of plastic waste. The lid is made of plastic which can be recycled. Starbucks is also committed to eliminating plastic cutlery in 2021. Additionally, Starbucks will continue to reduce its use of paper cups through its promotion of the Bring Your Own Tumbler program under which guests who visit the coffee houses with their own cups and do not use paper cups receive a discount for any beverage they choose.

In 2020 **Burger King** was working on new solutions aimed at reducing plastic usage, including new ice cream cups that will not require a plastic lid. The brand also conducted a communications campaign encouraging customers not to use straws and plastic lids with their beverages. Burger King has also committed to promoting packaging made of biodegradable materials.

**Sushi Shop** is committed to minimizing the single-plastic used in its restaurants. In 2020 the brand removed plastic cutlery and switched to biobased PLA materials. Moreover, Sushi Shop switched to paper cups, eliminating the plastic ones. Currently, the brand is working on replacing plastic cups for soy sauce with a molded fiber solution.

**Pizza Hut** implemented several solutions aimed at reducing or eliminating plastic used in the restaurants. For example, in 2020 the brand switched to wooden cutlery. Also, Pizza Hut will be replacing plastic bags with paper ones. The work is still in progress with regards to the plastic support in pizza boxes and AmRest will seek a solution in cooperation with YUM, the owner of the Pizza Hut brand.

## Water

Water consumption at AmRest is mainly related to meal preparation and is an area that is constantly monitored. The company strives to make every effort to achieve more efficient 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.

In 2020 AmRest Holdings SE used **2 047 228 m<sup>3</sup> of water**.

**Table. Water withdrawal in 2020 by country [m<sup>3</sup>]**

Country	2018	2019	2020
Austria	558	1 613	1 349
Belgium	-	1 358	5 450
Bulgaria	27 409	32 816	12 931
China	155 432	190 505	166 983
Croatia	10 957	11 509	10 052
Czech Republic	169 888	186 929	144 753
France	835 316	301 367	323 722
Germany	-	-	128 277
Hungary	106 854	120 758	109 068
Italy	-	8 834	2 124
Luxembourg	-	4 684	2 013
Poland	469 779	480 081	395 105
Portugal	-	2 147	9 548
Romania	44 292	48 752	39 305
Russia	420 000	481 000	421 000
Serbia	12 710	14 692	9 051
Slovakia	2 583	3 757	4 242
Slovenia	1 779	2 897	2 624
Spain	308 133	340 355	235 170
Switzerland	-	4 548	15 222
United Kingdom	-	1 968	9 239
<b>TOTAL</b>	<b>2 565 690</b>	<b>2 240 570*</b>	<b>2 047 228</b>

\*- restated (2 241 181 reported in 2019).

## Responsible sourcing

AmRest co-operates with suppliers who meet strict product quality criteria and requirements concerning sustainable production, animal husbandry, and crop cultivation. Wherever possible, AmRest sources the produce from local farmers. The company uses its scale to promote good practices among their business partners with suppliers as one of the key groups addressed in Environmental Policy of AmRest Holdings.

The company shares concerns regarding the ethical and humane treatment of animals. As a major food company, AmRest strives to use sustainable practices in all business areas, including **animal well-being**.

In 2020 AmRest established the Food Services Sustainability Project Group as a body responsible for managing sustainability topics in the supply chain area, focusing on the topic of poultry welfare as a crucial matter for AmRest's business due to the fact that KFC is the biggest brand in AmRest's portfolio. The Group is working on global policies that will govern animal welfare and nutrition matters at AmRest.

**Table. Ethical sourcing practices at AmRest. All targets presented below apply to restaurants operated by AmRest.**

Topic	Company's approach	Target
<b>Fiber-based packaging</b>	AmRest in Poland is sourcing 100% of fiber-based packaging from certified/or recycled sources.	2020*
<b>Soy</b>	Any soy used in Pizza Hut AmRest products must be sourced only from RTRS approved suppliers or an equivalent body in the market of operations.	2021
<b>Palm oil</b>	Using only RSPO certified palm oil as an ingredient for products in AmRest restaurants.	2021**
<b>Animal welfare</b>	AmRest follows the guidelines set by its franchisors regarding animal well-being in a global supply chain and conducts regular audits of its suppliers. The company is working on implementing an animal welfare policy for own brands exceeding those required in line with relevant legislation.	2022
<b>Cage free eggs</b>	AmRest is working on a roadmap for a transition of all eggs and egg products used in its restaurant and coffee houses to <b>cage free</b> .	2025***

\* - Burger King brand set its target for 2025.

\*\* - Excluding AmRest brands in Russia and China.

\*\*\* - Excluding Burger King and AmRest brands in Russia and China. The proper actions are taken to set targets in line with franchisors' requirements.

**Table. Main raw material consumption in 2020.**

Data collected from six biggest markets as part of the Scope 3 calculation.

Name of the raw material	Amount used [t]
Meat	40 013
Flour	10 564
Dairy	10 643
Cold drinks	16 517
Vegetables & fruits	6 051

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).

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

## EMPLOYEE ISSUES

AmRest's success is based on people – both kind and professional, our people create a positive atmosphere in the company's restaurants every day. The Group has established a unique culture where all employees share the same values, despite being citizens of different countries.

AmRest's ambition is to create a workplace where people can spread their wings, make an impact and do what they love in a friendly and inspiring environment.

As of 31 December 2020 AmRest Holdings SE employed workers across 22 countries. AmRest operates in 25 markets, but reports employment in 22 countries, and in 21 countries it has its own restaurants (in which staff is employed by company) and the USA, where it does not have restaurants, but has an employee. Four of AmRest's markets are markets in which franchise restaurants operate, so the staff is not employed directly by the company.

Due to the COVID-19 pandemic, over the course of 2020, the Group applied for support programs offered by country's governments, in the form of reimbursement of labor costs, and introducing internal actions, such as shortening of working hours or technical unemployment. More details on the topic can be found in *Public subsidies* chapter.

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

	2019	2020
<b>Employee count</b>	<b>51 804</b>	<b>44 780</b>
incl. women	27 495	24 867
incl. men	24 309	19 913
<b>Number of dismissals</b>		
Women	1 137	1 666
Men	1 917	2 217

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

	2019	2020
<b>Employee count</b>		
Employees of restaurants and coffee houses (OPS)	49 393	42 549
Restaurant support team (RST)	2 411	2 231
<b>Number of dismissals</b>		
OPS	3 012	3 801
RST	42	82

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

	2019	2020
<b>Permanent contract</b>	<b>34 868</b>	<b>32 597</b>
incl. women	18 986	18 403
incl. men	15 882	14 194
<b>Temporary contract</b>	<b>16 936</b>	<b>12 183</b>
incl. women	8 509	6 464
incl. men	8 427	5 719

**Table. Average number of permanent contracts in 2020. Data collected on a quarterly basis.**

<b>Permanent contract</b>	<b>33 285.5</b>
incl. women	18 649
incl. men	14 636.5

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

<b>Full-time employees</b>	<b>20 410</b>
incl. women	11 611
incl. men	8 799
<b>Part-time employees</b>	<b>24 370</b>
incl. women	13 256
incl. men	11 114

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

<b>Permanent contract</b>	<b>32 597</b>
<30	20 816
30-50	10 637
>50	1 144
<b>Temporary contract</b>	<b>24 123</b>
<30	11 037
30-50	903
>50	243

**Table. Number of dismissals by age**

<b>Number of dismissals</b>	<b>2020</b>
<30	2 867
30-50	928
>50	88

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

<b>Permanent contract</b>	<b>32 597</b>
OPS	30 476
RST	2 121
<b>Temporary contract</b>	<b>12 183</b>
OPS	12 073
RST	110

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

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.

The Group 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.

## Talent Development

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.

**Table. Selected employee development programs at AmRest**

Name of the program	Description
<b>Career Redefined</b>	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 positions, transferal to a different unit etc.
<b>Review Board</b>	Review Board is a key point of AmRest unique promotion process. 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.
<b>AmRest University</b>	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.
<b>AmCollege</b>	A development program aimed at preparing for the Review Board on higher level in organization, attended by people who have successfully passed the Assessment Center.
<b>AmSchool</b>	AmSchool is a number of open trainings dedicated to managers of all levels. Internal trainings are generally available to all AmRest managers: KFC, Pizza Hut, Starbucks, Burger King, Blue Frog, Sushi Shop.
<b>Spread Your Wings</b>	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.
<b>Individual Development Plans</b>	A tool that employees can use to organize their personal and professional development. It helps to plan development activities, monitor the progress and measure all successes achieved on your growth path.

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.

The total number of training hours of AmRest employees globally was **748 837 hours** – 742 591 for restaurant workers (OPS) and 6 246 for office workers (RST). In addition, nearly 2300 employees decided to set an Individual Development Plan, which helped them grow.

**Job Performance Appraisal** is a formal method of evaluating employee performance in a given period. The process involves employee self-evaluation and a performance review by a superior. Based on their evaluation, the employee may qualify for the Spread Your Wings program or an annual bonus. The scheme applies to store managers as well as office workers in all the countries where AmRest operates.

## Digitalization of work life

The COVID-19 pandemic has changed the way people work and turned our homes into offices.

Work from home (Home Office) has become a daily routine for all AmRest office workers. The offices in many countries operated to a limited extent. AmRest recognized that this was a challenging time for its employees – at the same time, the company believed that working from home can be a productive and fulfilling experience.

The company ran an internal communications campaign, sharing tips for remote work, as well as developing a temporary home-office policy - reflecting legal recommendations in this area and providing tips and advice on how to make remote work a more positive experience.

## Employee benefits

AmRest offers a wide range of employee benefits in many categories. The company does not have a global policy in this matter, but it is managed locally to respond to the specific needs of employees in each market.

**Table. Selected employee benefits by category**

Benefit category	Description
<b>Health care</b>	AmRest employees and their families can take advantage of medical care, covering visits to medical centers, an online patient portal, online consultations, e-referrals, e-prescriptions and online access to test results.
<b>Insurance</b>	Comprehensive insurance coverage during domestic and foreign business trips, additional life and accident insurance for employees and family members.
<b>Vouchers</b>	Each AmRest restaurant and office employee in Poland and Czech Republic receives the <b>BonAmpetit</b> discount card that allows them to buy products from AmRest brands in Poland and Czech Republic with a 25% discount. Additionally, a wide range of vouchers and discounts to many different shops are offered for AmRest employees across markets.
<b>Entertainment</b>	Employees can choose from a wide range of coupons, such as cinema or theater tickets, weekend or vacation holidays.

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

## Collective bargaining agreements in Spain and Germany

Collective bargaining agreements or “CBAs” in Spain are detailed, binding agreements negotiated between unions (and/or other employee representatives) and employers’ associations (and/or employers). In Spain, all companies that belong to a specific industry are automatically bound by the rules established in the nationwide CBA.

AmRest in Spain has signed 18 CBAs with different rules to be followed including salary and benefits, work hours, annual vacation planning, job categories, etc.

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

- Sharing internal information channels to ensure that employees are informed of the legal possibilities of conciliation
- Monitoring of the equality plan established by 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.
- Discussions with unions to find new initiatives on a regular basis

The collective bargaining agreement/tariff agreement in Germany is negotiated between union NGG and the employers association BDS. All companies from the food service industry can be part of BDS. If they are part, their company is automatically bound by the rules, but individual contracts are possible as an example for AmRest RST employees.

Additionally AmRest in Germany has signed different agreements with the workers council for bonus, benefits, training, etc. Every agreement which contains better working conditions and payment conditions are allowed by the labor law.

**Table. AmRest Holdings SE employees covered by collective bargaining agreements**

Country	Number of employees
France	4 704
Germany	2 541
Italy	13
Portugal	55
Spain	3 300
Switzerland	179
<b>TOTAL</b>	<b>10 792</b>

**Table. Total number of AmRest Holdings SE employees by country**

Country	2019	2020
Austria	39	48
Belgium	290	143
Bulgaria	442	329
China	2 275	2 110
Croatia	214	154
Czech Republic	7 626	6 638
France	5 145	4 783
Germany	3 363	2 735
Hungary	1 997	2 003
Italy	19	13
Luxembourg	88	91
Poland	16 785	14 180
Portugal	84	55
Romania	749	720
Russia	7 436	6 357
Serbia	315	363
Slovakia	260	213
Slovenia	16	13

Country	2019	2020
Spain	4 430	3 576
Switzerland	152	179
United Kingdom	69	76
USA	1	1
<b>TOTAL</b>	<b>51 804</b>	<b>44 780</b>

**Table. Average annual salary by gender, positioning within organization and segments in EUR, in 2020. The segments are defined in note number 5 of Annual Accounts. Total salary pay gap between men and women by position within the organization. The data represents 95% of employment.**

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

2020		thousand EUR		Gender pay gap
Division	Level	Women	Men	-/+
<b>China</b>	L1	6.0	6.1	-2%
	L2	12.9	13.4	-4%
	L3	17.5	18.0	-3%
	L4	28.1	29.6	-5%
	L5	59.3	59.9	-1%
	L6	-	-	+4%
<b>Western Europe</b>	L1	15.8	17.3	-9%
	L2	23.1	22.6	+2%
	L3	22.5	24.6	-9%
	L4	37.0	38.6	-4%
	L5	59.3	59.7	-1%
	L6	103.7	102.6	+1%
<b>Russia</b>	L1	2.4	2.6	-5%
	L2	4.7	4.9	-5%
	L3	6.5	7.1	-9%
	L4	9.9	11.1	-10%
	L5	25.2	25.0	+1%
	L6	64.7	38.4	+68%
<b>Central Europe</b>	L1	6.2	6.0	+3%
	L2	10.0	10.1	-1%
	L3	12.9	13.5	-5%
	L4	17.4	19.1	-9%
	L5	35.3	37.4	-6%
	L6	66.8	74.3	-10%
<b>Group pay gap</b>				<b>-2%</b> In total women earn 2% less than men.

Group pay gap was calculated using sigma equation:

$$\sum_{X=1}^{n^{\circ} \text{ of work classification}} \frac{\text{Gender wage gap}_x \cdot N^{\circ} \text{ of employees}_x}{N^{\circ} \text{ total of employees}}$$

In 2020 the company collected the data of average annual salaries per gender from all countries, therefore the data are not comparable to NFIS for 2019, in which Sushi Shop markets were not considered. Starting from 2020 AmRest will calculate the gender pay gap each year based on the same data scope.

**Table. Total average annual salary by age in EUR in 2020.**

	thousand EUR
<30	12.1
30-50	19.9
>50	23.3

The Board of Directors compositions as well as the breakdown of the remunerations are set forth in the table below.

**Table. Total annual remuneration of Board of Directors, including variable remuneration, allowances, compensation in 2020.**

Name	Period	Type	thousand EUR
			FY 2020
José Parés Gutiérrez	From 01/01/2020 to 30/11/2020	Proprietary Director, Chairman of the Board	37.5
	From 01/12/2020 to 31/12/2020	Executive Director, Chairman of the Board	
Luis Miguel Álvarez Pérez	From 01/01/2020 to 31/12/2020	Proprietary Director, Vice-Chairman of the Board	37.5
Carlos Fernández González	From 01/01/2020 to 31/12/2020	Proprietary Director	37.5
Pablo Castilla Reparaz	From 01/01/2020 to 31/12/2020	Independent Director	50
Romana Sadurska	From 01/01/2020 to 31/12/2020	Independent Director	50
Emilio Fullaondo Botella	From 01/01/2020 to 31/12/2020	Independent Director	50
Mustafa Ogretici	From 01/01/2020 to 30/06/2020	Independent Director	50
Mónica Cueva Díaz	From 01/07/2020 to 31/12/2020	Independent Director	50
<b>Total</b>			<b>362.5</b>

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.

Exceptionally given the circumstances created by the COVID-19 pandemic, the Board resolved on March 26 to reduce their remuneration by 50% and defer their payment until December 2020.

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

	thousand EUR
	FY 2020
<b>Total Remuneration</b>	<b>4 071</b>
Fixed	2 975
Variable	607
Share based remuneration schemes	489
Other	-
Allowances	-

Managers should be understood as group of person discharging managerial responsibilities (senior management staff who are not executive directors).

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.

Over the course of 2020 only one woman was a member of Executive Team at AmRest. Hence the remuneration by gender will not be provided due to the data confidentiality.

**Table. Total annual remuneration of Managers, including variable remuneration, compensation by age except of share based remuneration**

	thousand EUR
	2020
<30	-
30-50	281
>50	380

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
<b>Disability</b>	992	2%

### Occupational health & safety

Occupational health and safety matters are generally governed by the relevant national laws and not at the organizational level. However, the topic is being monitored by the Health & Safety Committee within the Board of Directors of AmRest Holdings SE.

As part of the management of the topic, each country follows the Occupational Risk Prevention Plan, with an assessment and surveillance of the risk factors that may affect the labor health and labor safety of workers

and ergonomic and psychological factors. In 2020 the company carried out an update of the Plan to comply with current legal requirements.

In 2020 AmRest implemented strict hygiene regime to ensure the highest level of employee health and safety during COVID-19 pandemic. Those applied both to AmRest restaurants but also to delivering orders to the customers (contact-less deliveries).

AmRest is also monitoring the preventive activity and determination of priorities in the adoption of preventive measures, and supervising their effectiveness.

The Group is committed to constantly raising awareness and educating employees in terms of employee health and safety as well as promoting practices helping to maintain the highest level of health and safety in the workplace. The company developed attractive training materials to promote occupational safety and an e-learning scheme to prevent workplace injuries. Additionally, each of AmRest's restaurants is equipped with first aid and emergency plans.

**Table. Information about occupational health and safety in AmRest Holdings in 2020.**

<b>Work-related injuries</b>	men	<b>473</b>
	women	<b>344</b>
<b>Injury rate for employees</b>	men	<b>23.75</b>
	women	<b>13.83</b>
<b>Work-related fatalities</b>	men	<b>0</b>
	women	<b>0</b>
<b>Absenteeism among employees*</b>	men	<b>214 950</b>
	women	<b>476 572</b>
<b>Type of injuries</b>	broken hands and legs; bone fractures; dislocations or sprains or tears; hot water, steam or chemical burns; internal injuries	

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

### **Whistleblowing channel**

At AmRest, open communication is a vital element that delivers valuable insight and helps the company to enhance and protect its employees and business. The **Speak Openly** program delivers on that mission by allowing employees, former employees and other stakeholders 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. The number of potential violations of the Code of Ethics filed by the Speak Openly in 2020 was 72.

AmRest values feedback and is committed to ensuring job satisfaction throughout all diverse brands. The company takes any work-related concerns, complaints or any other matters seriously and resolves them as promptly as possible.

In 2020 the company updated the **Whistleblowing Policy**. The aim of this document is to give guidelines on the whistleblower program, which is designed to remove any barriers that may exist as it relates to sharing and receiving any type of feedback that employees and other stakeholders feel is important.

### **Human rights**

AmRest believes that a responsible business is one that respects human rights. Observing human rights is a foundation of a company's long-term development. Being aware that complying with human rights is the legal duty, the company stresses that conforming to human rights is a standard that follows from AmRest's corporate culture. Respect for human rights governs the internal relations (employees) and external dealings

(e.g. customers, suppliers, local communities). The company does not operate or participate in projects that would infringe on human rights or encourage anybody to do so.

Continuously, in 2020 human rights, corruption and bribery matters have been governed by dedicated policies, explained in a table below. In 2020 there were **no confirmed discrimination instances neither violation of human rights** at AmRest Holdings SE.

**Table. Summary of main AmRest policies in terms of employee-related issues**

Name of the policy	Main objectives
<b>Code of Conduct</b>	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 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.
<b>The Crime Prevention, Anti-bribery and Anti-corruption Policy</b>	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. During the reporting period there were two incidents of employee misconduct with financial implications reported. One is still under investigation.
<b>Diversity Policy</b>	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.
<b>The Whistleblowing Policy</b>	Indicating ways of reporting wrongdoing in the organization, including cases of potential human rights abuses.
<b>Social Media Policy</b>	The increasing popularity of social media and new communications tools create challenges pertaining to the protection of AmRest's property rights, good name and reputation. The document presents rules and recommendations to follow when it comes to all currently available and future social media platforms and communications tools.
<b>Gender Policy</b>	The global framework that 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.

## SOCIAL ISSUES

AmRest strengthens and promotes social engagement, creating both the space and opportunities for the employees to participate in initiatives that benefit local communities. As a responsible business, the Group helps to solve important social issues in the closest environment. AmRest's involvement takes different forms and concerns different types of social support, yet it always is in line with the company values.

In 2020 despite all the challenges the restaurant industry had faced, the company continued to support local communities (including medical services) and fight the food waste on a big scale.

The social engagement of AmRest Holdings SE in 2020 was 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**.
- 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 2020 AmRest Holdings SE donated 188 278EUR on social causes.

**Table. Expenditure on social causes by country**

Country	thousand EUR
China	18 705
Czech Republic	1 144
Germany*	85 814
Poland	12 775
Romania	18 441
Russia**	51 399
<b>TOTAL</b>	<b>188 278</b>

\*- The main beneficiary was the WWF.

\*\* - The main beneficiary was the Opening Horizons Foundation.

### Global support for medical staff

In 2020, AmRest engaged in helping local communities around the world during the COVID-19 pandemic by donating meals for medical staff working in hospitals and ambulance stations. As a result, over 60 000 meals and 60 000 cups of coffee were donated by AmRest brands.

The biggest support was performed by KFC, Pizza Hut, Burger King and Starbucks in Poland. The brands in March joined forces with **#WzywamyPosilki** initiative (**#MealsOnCall**), which established the coordinator network for the whole country. This provided regular, direct help for medics' needs, with each coordinator contacting hospitals in their area and organizing meals. AmRest responded to those needs by sharing 40 000 meals in two months.

Additionally, the Pizza Hut brand supported social welfare homes in June, offering free meals for the staff and residents, delivering a total of 2000 meals (soups, pizzas, desserts) to those in need.

AmRest's participation in the #MealsOnCall initiative has been recognized by The PepsiCo Foundation, which granted the company \$65 000 for the purpose of supporting medical staff.

**Table. Selected medical staff support initiatives across markets**

Country	Brand	Initiative
<b>Czech Republic</b>	KFC, Pizza Hut, Burger King, Starbucks	Support for the Integrated Rescue System (medical services, firefighters, police)
<b>Spain</b>	La Tagliatella, KFC, Bacoa, Blue Frog	Delivering free meals to hospitals and police stations in Spain
<b>France</b>	Sushi Shop, Pizza Hut, KFC	Joint support of AmRest and its franchisees for medics
<b>Russia</b>	KFC, Pizza Hut	Delivering meals to hospitals



In 2020 **AmRest**, as a strategic partner, continued to support SIEMACHA Spot Wrocław, an educational space for children, where they can develop their passions and gain new experiences. Due to the COVID-19 pandemic the company organized culinary workshops online via Facebook.

In 2020, AmRest also ran an innovative program supporting NGOs in Poland – AmHero. 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

**Food waste prevention**

Food waste prevention is a main point of AmRest social engagement. By tackling food waste, the company is at the same time reducing its impact on the environment and, through the Harvest initiative, supporting local communities.

In 2020 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 2020 Harvest operated across KFC restaurants in Poland, Hungary, Serbia and Spain and in Pizza Hut restaurants in Poland. AmRest also donates the surpluses from its warehouses in Poland and Spain. Overall, Harvest donations in 2020 exceeded food worth over 925 000 EUR in total. At the beginning of 2020, Burger King in Poland joined the scheme.

**Table. Harvest: key figures (2020)**

	Total	KFC	Pizza Hut	BK	Warehouses
Amount of food donated (kg)	<b>160 355</b>	134 398	3 438,5	1 167	21 352
Value of food donated (thousand euro)	<b>925</b>	745	9	13	159
No. of participating stores	<b>362</b>	319	13	30	-
No. of participating markets	-	4	1	1	2



**Table. Harvest by country and brand**

HARVEST at AmRest	No. of participating KFC restaurants	No. of participating Pizza Hut restaurants	No. of participating Burger King restaurants
Poland	243	13	30
Spain	27	-	-
Hungary	38	-	-
Serbia	11	-	-
<b>TOTAL</b>	<b>319</b>	<b>13</b>	<b>30</b>



### Too Good To Go

**Too Good To Go** is a 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, a restaurant can sell it via the app. In 2020 the scheme covered 75 Sushi Shop stores, 149 Pizza Hut restaurants in Poland and 191 Starbucks coffee houses. In total over 232 000 of surprise boxes were saved.

In September 2020 AmRest joined forces with Too Good To Go to run a national educational campaign in Poland (**'1/3 of food is being wasted. Save it!'**) that was aimed at raising awareness of the food waste issue.

**Table. Too Good To Go in Europe: key figures**

	Total	Sushi Shop	Pizza Hut	Starbucks
No. of meals saved	<b>232 502</b>	93 366	34 914	104 222
No. of equity stores	<b>415</b>	75	149	191
No. of markets	-	6	1	2
Tonnes of less CO <sub>2</sub>	<b>580</b>	233	87	260

### Other food waste prevention programs across markets

**Sobras!** allows users to purchase the surplus food at a discounted price, in their usual quality, from restaurants in the neighborhood. The app was available in Starbucks coffee houses in Hungary from December 2020.

**Nesnězeno** attempts to eliminate wasting food by presenting stores and restaurants to sell leftover meals before expiration or the end of business hours via a mobile app. The solution will be implemented in Starbucks coffee houses in Czech Republic in Q2.

### Membership in organization

AmRest uses its scale to share the best practices among industry leaders in many countries. That is why the company actively participates in many local industry organizations, verifying and consulting the local legislation, encouraging the development of innovations and sharing its experience with other industry representatives. Total amount of money paid as membership fees is EUR 215 574.

**Table. Membership of industry organization**

<b>Country</b>	<b>Name of the organization</b>
<b>China</b>	Shanghai GiftCard Association
	Shanghai JinQiao Economic and Technological Development Zone Enterprise Association
	Shanghai Pudong Foreign Investment Enterprise Association
	Shanghai Catering and Cooking Industry Association
<b>Croatia</b>	Croatian Chamber of Economics
<b>Czech Republic</b>	International Facility Management Association
<b>France</b>	SNARR (National Professional Restaurant Union)
<b>Germany</b>	Bundesverband Systemgastronomie (The Federal Association of the System Catering)
	Industrie- und Handelskammer (Chamber of Commerce and Industry)
<b>Hungary</b>	Chamber of Commerce
<b>Russia</b>	Saint-Petersburg Chamber of Commerce and Industry
<b>Poland</b>	Związek Pracodawców Hoteli, Restauracji i Cateringu (Association of HORECA Employers)
	Young Presidents Organization
	Association of Chartered Certified Accountants
<b>Poland</b>	Polska Rada Centrów Handlowych (Polish Council of Shopping Centers)
	The Chartered Institute of Management Accountants
	American Chamber of Commerce
<b>Romania</b>	HoRa Organizația Patronală a Hotelurilor și Restaurantelor din România (Association of Hotel and Restaurant Employers)
	Asociația "Centrul Vechi" (The Old Town Association)
<b>Spain</b>	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)

## KEY NON-FINANCIAL FACTORS

List of noteworthy events of 2020:

1. Appointment of the Executive Chairman of the AmRest Group:
  - On 1 December 2020 AmRest has resolved to appoint Mr. José Parés Gutiérrez, current Chairman of the Board of Directors and of its Executive Committee, as new Executive Chairman of the AmRest Group. The Executive Chairman will be delegated all the powers that correspond to the Board of Directors except those that are non-delegable by virtue of the current legislation, the Bylaws and the Regulations of the Board of Directors of AmRest.
2. Changes within the Board of Directors and Executive Team of AmRest Holdings SE:
  - On 1 July 2020 AmRest announced the resignation presented by the director Mr. Mustafa Ogretici and the appointment of Ms. Mónica Cueva Díaz, as an independent director, approved on the same day by the Board of Directors. As a result, **the Board of Directors of AmRest Holdings SE currently consists of two women and five men.**
  - In September it was announced that Malena Pato Castel, Chief Operations Officer Equity Brand and a Member of the Executive Team, has decided to leave AmRest. As of 31 December 2020 the Executive Team consists of eight men.
3. Signing the first Pizza Hut franchise agreement in Poland, following the master-franchisee agreement with Yum! Brands. As a result, on 22 October 2020 the sub-franchisee opened Pizza Hut restaurant in the newly built shopping mall Galeria Wiślanka in the Southern Poland city of Żory.
4. Strengthening its presence in the **online and delivery segment** by adding a couple of new virtual brands to the Company's portfolio. In addition, the Company launched an innovative concept called Food About which enables consumers to order products from various virtual brands in one delivery.
5. Establishing the **Sustainability Committee**, which consists of the Chief Executive Officer, Chief Development Officer, Chief Operations Officer, Chief People Officer, Food Services President and Brand Reputation Director. Main objectives of Sustainability Committee:
  - To oversee and provide guidance on the management of the social, ethical and environmental impact of the business;
  - To review and approve strategies and policies on social, ethical and environmental issues;
  - To identify opportunities to promote the corporate image and potential threats to corporate reputation in the above mentioned areas;
  - To identify opportunities in which Corporate Responsibility and Sustainability can help improve the effectiveness, profitability and prospects of the business;
  - To review, approve and monitor progress of CSR/Sustainability projects and related budgets;
  - To agree on and monitor Corporate Responsibility/Sustainability KPIs.

### 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 zero tax as a result of settling losses from previous years.

**Table. Profits earned by country**

Country	Profit/(loss) before tax	thousand EUR
Austria		(18 255,5)
Belgium		(689 357.9)
Bulgaria		404 221.7
Croatia		(287 255.5)
Czech Republic		4 924 469.8
China		4 452 298.4
France		(43 577 185.6)
Germany		(44 529 494.6)
Hungary		302 424.3
Italy		(7 099.9)
Luxembourg		(417 036.1)
Malta		(29 934.2)
Netherlands		(451 897.1)
Poland		(68 469 364.4)
Portugal		(1 004 922.5)
Romania		(2 633 978.5)
Russia		(1 835 838.9)
Saudi Arabia		120 020.6
Serbia		(748 564.5)
Slovakia		(1 210 178.4)
Slovenia		(425 563.2)
Spain		(26 854 821.5)
Switzerland		300 847.2
UK		939 264.0
United Arab Emirates		554 515.2
USA		(713 853.4)

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
Czech Republic		4 342 293.1
China		1 232 075.4
France		947 346.3

Country	Income taxes paid (unearned)	thousand EUR
Germany*		523 789.3
Hungary		2 167 800.3
Poland		5 072 338.4
Russia		1 456 076.4
Slovakia		22 146.1
Spain		371 235.6

\*- Tax paid for 2015 (pre-acquisition tax liabilities)

The above data differ to income tax line in the consolidated income statement. Income tax line in consolidated financial statements includes both the 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.

### Public subsidies received

For the main markets of operation the Group has filled the following programs in the area of labor costs:

#### ■ Spain

In accordance with the provisions of article 47 of the Workers Statute, in relation to Royal Decree 1483/2012 and article 22 and 23 of Royal Decree-Law 8/2020, as well as Royal Decree-Law 30/2020, AmRest companies in Spain have filed before the Spanish labor authority a Temporary Employment Regulation File (Expediente de Regulación Temporal de Empleo or "ERTE"). The ERTE covered 3 288 employees. Under the ERTE, the employees remain employed with AmRest with suspended salary and at the same time receive unemployment benefits from authorities of up to 70% of their normal salary. One Spanish entity, The Grill Concept, S.L.U. declined to extend the Temporary Employment Regulation (ERTE) in September. As of 31 December 2020 the ERTE covers 591 employees.

#### ■ Poland

Under the Act on special solutions related to the prevention and combating of COVID-19, other infectious diseases and crisis situations caused by them of 2 March 2020 (Journal of Laws of 2020, item 374), the following measures were taken, effective in the period 7 April – 6 July 2020, with respect to 4 050 employees of AmRest Polish companies:

- introduction of reduced working hours and salary by 20% (2 897 employees),
- introduction of economic downtime (3 936 employees),
- application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits to co-finance the remuneration of employees affected by economic downtime or reduced working hours as a result of COVID-19.

In the period 1 August – 31 October 2020 following measures were taken: application for compensation for the protection of workplaces from the funds of the Fund of Guaranteed Employee Benefits to co-finance the remuneration of employees affected by economic downtime (August 3 736 crew employees, September 3 628 crew employees, October 3 747 crew employees).

From 1 December 2020 following measures were taken: application for compensation for the protection of workplaces from specific industries - Fund of Guaranteed Employee Benefits, article 15gga (December 309 crew employees, 247 managers in stores, 33 RST employees). Applications are continued in January and February 2021.

#### ■ France

Introduced "partial activity" technical unemployment government program for 4 188 employees (Sushi Shop, KFC, Pizza Hut). Employees were partially or 100% unemployed by the Companies. With

the suspension of the employment contract the gross salary was maintained at 70% and 100% for minimum salary. The employee social security contributions were also reduced, allowing the employees to receive 84% of net salary (or 100% for those who perceive the minimum salary). The government reimburses 100% of the salary paid to employees in partial activity. The program started from 15 March and is maintained until the end of the year in the same condition. Restaurants continue to use it on rotating employee basis, especially during the second confinement (15 October to 15 December 2020). Refunds requests are in progress. Companies have one year to request the reimbursement.

- Germany

Reduced working hours (Kurzarbeitergeld) salary government reimbursement program has been introduced effective on 1 March 2020 for approx. 3 000 employees. The government reimburses 60% of the employee's net salary and social contributions. In the period July - September 2020 the companies stopped meeting the conditions but after the second wave of restrictions started in Q4 2020 the companies applied for the next governmental help beginning of November 2020. The government reimburses now 60-87% of the net salary and social contribution depending on the individual situations. The reimbursement is based on not worked hours as compared to the contract hours. The company pays the difference up to 90% of the average salary before March 2020.

- Czech Republic

The companies have applied for the government aid under special COVID-19 regulations. There were two separate programs:

- employees on downtime between 13 March and 31 May 2020: 80% of salary and social contribution reimbursed by the government (1 600 employees covered),
- employees with 40% reduction of working hours between 13 March and 31 May 2020: 60% of salary and social contribution reimbursed by the government (80 employees covered).

Both programs were extended until the end of February 2021. Governmental help for the period June – September was not material as not many employees were on downtime. During the second wave of restrictions (October – December) the companies applied for governmental help in the amount of EUR 1.55 million.

Similar actions are also taken on other markets. The Group has applied for support programs offered by each country's government, in the form of reimbursement of labor costs, and introducing internal actions, such as shortening of working hours or technical unemployment.

Group's policy is to present government grants related to income as other operating income.

For 12 months period ended 31 December 2020 Group has recognized government grants for payroll costs (EUR 21.6 million) and social contribution (EUR 7.9 million). The total amount of EUR 29.5 million has been recognized as other operating income. The above government grants are in a form of waived social security payables (EUR 3.7 million) and cash grants (EUR 25.8 million, out of which EUR 5.1 million as of 31 December 2020 was not received yet).

In August 2020 entities operating in Czechia applied for a government program called COVID Najem, providing the government grants for rent costs (grant limit CZ 20 million per entity). For 12 months period ended 31 December 2020 Group has recognized government grants for rent costs in the amount of EUR 1.7 million as other operating income.

Granting of the grant by governments is in some cases associated with requirements to keep the agreed level of workforce for agreed period. As of 31 December 2020 the Group does not expect that such conditions would not be met, therefore there are no material unfulfilled conditions or other contingencies attached to government assistance that has been recognized.

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