

Communication on Progress 2020-2021





CEO Statement

At Sticks'n'Sushi A/S, we have been working actively with responsibility for the past 12 years, and we are committed to continue our development, both socially and environmentally. Over the past year we have experienced unprecedented times due to the COVID-19 pandemic that has continuously affected our business in ways we have never seen before. We were forced to change our business overnight when restrictions were put in place and reduced to a takeaway and delivery model. Regardless of those challenges, it did not affect our focus on the Corporate Social Responsibility (CSR) agenda where we continued to develop and implement more initiatives to push our progress even further.

As the past year has brought new challenges due to the pandemic, our top priority was to make sure that all our colleagues were taken care of and could work in a safe environment. We have adapted new ways of working as well as connecting with each other and made sure that all colleagues had the equipment to work remotely. We dedicate an extensive amount of time and resources in ensuring that our company takes work satisfaction and social responsibility into account while prioritising decency and excellent working conditions. And I must say that all our teams have been, as always, fantastic through this

time. Thanks to them, we have been able to handle the many restrictions while still providing outstanding service and food for all our guests.

While the pandemic affected our daily operations in the restaurant, we continued our focus on sustainability. This year's takeaway and delivery sales reached new levels where we focused even more on the packaging alternatives. We already use 100% recycled plastic boxes, but we are eagerly exploring non-plastic alternatives. Therefore, we are testing different products and participating in projects to find just the right materials and products to fit our needs and standards.

Through our responsibility work, we put great emphasis on the UN Sustainable Development Goals and use them as a basis for our sustainability work. And with this report, we commit to work with the ten principles and social and environmental responsibility in general. This report provides an overview of how we work with CSR and the actions we have taken within Human Rights, Labour Rights, the Environment, and Anti-Corruption over the past year.

Best Regards
Andreas Karlsson, CEO

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Our Business

Sticks'n'Sushi is a Danish-owned restaurant group founded in 1994 that serves high-quality, fresh food based on a unique combination of traditional sushi and yakitori sticks from the grill.

The group consists of 22 restaurants: 12 in Denmark, 9 in the UK, and 1 in Germany. Moreover, we have 4 delivery kitchens in London that only serve takeaway. Each restaurant has its own individual design and interior, which forms a natural part of the local area environment and invites comfort and togetherness. In total, we have approx. 1,100 employees. Besides our 22 restaurants, Sticks'n'Sushi A/S consists of a central kitchen that supports the Group's restaurants with semi-finished products, sauces, desserts, etc.

At "Baghuset" in Nansensgade 49, Copenhagen, we have our office that covers managerial and administrative support functions as well as R&D functions. Our supply chains consist of several suppliers. Based in Denmark, the UK, and Germany, some suppliers operate locally - others across all 3 countries. In addition, we also work with suppliers based in Asia and other European countries.

Apart from food and drink suppliers, which account for most of our purchases, we source non-food consumables, equipment, furniture, and energy from carefully selected local suppliers.

CSR at Sticks'n'Sushi

At Sticks'n'Sushi, we work with Corporate Social Responsibility in various ways. We make sure that CSR initiatives and projects are part of the entire business - from administration to restaurants and suppliers. We believe in a responsible way of doing business, embracing everything from employees and local communities to purchasing, products, and projects. We take pride in decency and fairness, and we operate with care and insight. We base our business model on respect for sustainable development, social and environmental impact, and continuous evolution. We can always do more, and we will never stop looking for new ways to improve.

We want to make a difference where it is possible, and therefore, we want to form sustainable partnerships that contribute to causes beyond the daily operations. We believe that working together can increase our capacity to create positive change through sharing of knowledge, resources, and expertise. On this basis, we take part in different collaborations where we get inspired on new initiatives and expand our knowledge of responsibility.

In relation to our work regarding the Global Compact Network Denmark, we are members of 2 associations that focus on making the restaurant industry more sustainable. Those associations are the Restaurateurs Guarantee Association (REGA) and the Sustainable Restaurant Association (SRA), a UK-based association.

In REGA, we are currently part of a project to create a takeaway system for the future where we communally develop and test new ideas for such system. At the moment, the takeaway boxes we use are made of 100% recycled plastic (rPET), but we are constantly looking for even more sustainable solutions and are now testing a pulp-based alternative. As regards our activities in SRA, most of them have been on hold due to the COVID-19 pandemic. However, with society predicted to open during 2021, the activities of SRA are following. In 2021, we are due to generate our first Sustainability Rating with the organisation.

Having developed goals and reported on the outcomes of fixed goals in 2020, we will be following. In 2021 we are due to generate our first Sustainability rating with the organisation.

Having developed goals and reported on the outcomes of said goals in 2020 we will move to the next step in 2021, collecting extensive data on all our business process' to identify areas to improve.

As a result of the collaborations, we are part of and our ways of working, we believe in a holistic approach towards our CSR work. In doing so we are aware that our initiatives can span across the ten principles of this report, and we believe that actions speak louder and capture its fully potential when they are understood in a broader perspective.

A Year with COVID-19

It goes without saying that the past year was unusual. Like so many other businesses, the challenges of 2020 have been unprecedented, and they follow us all into 2021.

As a business, we have been very fortunate as the financial support packages from the Danish, UK, and German governments have been very helpful. Thus, we have been able to maintain most of our employee base. Undoubtedly, the COVID-19 pandemic has had huge economic implications - but we stand strong and are proud that all our restaurants are open again.

The pandemic has also brought additional challenges in terms of sustainability. We have faced big challenges in relation to reporting, notably as business level comparisons between 2020 and previous years were not meaningful.

Several planned initiatives were also delayed due to the closed restaurants as we wanted all our employees back to work before introducing the projects. The intentions to further track our supply chains were also made more difficult due to closed restaurants and travel restrictions.

Besides challenges, additional needs also arose. Mental health and stress were high on the agenda, and the need to communicate with employees without direct contact became critical. To meet the new needs, we have developed and implemented new forms of channels that also help our business to be even more flexible.

Thus, we have turned challenges into opportunities and developed structures to cope if something likely happens again. The specific actions we have taken are stated in the section about Human Rights and Labour Rights.

Despite all the additional challenges posed by COVID-19, sustainability remained high on our agenda. After all, being responsible is who we are. It might pose challenges, but it does not change our DNA. Therefore, we did not compromise on new responsible initiatives even though we met new challenges.

On the following pages, you can read about the different initiatives and actions we have taken in regard to being responsible the past year, our progress, and how we plan on developing.

Human Rights and Labour Rights

Human rights are fundamental rights and should always be protected. We believe that everyone related to our business, directly or indirectly, is treated decently and with dignity.

In our work, we follow all national laws related to Human Rights and Labour Rights in the countries we operate in, but we do not stop there. We also make sure that our suppliers live up to the conditions set for our restaurant group.

We assure that we work with suppliers with strong CSR agendas. In this regard, we have developed a code of conduct which, based on clear principles, states our expectations for our suppliers in working with Human Rights and Labour Rights.

We are also committed to ensure that there is no modern-day slavery or human trafficking in our business. And as a responsible business, we recognise our responsibility to protect employees, guests, and those within our supply chains. A key area of this is the prevention of modern slavery. You can read more about our work related to this in our yearly Modern Slavery Statement.

In addition, our business also wants to be a workplace where everybody is happy and enjoys going to work. Therefore, we spend much energy in ensuring the right conditions so that everyone thrives. Our People Team dedicates an extensive amount of time and resources in ensuring that we are a company that takes work satisfaction and social responsibility seriously.

With that said, it is a journey, and we are committed to continue our development and implement more initiatives. On the following pages, you can read about the initiatives we have taken during the past year in relation to Human Rights and Labour Rights.

It Is About Our People

Our employees are very important to us. We focus on making sure that we have the right settings for people to thrive, but as important we make sure to educate and inform about their rights and our policies.

All new employees are provided with an employee handbook. This handbook outlines their rights, what they can expect from us and what we can expect from them. This is to ensure workers' rights, we promote safe working conditions and confirm transparency in all of these aspects. This handbook was updated in 2020 to ensure it was up-to-date and additional information was added.

We are also keen to always enhance education and training in our industry. We have a large range of training available, in the form of classes (in times without COVID-19 restrictions) and online modules, from both internal and external providers. In late 2020 we switched to a new online system for all staff and now have developed a wide range of new online training modules focussed on additional elements such as harassment, the modern slavery act and personal well-being.

GENDER PAY GAP ANALYSIS

The basis of our education, training and the information in the employee handbook is based on analysis we make and policies and procedures we develop.

We are a diverse workforce, communally being from around eighty different nationalities and it is something we are very proud of. However, discrimination can always happen, and we have a responsibility to work against this. In line with the UK legal requirements regarding gender pay gap reporting we are annually conducting a gender pay gap analysis. Although it is only a requirement for the UK, we will conduct the same analysis for Denmark and Germany. In 2020 we developed a Key Performance Indicator to increase the proportion of females at board level over several years. We aim to make improvements at all levels of our organisation.

EQUAL PAY FOR EQUAL ROLES POLICY

In 2020 We developed an Equal Pay for Equal Roles Policy that states commitment to preventing discrimination and developing clear

job descriptions for all employees with attached salary brackets by the end of 2021. Strong progress is being made here and we hope that it reduces areas where discrimination in pay can occur, and it formally ties salaries to specific roles.

SEXUAL HARASSMENT PROCEDURES

Everybody has a right to feel safe and comfortable coming to work, any action to prevent this will not be tolerated. This year we sent communication material around to staff explaining what constitutes inappropriate behaviour and how to react should you experience such an issue. We also developed a policy on the topic. Most importantly we developed a new training module designated specially to the topic of sexual harassment. The module provides examples of how to recognise if you are a victim or observe inappropriate behaviour, how to act-on and report such behaviour and how to behave appropriately yourself.



New Ways of Communication

Few things have ever been more challenging for employees than COVID-19. The need to protect our staff was drastically increased.

Thanks to the support packages made available by the Danish, the German, and the UK governments, our staff base has remained intact. However, that also left many of our employees at home. Additional challenges arose in relation to communication. We distributed a range of information material to our staff on the restrictions, health and safety in the restaurants, and the status of our business. We developed a support Facebook group for staff and a weekly unity call where everybody could tune in for a business update and Q&A with our CEO.

As our employees have a right to healthy and safe working conditions, we provided a range of information on such procedures. As part of our Health and Safety procedures, we have developed clear procedures to identify illness, including a symptom checklist at the beginning of each workday to be completed by all employees across the business.

WELL-BEING

As previously mentioned, the COVID-19 pandemic provided additional challenges related to the health and safety of employees, including mental health and personal well-being. Our People Team developed a well-being campaign, focusing on several aspects of information provision related to personal well-being and resources. In February 2021 we had a well-being seminar available for all staff to attend (virtually).

We also provided a system called Perkbox for our staff which provides discounts and vouchers for various restaurants, events, free counselling, and wellness services. All to ensure that our employees' well-being is prioritised.

FISH TANK

To ensure that we are visible and receptive to feedback, we have an internal system called the *Fish Tank*. It works as an employee feedback mechanism where an employee representative from each restaurant, who is elected by its colleagues, acts as the *Fish Tank* representative for the location in question. This representative acts as an independent and confidential representative for

staff where employees can register if they feel their rights have been violated, if they have any concerns, but also if they have any good ideas they want to share. This representative has a direct line of communication to the People (Human Resources) Team and is involved in quarterly feedback meetings. This system is currently only operational in our Danish restaurants. The intention was to extend this mechanism to our locations in the UK and Germany during 2021, but that was delayed due to COVID-19 restrictions. Now that the restrictions have been eased, we proceed with the expansion.

WHISTLE-BLOWER MECHANISM

In line with the EU whistle-blower directive, we have implemented a whistle-blower scheme this year to enable reports of concerns and reasonable suspicions about actual or potential breaches which occurred or are very likely to occur. To ensure impartial handling of reports, the auditing and consulting firm PwC handles the function and passes on information before a potential investigation is initiated. Thus, we both have an internal and an external feedback mechanism.

The Environment

As a business, Sticks'n'Sushi has a responsibility to mitigate risks to the environment as well as to promote a stronger environmental responsibility. Environmental awareness is thus a continuous focus area at Sticks'n'Sushi.

We are aware of our surroundings and have a responsibility to make improvements where we can in order to contribute to a better environment. We are committed to act on areas related to our business and contribute to a safer and greener environment. In doing so, we take a holistic approach acknowledging that our initiatives can reflect, cross, and influence the ten principles of this report.

Even though we have introduced several initiatives over the past year, we are committed to go even further. We will continue our development and take further steps towards becoming more environmentally responsible.

TAKEAWAY STRATEGY

The past year takeaway has been a huge part of our business. For years, we have been dedicated to use responsible takeaway

packaging. At the moment, we are using boxes made of 100% recycled plastic, but we want to find alternatives that can contribute to reduce the amount of plastic we use. Our goal is to develop a takeaway strategy by the end of 2021 to align the entire organisation. For years, we have been testing different takeaway products, and we are currently testing a pulp-based alternative.

However, it is currently difficult for us to access paper and cardboard packaging as a considerable volume of this packaging is coated in substances (notably plastic), which limits the opportunity to recycle. Though we are still looking for the right product, it is a fun journey, and we keep on testing different products until we find the right one.

In the following, you can read about the initiatives we have taken over the past year to support our environmental journey. These are directly related to the entire business, but in particular, our initiatives convey to our restaurants.



Fighting Food Waste

For several years, our menu has been redefined and refined to become increasingly sustainable and reduce food waste.

To get a better understanding of our food waste items, we have previously conducted research on our high waste items and found that guests in our restaurants were wasting a large amount of ginger and rice. That made us reduce the volume of ginger automatically provided to guests, and instead of serving rice automatically, rice portions were made an optional extra. Besides changing the menu, we think of circularity when designing the menu so that waste elements from one menu can be used in alternative items. For example, the side cuts of wagyu beef from our wagyu yakitori sticks are used in our wagyu maki roll.

SAKE MADE FROM WASTE RICE

Even though we have developed ways to handle food waste in relation to the portions we serve, we have in cooperation with our restaurants found that cooked rice was a waste product. Therefore, we have looked into opportunities on how to use left-over rice. On this basis, we have partnered with a local

supplier in the UK that makes sake from our waste cooked rice. The sake is available in one of our restaurants in the UK. We use the soft drink bottles from Ebeltoft Brewery to bottle the sake, meaning that we reuse old bottles – the only new thing is the metal cap of the bottles.

We are continuously looking for more ways to reduce our food waste - and to reuse it as well. At the moment, we are looking into different options on the Danish market, which we hopefully can reveal in the report for next year.

UPDATED RECYCLING PROCEDURES

It is important to Sticks'n'Sushi to reduce waste generation, and one of the key ways to do that is efficient recycling of the waste in our restaurants. To ensure that our recycling procedures were up-to-date, we conducted a survey in the restaurants in February 2020. Then we reached out to restaurants that needed support in adding more recycling elements and thus added more elements to 3 locations. We will continue our work in this area, improving our recycling procedures year to year.



A Greener Menu



In 2020, we repositioned the vegetarian and vegan set dish options in our menu card from being placed in a separate section at the end of the menu to a more central position alongside the other dishes.

Research conducted by the SRA and their partners suggested placement such as this can act as a nudging technique to guests, encouraging more to purchase it. At the point of writing this report it is too early to say what this means for the proportion of people purchasing the green menu as, given the considerable change in business levels data comparisons between 2020 and previous years are difficult to compare. However, we continuously follow the trends within plant-based dishes and in that way we make sure that our menu caters our guests wishes while pushing our sustainability agenda.

At the start of 2021, we have added an additional vegetarian (possibility to be vegan) lunch special to our menu, further increasing the proportion of vegetarian/vegan options available. Besides including our vegetarian and vegan options to the same menu card as our other dishes we are exploring various new greener possibilities to add to our menu.

Alongside this a part of a greener menu depends on our suppliers and the demands we put forward on this topic.

We work with some amazing suppliers who adopt sustainable practices, reduce waste generation and efficiently manage resources. The supplier of our fruit and vegetables in Denmark has a no-chemical and no fly policy and closely track their CO2 emissions. The farm that produces the pork for all our restaurants use no chemicals and have strict conditions for animal welfare, they have even found a way to harvest fertiliser from the pigs.

A key aim of our sustainability agenda in 2021 will focus on a more formalised due diligence procedure for suppliers. We want to ensure the aforementioned suppliers are the norm.

More Sustainable Takeaway Packaging



A key area of focus in our sustainability work is our takeaway packaging. The food boxes we use for takeaway are made of 100% recycled PET plastic (rPET). We have also reduced the size of our takeaway boxes, resulting in more plastic savings. As we want to reduce our use of plastic, we work with an innovative research body which is developing a new non-plastic packaging type that will be recyclable in conventional recycling streams.

We are also involved in a project with REGA and the UNGC to improve the takeaway packaging for the industry in general. This project is an aspect of the much larger multi-stakeholder project called the SDG's in the Value Chain. The project connects the industry and restaurateurs to raise focus on sustainability. The project identifies, develops, and tests new sustainable solutions that can be used across the industry.

REUSABLE TAKEAWAY BAGS

In December 2020, we introduced reusable takeaway bags in our Danish restaurants. The bags are made of jute, and our guests can buy them when ordering their food. The bag has been a huge success among our guests who now can choose a more sustainable takeaway bag.



An Electronic Journey

One of the ways of becoming more responsible is our electronic agenda where the development of new and more efficient products paves the way.

MORE ENERGY SAVING LIGHT BULBS

In 2020 we developed a target to phase out the use of non-energy saving light bulbs by 2022. The aim was to reach a 30% proportion of energy saving bulbs covering all our restaurants internationally by the end of 2020, 60% by the end of 2021, and 100% by the end of 2022. Information was provided to all restaurant managers on that intention, and in late 2020, data was collected for the Danish restaurants that reached an incredible 55% coverage of energy saving bulbs. Unfortunately, due to the COVID-19 pandemic, we have up to now been unable to collect data for the UK and Germany. However, we hope to conduct this collection soon.



A NEW ELECTRIC CAR

In 2020 we also replaced our previous car with a new electric car. The car is available for all administrative staff to use. The system works as a car sharing scheme where administrative staff can book the car, just like one would book a meeting room and use it for work-related duties. Besides the car, we encourage our employees in the administration to bike when visiting our restaurants nearby. For this purpose, we have bicycles available for everyone to use.

Anti-Corruption

We believe that part of being a responsible business involves highlighting areas where corruption and bribery could occur and working to prevent such incidents.

We do not see ourselves as highly at risk of corruption or bribery and have not had any reported incidents in the previous year. However, we should not become complacent. Therefore, we have been focusing on our guidelines the past year, assuring that our management strategy reflects that we strongly take a stand against corruption. Thus, we have introduced procedures and policies addressing anti-corruption to ensure that we have the right structure to prevent corruption.

All our employees undergo a code of conduct training as part of their introduction. Here they are informed of how to align their daily work with our zero tolerance on corruption, and how they can assist us to identify, prevent, or mitigate such risks.

Moreover, we intend to develop our procedures in that area to include a broader range of possible challenges. By staying ahead and developing policies and procedures for possible challenges, we have the tools needed to prevent incidents so that we know how to act in any situation while we strongly repudiate any and all forms of corruption.

On the following page, we summarise the work we have done in relation to anti-corruption.

Developing Policies

ANTI-CORRUPTION POLICY

In 2020 we developed an anti-corruption policy to assure that we repudiate any and all forms of corruption across the business, and we know how to act if anti-corruption occurs. This policy provides guidance for all people in our organisation on how to align their daily work with our zero tolerance on corruption and how to assist us to identify, prevent, or mitigate such risks. The policy is further embedded in our procedures through our staff handbook and other relevant documents.

RISK IDENTIFICATION

We conduct risk assessments with REGA related to Environment, Human Rights (including Labour Rights) and Anti-Corruption. We then develop action plans based on identified risks. Anti-corruption is undoubtedly the area where fewer risks are identified for Sticks'n'Sushi and the restaurant industry in general. However, it is always useful to gain an overview of potential risks.

Fortunately, we have not, as of yet or to our knowledge, experienced any incidents of formal corruption. However, that does not mean that no potential risks could occur in our industry so we still implement actions to prevent such incidents. After all, part of creating safe working conditions is the prevention of corruption in the workplace, partly through the implementation of a resilient infrastructure.

BUSINESS GIFTING PROCEDURE

The REGA impact assessment highlighted the need of a more formal business gifting procedure. At the beginning of 2021, we implemented an online system where employees can record business gifts given and received (over a very low minimum threshold). For gifts exceeding a certain value, there is a mechanism in the online system that notifies the chief financial officer that the gift needs approval. This is to enhance recording, transparency, and integrity in recording procedures.

RISK ASSESSMENT PROCEDURE FOR FAMILY AND SOCIAL RELATIONSHIPS

We have decided that we need to implement a risk assessment procedure for family and social relationships to identify any risks of nepotism or corruption. The intention is to implement this procedure into the *Fish Tank* system as we are aware that a lot of relationships begin once one or more persons are employed by us, and the *Fish Tank* representative would be in a better position to identify that. This procedure was planned to be implemented already. However, it was delayed due to COVID-19. When the *Fish Tank* expansion occurs, we will provide additional training to all *Fish Tank* representatives in Denmark, and the training procedure will then be streamlined across countries.

EQUAL PAY FOR EQUAL ROLES POLICY

The previously mentioned Equal Pay for Equal Roles policy is also a mechanism to prevent corruption as it develops an infrastructure to prevent nepotism influencing pay levels.



Measurements of Outcomes

Part of being a responsible business is to keep track on our progress and outcomes. We work with different methods to understand our progress. Working with responsibility is an ongoing changing environment where society is continuously creating new opportunities for our business to become even more responsible. On that basis, we have implemented more ways in which we can measure our CSR outcomes.

ANNUAL CSR REPORTS

We develop an annual CSR Report, outlining our progress and future initiatives. The report is structured on the basis of the UNGC Principles.

FINANCIAL REPORTS

Every year we prepare a financial report that, besides our financial activities, also consists of a large CSR section where we address the past year's actions taken in terms of being a responsible business. We report on our business model, risk assessment mechanisms, social and environmental activities and initiatives, and the gender composition of our senior management and board members.

STAFF SURVEYS

We conduct regular staff surveys to measure employee levels of satisfaction and to get information on employee well-being. In the autumn of 2021, we will conduct a new survey. It will be interesting to see the effects of COVID-19 and the actions we have taken in this regard.

SDG TRACKER

At the beginning of 2021 we have developed six key performance indicators (KPIs) that focus on the goals of this year. We have aligned these to the UN SDGs and the ten principles. Every year we measure our progress and develop new KPIs.

GENDER PAY GAP REPORT

Every year we collect data on our gender pay gap among our UK staff. We count the women and men quartile levels, means, and means of hourly pay at all levels, the proportion of men and women receiving bonuses as well as the mean and mean levels regarding the bonuses. Currently, we are only doing this for the UK. However, we intend to do it for all countries in the future.

WASTE MANAGEMENT SURVEY

In February we conducted a survey in the restaurants on recycling and food waste. Based on the results, we reached out to restaurants that needed support adding more recycling elements and thus added more elements to 3 locations. We will continue our work in this area, improving our recycling procedures year to year.

SRA SUSTAINABILITY RATING

In 2021 we will begin our SRA Sustainability Rating. We have already conducted the provisional micro version in 2020, but now we will start working on the macro version. This rating will involve reporting on multiple questions related to products, suppliers, and numerous in-house measures. Based on this, we receive a rating. The result will thus be included in next year's report.

REGA AUDIT

We will have our first REGA audit in the autumn of 2021 to check the progress of our management structure and to verify that we have conducted our first round of impact assessments. In relation hereto, REGA conducts a survey from our employees regarding our progress.