

The background of the image is a close-up, top-down view of a dense field of microgreens. The leaves are small, bright green, and have a distinct heart or clover-like shape. They are packed closely together, with some stems visible. The lighting is even, highlighting the texture and color of the plants.

SUSTAINABILITY AT KOTIPIZZA | **2020**

WE'RE WITH THE GOOD ONES

THE SIGNIFICANCE OF SUSTAINABILITY WAS UNDERScoreD DURING COVID-19.

THE YEAR 2020 was an exceptional period in Kotipizza's history, which stretches back over 30 years. In the spring, pizza restaurants came face to face with a new reality when the COVID-19 pandemic reached Finland and changed the way people work. Right from the early days of the pandemic, it was clear that the highest priority in the day-to-day operations of restaurants and in the management of chain operations was to protect customers, employees and partners from the risk of infection. Consequently, a great deal of emphasis was placed on the themes of health and safety in the chain's sustainability efforts.

The safety measures implemented by Kotipizza restaurants are based on strict compliance with the guidelines issued by the authorities as well as industry-specific recommendations. During the COVID-19 pandemic, we further enhanced our restaurant self-monitoring activities, hygiene standards and cleanliness. Additional safety precautions were introduced in raw material handling, storage and transport operations, for example. Face masks and visors became standard equipment and hand sanitiser was used even more actively. Customers' actions inside restaurants were subject to detailed guidance to help them do their part to maintain safety. The safety measures were taken into account in employee training and communications with the restaurants.



A 24-HOUR telephone hotline was also established for use by all Kotipizza franchisees and employees to provide answers to questions related to COVID-19. The topics of concern ranged from the correct use of personal protective equipment in restaurants to ensuring adequate safe distances in areas used by customers as well as quarantine practices in cases of suspected infections. The prolonged uncertainty about the future has caused stress for franchisees and employees. The chain has made efforts to support their ability to cope with the situation through regular communication as well as social events on digital platforms.

The chain's actions were also guided by the aim of supporting Kotipizza franchisees' business and its continuity in the difficult market conditions. Takeaway and delivery services functioned safely and reliably in our restaurants throughout the crisis, as always. The functionality of these services was developed further through various digital solutions and improvements to the chain's online store's usability. Dining in at the restaurants was enabled through diligent safety measures whenever the restrictions imposed by the authorities allowed it. Especially during the

restaurant closures, interaction with customers was maintained through nationwide marketing, as well as campaigns aimed at lifting people's spirits, on the restaurants' and the chain's social media channels.

OUR LONG-STANDING EMPHASIS ON SUSTAINABILITY HAS INCREASED OUR RESILIENCE AGAINST CRISES.

IN SPITE of the pandemic, we have persevered and kept our restaurant operations going to serve as a source of support and joy in people's daily life. This is something we feel very proud of and grateful for. Many companies in our industry have not been as fortunate. We believe that our long-standing emphasis on sustainability has increased our resilience against crises. Our love of food, sustainable values and the desire to build

success even helped our restaurants break sales records, recruit new employees and expand to new locations.

WE ALSO wanted to pay our good fortune forward. In spring 2020, we worked together with the Deaconess Institute to distribute pizzas to low-income families and other groups that have suffered from the impacts of COVID-19, including the homeless, people with developmental disabilities and children and young people in difficult life circumstances. Kotipizza restaurants delivered more than 1,900 pizzas to people in isolation across Finland. Enjoying meals together provided much-needed breaks from the tedium of daily life. At the end of the year, we also donated funds to Mieli Ry to support its efforts related to mental health issues exacerbated by the pandemic.

COVID-19 complicated the implementation of sustainability projects because safety considerations forced us to minimise restaurant visits and face-to-face meetings with Kotipizza franchisees and employees. Nevertheless, we continued our efforts geared towards more sustainable pizza to the extent that we could in 2020.

THE PRINCIPLES of sustainable development took on an even more central role when we updated the chain's business strategy for the period 2021–2023. We defined our new mission as “to be with the good ones”. In practice, it means that even though we cannot solve all of the world's problems, we still want to do our best. We will achieve this goal by looking after the people around us, minimising our carbon footprint and insisting that our partners also bear their share of the responsibility. We want to be proud of all of our partners and Kotipizza franchisees and employees. We also want them, in turn, to be proud of our impacts on the economy, people and the environment throughout the value chain.

Our strategy – “We're With the Good Ones” – places even more emphasis on the purpose of the pizza business, climate-friendly operations, ethical sourcing and knowing exactly where our food comes from. In our strategy, we also set even clearer targets for our sustainability efforts, such as carbon neutrality for Kotipizza's food products by 2030. We will aim to measure and report on aspects such as the progress of our climate efforts, the positivity of our restaurant workplaces and

Kotipizza's employer image in more detail than before.

IN ADDITION to updating the strategy, cooperation between the restaurants and the chain also led

**EVEN THOUGH WE CANNOT SOLVE
ALL OF THE WORLD'S PROBLEMS,
WE STILL WANT TO DO OUR BEST.**

to other sustainability efforts that are discussed in more detail in the other sections of this report. Examples of our activities in 2020 included campaigning to help other restaurant industry operators cope with the crisis, campaigning to promote girls' rights and working life skills, developing attractive vegetarian and vegan products and introducing a new range of more sustainable workwear across our restaurants.

AT THE time of publishing this report, the duration of the COVID-19 pandemic and its impacts on not only Kotipizza but also Finnish society as a whole are still unknown. One thing we can anticipate is that consumers' buying behaviour will increasingly shift online and towards the use of food delivery services. In the future, this will influence the focus of the chain's sustainability efforts with regard to the security of digital buying and green delivery service, for example. As a result of the pandemic, there is a pool of competent potential recruits in the labour market. We can offer them meaningful work and learning paths in good company.

OUR EXPERIENCES during the COVID-19 pandemic further strengthen our view that, in this changing world, it is more important than ever to create faith in a better future and in companies' ability and willingness to solve problems in society. Guided by our new strategy, we will continue our journey towards carbon-neutral pizza, sustainable and fair food supply chains and positive workplace communities. By taking responsibility for these aspects, we will be with the good ones.

THEMES IN SUSTAINABILITY

SUSTAINABILITY PROGRAMME SHOWED US THE WAY THROUGH COVID-19.

IN 2019, we surveyed the views of Kotipizza's key stakeholders – including customers, consumers, franchisees, employees and suppliers – regarding the aspects through which sustainability is realised and must be realised in the operations of a pizza chain. Based on the findings, we developed our current sustainability programme and decided on its material themes. They are closely linked to the UN Sustainable Development Goals, which we use as a long-term benchmark for Kotipizza's operations.

We continued our efforts in line with the key themes outlined in the programme even during COVID-19 in accordance with the principle of continuous improvement. In 2020, our primary focus was on laying the groundwork for future projects. Implementing projects fully was not possible during the exceptional circumstances due to the restrictions on face-to-face meetings with Kotipizza's franchisees, employees and stakeholders. Our activities

during the year included exploring the practical requirements for using electric vehicles for delivery services, increasing our recycling rate and making use of renewable energy at our restaurants. The valuable pilots we conducted during the year will enable us to accelerate our sustainability efforts once the pandemic abates.

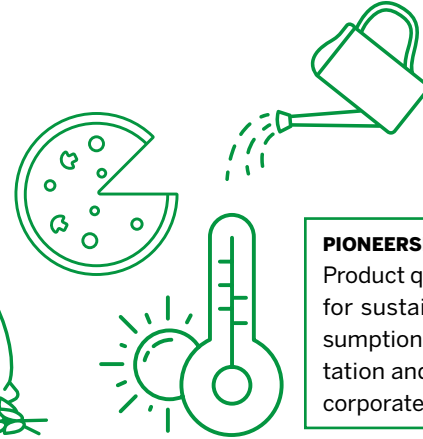
CLIMATE AND ENVIRONMENT

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

EQUALITY IN FINLAND AND AROUND THE WORLD

KOTIPIZZA HAS worked together with Plan International Finland since 2016. The aim is to promote societies where girls and women have the opportunity to participate in working life and decision-making. When girls are educated, they are better equipped to develop solutions to the climate crisis and other problems in society, for example. Equality makes the world a better place.

On the International Day of the Girl, 11 October, we organised a campaign to remind people about the discrimination that girls face around the world due to their age and gender. At the same time, the campaign celebrated the power of girls and women. Three young female restaurant employees took charge of Kotipizza restaurants in Turku and Hämeenlinna for the day. In the role of the franchisee, they learned about things such as accounting, customer communications, product quality development and employee training.

The videos shot during the campaign attracted attention in the chain's social media channels and stimulated discussion on girls having an equal right to choose their line of work and pursue entrepreneurial career paths. The Kotipizza chain has several successful female franchisees, restaurant managers and future talents of the pizza business.

In 2020, we expanded our cooperation with Plan International by supporting Smartup Factory activities in Uganda and Ethiopia. Their objective is to bridge

in the digital gap between genders by teaching young people and young adults – especially girls – about topics such as technology, life skills, entrepreneurship and leadership. This is important because finding employment often depends on these competencies.

MEN AND boys typically have easier access to technology. At schools, the few computers that are available tend to be used by boys, and it is not always safe for girls to practise using a computer in an internet café, for example. Globally, girls are also more likely than boys to experience harassment and hate speech online.

Crossing the digital divide is difficult for girls because, in developing countries, their position in society is often weaker. Girls tend to be responsible for household chores. The time they spend on chores is time they cannot spend on studying.

At centres, young people, regardless of their gender, get to use technology and get educated as application developers, for example. Smartup Factories have given girls the opportunity to get an education and a career. Their participation in the digital world also prevents digital inequality. More than 4,500 young people have already benefited from Smartup Factory activities in Uganda alone.

SUPPORT FOR THE RESTAURANT INDUSTRY AND ENTREPRENEURS

COVID-19 HIT many restaurant industry operators very hard. Many of them had to stop serving their customers entirely – or even permanently – or restrict their operations to takeaway and delivery services. In these difficult circumstances, we wanted to help maintain the future diversity and vitality of Finnish restaurant culture.

In summer 2020, we carried out the “Long live the restaurant” campaign to mark the reopening of restaurants after the exceptional spring. During the campaign, we put the spotlight not only on Kotipizza but also many other restaurants, recognising that COVID-19 had affected the entire industry and the problems it caused were shared problems. Our main message was that using the services of any restaurant promotes the common good. The campaign was visible on the streets of 13 cities and highlighted many different local restaurants. The purpose was to thank the entire restaurant industry for its perseverance during the pandemic and to underscore the industry’s significance to Finland’s economic, physical and psychological well-being.

COVID-19 took a heavy toll not only on restaurants but also entrepreneurs in various industries. Supporting entrepreneurship and entrepreneurial spirit is one of the cornerstones of Kotipizza’s operations, so we wanted to extend our support beyond our usual sphere of influence.

In late 2020, a series of videos was published on the chain’s social media channels featuring Finnish entrepreneurs who embodied the spirit of perseverance during exceptional times. The series of mini-documentaries

highlighted the bold and creative actions taken by entrepreneurs in various industries to overcome the difficulties created by the COVID-19 pandemic. By doing this, we wanted to thank creative small business owners while also encouraging and inspiring everyone to be creative and bold during the pandemic.



CLOTHING IS PART OF SUSTAINABILITY

EW RANGE of workwear was created for Kotipizza's restaurant employees in 2020 in partnership with Touchpoint, a company that specialises in workwear. The new workwear was designed and tested in cooperation with Kotipizza restaurants. Workwear is subject to a lot of wear and tear in a restaurant kitchen, so it needs to be both durable and comfortable. It also needs to match Kotipizza's visual identity.

Sustainability perspectives were highlighted in the design of the workwear collection. Eco-friendliness was a high priority in the choice of materials and production methods. For example, the T-shirts are made from 100% recycled materials with no harmful chemicals. Producing a T-shirt from recycled materials consumes 99% less water and the production process generates 50% less climate emissions compared to a similar T-shirt made from virgin materials.

When the workwear reaches the end of its service life, it is recycled in accordance with the principles of sustainable development. Worn clothing is

collected from the restaurants and recycled in cooperation with the Finnish recycling solutions provider Rester Oy at a circular economy facility intended for recovered textiles.

IN ADDITION, nearby regions were preferred in choosing the production location for the new workwear. The origin of the materials and production has been investigated to ensure that everyone in the supply chain is treated well and high standards of social responsibility are met. The textile products, for example, are produced less than 300 kilometres from Helsinki. The fabric is woven in Italy or at the Italian supplier's factory in Tunisia. The knitted fabric on the back of the chef jackets is made in France.

Environmental impacts have also been taken into consideration in the location of production operations. For example, the T-shirts are made in India because the surplus textile cuttings used for the shirts are generated in India. To minimise transport emissions, it makes sense to produce the shirts locally from start to finish.



PLANT-BASED CULINARY DELIGHTS

IN KOTIPIZZA'S product development, we constantly try new flavours and recipes to respond to the current and future preferences of Finnish consumers. Vegetarian and vegan products have steadily grown in popularity in the chain's product range over the past few years. For example, in 2020, over one-fifth of the create-your-own pizzas sold via Kotipizza's online store did not have any meat toppings. We want to offer attractive plant-based options not only for climate reasons but also to enable lighter eating.

IN 2020, we introduced a vegan seitan roll, which is the first completely vegan roll product in the history of the chain. The ingredients in the vegan seitan roll include seitan, a plant protein made from wheat gluten, as well as tangy yellow banana chilies.

We also piloted a new practice of introducing vegetarian or vegan versions of our popular seasonal pizzas. Late in the year, our test



kitchen created El Nacho and El Nacho Vege, the ingredients of which include coriander sprouts, pickled jalapeños, corn chips and cheddar cheese sauce plus, depending on the customer's choice, Finnish beef'n'roast or stomach-friendly fermented fava beans from Hausjärvi.

FERMENTATION IS a traditional method of food preservation that gives the ingredient a stronger taste. Fava bean is one of the world's oldest cultivated crops and a great example of local food. The fibre in the protein-rich beans is good for the digestive system and keeps hunger away.

More than 20 per cent of the pizzas sold during the El Nacho campaign were ordered as the vegetarian version. Encouraged by the popularity of El Nacho Vege, vegetarian or vegan versions were also developed for the seasonal pizzas planned for the next year.

SUSTAINABILITY IN FIGURES

WE RESCUED **21,000** PIZZAS



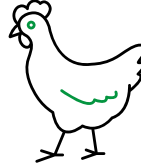
FROM GOING TO WASTE
THROUGH RESQ CLUB

77% OF OUR FRANCHISEES
WOULD RECOMMEND



KOTIPIZZA FRANCHISING
TO THOSE INTERESTED

NEARLY **80%** OF OUR
INGREDIENTS



WERE OF DOMESTIC ORIGIN

WE REDUCED OUR
CLIMATE EMISSIONS



BY MORE THAN **52,000** KG CO2E

WE TRAINED **400** KOTIPIZZA
FRANCHISEES AND



EMPLOYEES IN RESTAURANT
OPERATIONS

20,587 CUSTOMERS ORDERED
PIZZA DELIVERIES

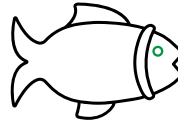


AS PART OF THE RED
NOSE DAY CAMPAIGN

THE CHAIN'S COVID-19
TELEPHONE HOTLINE



SERVED KOTIPIZZA FRANCHI-
SEES AND EMPLOYEES **24/7**



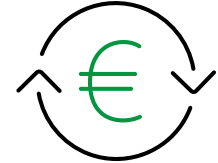
47,000 OF THE CREATE-
YOUR-OWN PIZZAS SOLD VIA
THE ONLINE STORE CONTAINED
VEGAN CHEESE AND **670,000**
CONTAINED MSC-CERTIFIED
PRAWN OR TUNA

WE EMPLOYED
MORE THAN



2,000 PEOPLE

MORE THAN **60** MILLION
EUROS WERE PAID



IN TAXES TO FINLAND THROUGH
THE KOTIPIZZA CHAIN

COOPERATION IS OUR MOST IMPORTANT VALUE

COVID-19 PROVED THE IMPORTANCE OF WORKING TOGETHER.

KOTIPIZZA'S CULTURE and sustainability efforts are based on our shared values: love what you do, desire to experiment, will to succeed. Together. Our approach to business involves close cooperation with various stakeholders, including customers, suppliers, Kotipizza franchisees and restaurant employees as well as the experts of Kotipizza Group, which manages the Kotipizza chain.

Coping with the COVID-19 pandemic and implementing sustainability development projects in exceptional circumstances with regard to safety and market conditions challenged us to apply different approaches to promote our sustainability. It became even clearer than before that the most meaningful results cannot be achieved alone. They can only be achieved together.

In 2020, we collected background data for the Kotipizza chain's future carbon footprint calculations. The aim is to assess the climate

impacts of the chain's food products, identify ways to reduce the greenhouse gas emissions generated by the various stages of production and create climate-based product labels to help customers make sustainable choices.

WHEN WE assessed the environmental impacts of the early stages of Kotipizza's supply chain to facilitate the calculations, we explored the solutions developed by the producers of our food ingredients to reduce the carbon footprint of their production operations and move towards carbon neutrality.

For example, the dairy and food company Valio is one of the pioneers of reducing food-related emissions in Finland. There is a clear need to focus on this issue. Dairy farming involves significant adverse environmental impacts and Finns consume one of the highest amounts of milk per capita in the world.

Valio has worked with scientists to develop solutions for cultivating the grass that cows graze on. In carbon sink agriculture, fields of grass bind carbon dioxide from the air and store carbon, preventing it from escaping into the atmosphere. The company's goal is to reduce the carbon footprint of its milk to zero by 2035.

ANOTHER EXAMPLE are Kotipellon puutarha greenhouses in Nousiainen. It uses an advanced closed-cycle model to grow baby rucola in a way that takes advantage of a nearby fish farm. The nutrient-rich water is cycled from fish to the plants, which makes it possible to capture the nutrients and carbon dioxide in the water to nourish the plants. The energy needed by the facility is generated at its own biogas plant using biowaste from the greenhouses, fish farm and the local area. This conserves water and energy.

Without innovative producers of ingredients that are committed to sustainability, Kotipizza's efforts to reduce climate emissions would be practically impossible.

ALTHOUGH THE COVID-19 pandemic made it difficult to make regular visits to producers and suppliers, we continued to engage in dialogue in 2020 on how we can support their efforts to promote sustainability. This dialogue, our monitoring of topical phenomena related to sustainability and our assessment of the current needs of the environment and society were used as inputs for Kotipizza's updated Supplier Code of Conduct. Completed in late 2020, the document includes requirements, recommendations and tips on best practices to support the sustainability efforts of our partners. The Supplier Code of Conduct was subsequently adopted after the turn of the year.

IN ADDITION to the primary production of ingredients, the training of Kotipizza franchisees and employees is another area where cooperation plays a big role in the implementation and

development of sustainability. The Kotipizza chain is only as sustainable as its franchisees and restaurant employees. Training ensures that we all stand united – with the good ones.

THE KOTIPIZZA CHAIN IS ONLY AS SUSTAINABLE AS ITS FRANCHISEES AND RESTAURANT EMPLOYEES

IN 2020, we had a strong focus on our training programme for Kotipizza franchisees and employees. The programme was expanded to include 30 different training modules and more than 100 separate training events. The 12 themes of the updated programme cover various aspects of restaurant operations ranging from food safety to digital inventory management and personnel management, from selling surplus food that would otherwise go to waste online to employer

communications and compliance in labour law and tax issues. As in the past, the chain also offers the opportunity for people to obtain a vocational qualification in business and administration, for example. The restaurants' wishes were taken into account in creating the course offering.

In 2020, we also launched Master Class, an entirely new growth and training programme for Kotipizza franchisees who are interested in business growth and professional development. The programme is aimed at the development of the chain through a multi-franchisee model, which involves one franchisee managing more than one Kotipizza restaurant. The Master Class training lasts for two and a half years and the chain has partnered up with Trainer's House in implementing the training. A total of 22 franchisees were selected for the first course. They will have the opportunity to learn about practical entrepreneurial skills as well as the attitude required of a successful franchisee.

AS A result of these investments in training, the responses by Kotipizza franchisees and employees to internal surveys have indicated a higher level

of satisfaction in the training offered by the chain. During the COVID-19 pandemic, training activities were moved online or created directly as webinars, which made it easier for participants across Finland to join the training. The number of participants exceeded 400. The change also reduced the negative environmental impact caused by travel.

SUSTAINABILITY IS a continuous journey of change. To maintain our position as a leader in

sustainability, we built new networks in 2020. Kotipizza joined the Mission Zero Foodprint project that started at the beginning of the year. The project aims to develop carbon neutrality amongst restaurants and other food service companies as well as the smart tools necessary for it. The project also strives to make this change visible to consumers. The project partners include Laurea University of Applied Sciences, Forum Virium Helsinki and the European Regional Development Fund. We tested carbon footprint calculators as

part of the project. In other cooperation projects, we explored air purification solutions that improve COVID-19 safety as well as the reusability of food packaging. Our research activities will continue next year.

THROUGH COOPERATION, sustainability creates various kinds of benefits and value not only for us at Kotipizza but also for our stakeholders. More information on this is provided in the summary on the next page.



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 be with the good ones.

Kotipizza Oyj 2020

sustainability@kotipizzagroup.com

Learn more about Kotipizza's sustainability work on our website at [kotipizzagroup.com](https://www.kotipizzagroup.com).