



SUSTAINABILITY AT KOTIPIZZA | 2019

ALL WORK IS WORK FOR SUSTAINABILITY

ACHIEVEMENTS IN SUSTAINABILITY GIVE US NEW DIRECTION.

"Making the world a better place, one pizza at a time" has been Kotipizza's mission for a long time. In practice, it means that we understand the impact of our entire value chain on the economy, people and the environment and take this into consideration in our decision-making. Key actions are investing in a positive impact and minimising the negative. Pizza operations should benefit not only us working for Kotipizza but also the general society and the environment. For consumers, this is reflected first and foremost in the fresh, responsible Finnish ingredients, safe food and sustainable choices.

THE TURN OF THE DECADE offered us a great opportunity to think about what our mission could mean in the future. The bar for sustainability must be raised higher and higher. The goal was to find out what our stakeholders expect from us

and how the chain's sustainability work should be developed in the next few years to ensure continued support for sustainable development and successful business.

OVER THE COURSE of 2019, we collected insight from consumers, customers, franchisees and their employees as well as the staff and partners of Kotipizza Group. At the same time, we surveyed the global trends of sustainability work in the food industry as well as in overall corporate life. Our work with stakeholders strengthened our resolve that the company's duty is to solve social issues.

BASED ON our findings, we assessed the key themes in Kotipizza's corporate social responsibility based on their significance to our stakeholders as well as their financial, social and environmental importance outside the chain and its stakeholders.



We also considered the issues we can influence the most through our actions.

AS A RESULT, we created the Kotipizza sustainability programme for 2020–2025. The main themes include a happy workplace, climate-friendly operations and high-quality, sustainably produced food, the origin of which we know thoroughly. The programme increasingly emphasises the purpose of pizza operations especially for employees, the development of franchising and leadership, circular economy and promoting human rights. We also aim to set even clearer, measurable goals for our work and to measure and report them in detail.

WHILE PLANNING future goals and efforts, Kotipizza has also carried out work for sustainability. To tackle climate change, the company's full-menu restaurants started to sell surplus food. The chain also launched a project to measure the carbon footprint of pizza products in cooperation with the restaurants, suppliers and other partners. The goal is to use the information to reduce emissions and offer the customers tools for more informed purchase decisions. The project continues in 2020.

CLOSER COOPERATION with franchisees and restaurant staff was one of the most important targets of development. The franchisees and their employees are experts in everything that goes on in the kitchen and know best what correct and responsible operations look like.

ALL THE work in our restaurants is sustainability work, every day. Our cooperative efforts will make this more tangible for all Kotipizza employees and communicate it better to the customers. In a survey conducted by the chain, the franchisees felt that the significance of sustainability in their business operations keeps increasing and that the customers are increasingly interested in sustainability.

MAKING THE WORLD a better place, one pizza at a time has not quite gone as planned in 2020. In the spring, Kotipizza faced perhaps the greatest challenge in its history in the form of the COVID-19 pandemic. During these exceptional circumstances, our priority has been to protect the employees and customers of Kotipizza against the risk of infection and to remain an everyday

support and joy for Finns. The pickup and delivery service has functioned safely and reliably in our restaurants throughout the crisis, as always. Our love of food, sustainable values and desire to build success together have driven Kotipizza for 32 years and will continue to do so in this new era.

In this changing world, creating faith in the future has never been more important. Faith in our ability to tackle the climate crisis. Faith in the availability of work and livelihood in a sustainable manner that supports well-being. Faith in a future where high-quality and sustainably produced food can be eaten with a good conscience.

FAITH ALONE is not enough. It is our duty and desire to make these goals a reality. We will continue our work in line with the updated sustainability programme, aiming towards carbon-negative operations that help people and support more conscious consumption. In the short run, this means efforts such as developing a sustainable delivery service, waste management and working conditions in the restaurants. We will continue communicating the progress and setbacks of this work openly.

FUTURE THEMES IN SUSTAINABILITY

STAKEHOLDERS SPOKE, WE LISTENED.

Over the course of the year, we collected insight from some of our key stakeholders through interviews and surveys. Our stakeholders include customers, consumers, Kotipizza franchisees and their employees, the staff of Kotipizza Oyj and Kotipizza Group, our parent company Orkla ASA, suppliers, competitors and the media. They identified areas through which sustainability is and must be realised in the operations of a pizza chain.

THEMES MOST important to the stakeholders and having the greatest current or potential impact on people, the environment or the economy, were selected as part of the chain's updated sustainability programme. It has been developed around the UN Sustainable Development Goals that are strongly promoted as part of Kotipizza's sustainability work.

FOCAL POINTS FOR SUSTAINABILITY WORK IN THE FUTURE

CLIMATE AND ENVIRONMENT

Emissions and carbon footprint, recycling, food waste, circular economy, biodiversity



SUSTAINABLE SUPPLY CHAIN

Safe and sustainable ingredients, local food, sustainable and audited production, transparency and knowledge of origin, human rights, sustainable products and product development, nutritional content and impact on well-being

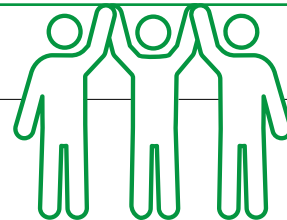


PIONEERSHIP

Product quality, tools for sustainable consumption, documentation and reporting, corporate activism

GREAT WORKPLACE AND CORPORATE CULTURE

Ethical business, compliance and equality, developing franchisees, employer image and purpose, occupational health, safety and well-being, better leadership and franchising, employment



KEY ACTIONS OF THE YEAR

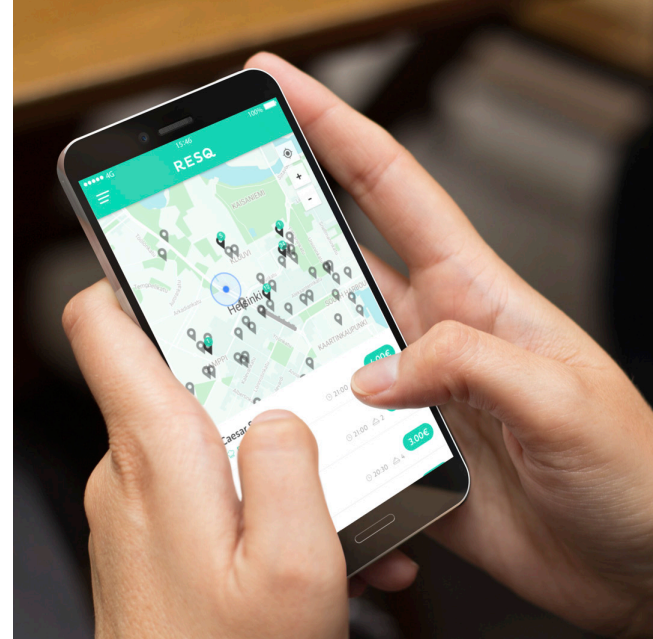
FOOD DOESN'T BELONG IN THE TRASH, IT BELONGS IN RESQ CLUB

WE ALL make mistakes in the kitchen every now and then. A pizza may have a wrong topping, it may slightly rip or burn in the oven or the shape may turn out wrong. Occasionally, we may have a surplus of high-quality ingredients due to fluctuation in demand or limited shelf life. Together, these amount to up to 75% of food waste in Kotipizza restaurants. It is important to reduce waste as it causes a considerable share of global greenhouse gas emissions and aggravates climate change.

IN THE autumn of 2019, nearly 190 of our full-menu restaurants started using the ResQ Club mobile app to sell surplus food and drinks. Consumers can buy a pizza made with the wrong recipe or made of surplus ingredients at a discount. By the end of the year, the restaurants had sold nearly 9,000 surplus pizzas.

SALES OF surplus food have enabled the restaurants using the app to cut food waste by about three quarters. A rough estimate suggests that, in 2019, this translated into the reduction of 5,000 kg of biowaste and nearly 28,300 kg of climate emissions. Using the app also supports the finances of the restaurant as food wasted means money wasted. Moreover, it allows the employees to do good for the environment and turn their mistakes in the kitchen into profit.

THE CUSTOMERS have welcomed ResQ Club with open arms. In the app, the restaurants received more than 3,800 pieces of positive customer feedback, and nearly 40 restaurants received the Best of ResQ recognition based on high customer satisfaction. According to market research, selling surplus food also had a positive impact on Finnish consumers' image of Kotipizza as a sustainable brand.



IN ADDITION to selling surplus food, the chain also continued its other efforts to reduce food waste. During the year, we reviewed packaging sizes, the selection of ingredients and storage, among other things. This work will continue by developing waste management at the restaurants and educating franchisees and employees in terms of processes, pizza-making and environmental themes.

PIZZA BOX MADE OF SUSTAINABLE WOOD

IN 2019, the Kotipizza pizza box became FSC certified. This means that the wood fibres used as the material for the box come from sustainably grown forests. Founded in 1993, the Forest Stewardship Council (FSC) promotes sustainable and financially viable forestry around the world.

THE MATERIALS for the boxes, from corrugated cardboard to the printing ink, are environmentally friendly and manufactured in Finland. The box can be sorted as cardboard, burned or composted. The box has been designed to keep the pizza crunchy and it folds into a storage container for leftovers, helping reduce food waste.

SUSTAINABLE PACKAGING design is one of our ways of promoting circular economy in restaurant operations. For example, the dippable chicken and cauliflower containers and lids introduced in 2019 are biodegradable and can be sorted as biowaste. We plan to continue developing our food and ingredient packaging in an increasingly sustainable direction with our partners.



SUPERSEITAN, THE HERO OF HUNGRY MOUTHS

IN THE summer of 2019, we added the vegan Superseitan pizza in the Kotipizza selection. It is the first completely vegan on-the-menu pizza in the history of the chain. Superseitan includes seitan, a plant-based protein made of wheat gluten, yellow banana chili, bell pepper and vegan garlic mayo. In 2019, the popularity of vegetarian products showed steady growth. Superseitan became an instant hit, and the other meat-free pizzas, such as Mozzarella, became more and more popular.

WE ARE committed to offering consumers vegetarian, vegan and other climate-friendly products to support their sustainable choices. Not everyone wants to go 100% vegetarian, and not everyone needs to. What is important is that the selection also includes delicious plant-based options. We plan to invest in them in the future as well.

SUSTAINABILITY IN FIGURES

WE CUT BACK



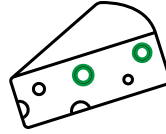
5,000 KG OF BIOWASTE

76% OF FRANCHISEES
WOULD RECOMMEND



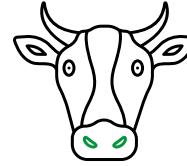
KOTIPIZZA FRANCHISING TO
THOSE INTERESTED

MORE THAN 70%
OF OUR INGREDIENTS



WERE OF DOMESTIC ORIGIN

100% OF OUR MEAT



COMES FROM FINLAND

11 KOTIPIZZA EMPLOYEES
COMPLETED



A VOCATIONAL DEGREE
THROUGH OUR TRAINING

WE RAISED MORE THAN
EUR 10,000



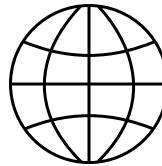
FOR THE NENÄPÄIVÄ
CHARITY CAMPAIGN

WE INTRODUCED
THE 1ST VEGAN PIZZA



ON OUR MENU

22% OF CUSTOM PIZZAS SOLD
IN THE ONLINE STORE



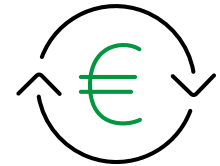
CONTAINED NO MEAT

WE EMPLOYED
MORE THAN



2,000 PEOPLE

WE PAID
100%



OF TAXES TO FINLAND

SUSTAINABILITY IS BASED ON VALUES

KOTIPIZZA GROUP SUPPORTS THE WORK OF THE CHAIN.

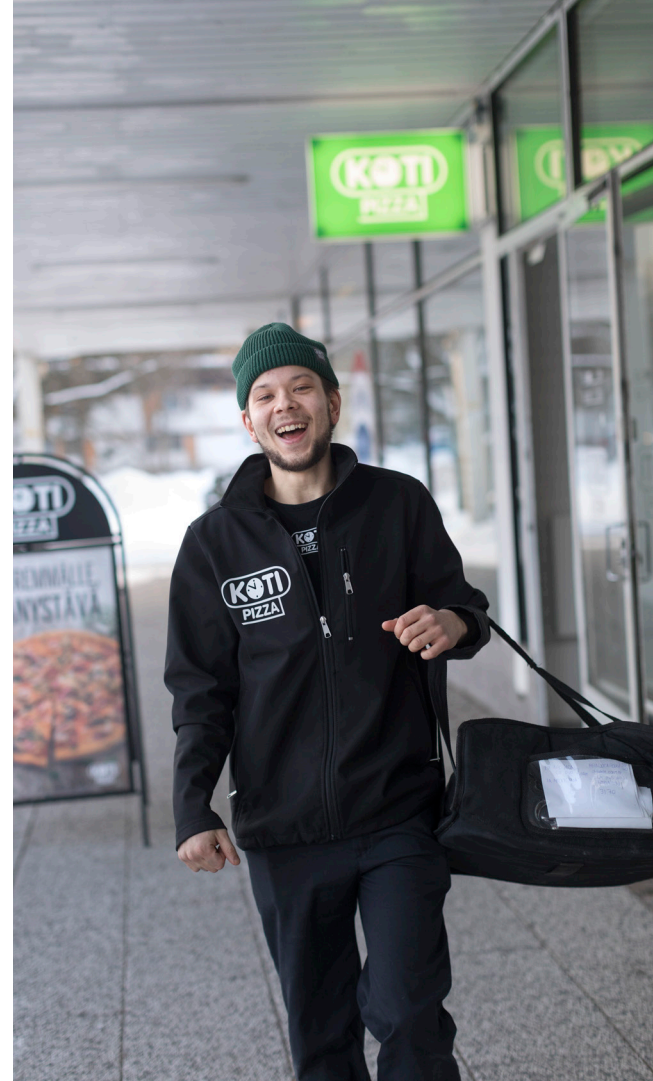
Kotipizza wants to make the world a better place, one pizza at a time. This is ensured by the values that our people share: love what you do, desire to experiment, will to succeed. Together. We have these sustainable values in common with Kotipizza Group. The Group is the home of fast casual restaurant chains and specialises in the development of sustainable restaurant concepts.

SUSTAINABILITY WORK in the Kotipizza chain is part of the value-driven CSR of Kotipizza Group. In its operations, investments are directed at sustainably and financially impactful measures that create value for the financial result, society and the environment. The creation of value is based on using natural resources as sustainably as possible and cooperating with our stakeholders. This translates into positive capital that is shared

with our supply chain, franchisees and their employees as well as our customers and the Group's personnel.

THIS PRINCIPLE of value creation is reflected in, for example, our commitment to continuously increase the use of domestic ingredients. Local sourcing means shorter distances in transport, which makes it easier to monitor suppliers and reduces emissions. The revenue stays in Finland, which creates more jobs in the country. Our customers appreciate and draw pleasure from local ingredients. Our franchisees love selling products that they can be proud of and that make their customers happy.

THE CHART on the next page presents the different types of value created for our stakeholders as part of the Group's sustainability work.





Founded in 1987, Kotipizza is the largest pizza chain in the Nordic countries and one of the most well-known restaurant brands in Finland. The chain consists of about 290 restaurants managed by nearly 300 independent franchisees around Finland. The restaurants are the workplace of more than 1,700 Kotipizza employees from bakers to drivers. Our mission is to make the world a better place, one pizza at a time.

Kotipizza Oyj 2019

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Learn more about Kotipizza's sustainability work on our website at kotipizzagroup.com.