

STICKS|N|SUSHI

COMMUNICATION ON PROGRESS 2021-2022



CEO STATEMENT

We are generous in the way we serve our guests and care for each other, and we take pride in putting 'we' before 'me'. The sense of collective responsibility is key to our being and essential for driving positive change and mitigating adverse impact.

We live the philosophy of Kaizen, which is Japanese for 'making things better', and recognise the need to deliver true and lasting change. We believe that our business and CSR performance go hand in hand. It is crucial that our business conduct is sustainable into the distant future, as well as optimising financial returns now and here. It is our commitment to doing the right things that has boosted our resilience through yet another year of unprecedented challenges posed by the COVID-19 pandemic.

However, just as the worst of the pandemic seemed over, war has returned to European soil, which has sent a ripple effect through the continent of escalating costs of energy and food, shortage of commodities, and undercurrents of social tensions.

It seems like this ripple effect presents a new reality, provoking a need for escapism for us all. At Sticks'n'Sushi we know that the world is a good place despite all its flaws. However, sometimes a break

is needed to feel like you have escaped the world for a while. This is the experience we aim to bring our guests. A space for momentary escapism.

In times like these we need to care for each other. Here our focus on the collective becomes essential as people are always a top priority. Our belief in the collective is reflected in our work with human rights. According to the Danish Institute for Human Rights, more than 90% of the 169 SDG targets reflect core international human rights and labour standards. Therefore, by working with human rights, we also reinforce the 2030 Agenda for Sustainable Development, which provides a shared blueprint for peace and prosperity for people and planet. Now and into the future.

Finally, we remain firmly committed to upholding the principles of the UN Global Compact. To me, how we operate is just as important as the results we deliver. It all comes down to treating people with respect. I look forward to sharing our progress as we continue our journey.

Kind regards,
Andreas Karlsson, CEO

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OUR BUSINESS

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

Sticks'n'Sushi Holding A/S includes Sticks'n'Sushi A/S, Sticks'n'Sushi UK Limited, and Sticks'n'Sushi Germany GmbH. The group consists of 23 restaurants: 12 in Denmark, 9 in the UK, and 2 in Germany. Moreover, we have 4 Catering and Delivery Kitchens in London that service our B2B and catering guests as well as deliveries directly to our guests at home.

Each restaurant has its own individual design and interior, forming a natural part of the local community and invites comfort and togetherness. In total, we have 1,428 employees. Besides our 23 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 handles managerial and administrative support functions as well as R&D functions. We have approximately 300 suppliers in total. 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.

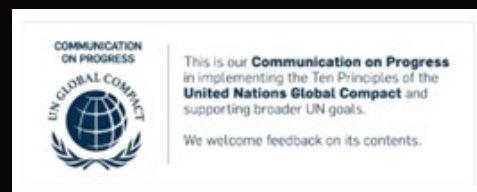
At Sticks'n'Sushi we have a holistic approach to Corporate Social Responsibility (CSR). We take pride in being a business that acts responsibly and prioritises decency. Our work with sustainability is an endless journey, and we do not want to pretend that we are perfect. The truth is that a company can always improve. And we are working on it. One step at a time.

ABOUT THIS REPORT

As part of our efforts to conduct business responsibly, we are committed to transparent reporting. Each year, we publish two corporate reports: our Annual Report and this Communication on Progress report. The content of each report is tailored to the specific audience, with cross-references to the other reports when relevant.

This Communication on Progress report describes our approach to and performance on the most material issues related to the Ten Principles of the UN Global Compact. By working strategically with these issues through policies and procedures and establishing a culture of integrity, we do not only uphold our responsibility to people and planet but are also setting the stage for long-term success.

This report covers our CSR activities for all our locations in Denmark, the UK, and Germany. All content in this report covers the financial year from 1 July 2021 to 30 June 2022. The report serves as our statutory statement on corporate social responsibility in accordance with §99a and §99b of the Danish Financial Statements Act. In addition, it constitutes our Communication on Progress (COP) to the UN Global Compact.



OUR APPROACH

Our UN Global Compact membership assists in aligning strategies and operations with universal principles on human rights, labour rights, environment, and anti-corruption, as well as taking actions that advance societal goals.

In addition to being part of the world's largest corporate sustainability initiative, we are members of two industry associations: the Restaurateurs' Guarantee Association (REGA) and the Sustainable Restaurant Association (SRA), a UK-based association.

Through these memberships we are committed to comply with the procedural requirements set forth by the UN and OECD's minimum standards for responsible business conduct (the UN Guiding Principles on Business and Human Rights (hereafter UNGPs) and the OECD Guidelines for Multinational Enterprises (hereafter OECD)).

Thus, we do not only ensure good corporate citizenship. We also work together with our peers to create a solid foundation of working systematically with international principles on sustainability within the restaurant industry.

With these frameworks, we apply a management system which ensures that our work with CSR is anchored in all aspects of the business and an approach that addresses potential adverse and positive impacts on social, environmental, and economic sustainability.

THIS IS DONE BY

- Published policy commitment
- Due diligence process:
Identification, prevention, and mitigation of adverse impacts
- Access to remedy
- Transparent communication

Furthermore, we want to make a difference where it is possible, and therefore, we also work proactively in forming 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.

You can read more about our approach and progress in the report.



REGA AUDIT

In January we passed the first audit on our CSR processes required through our REGA commitment. The audit entailed an assessment on whether we meet the first steps to implement adequate management processes in alignment with the UNGPs and OECD. The audit was executed by Global CSR and constituted verification of required documentation and a visit to our headquarters in Copenhagen.

The auditors highlighted a few required changes to the processes established, which we should address. However, the nature of these issues was assessed “minor” and “few”. These will be addressed before the second audit. Scheduling of the coming audit is still to be determined.

GRIEVANCE MECHANISMS

We encourage people to speak up, ask questions, or voice concerns if someone is experiencing a situation that might have ethical implications.

When something goes wrong, and people are negatively affected by our actions, things need to be put right. Our various grievance mechanisms are targeted at different stakeholder groups to help provide remedy in cases of adverse impact. Moreover, the systems are used as warning systems providing critical information for broader due diligence processes.

EMPLOYEE CONCERNS

All employees are entitled to raise concerns about the company, their management, or other employees. We want these situations to be dealt with informally, where possible, and try to resolve the matter with the direct manager. If the matter is too serious, or the employee feels that it cannot be dealt with in such a manner, the employee can make a formal complaint in writing.

The formal complaint can be raised with the direct manager, the People Department, or the compliance representative depending on the nature of the complaint. The employee has the right to be accompanied by a person of choice and will be invited to a

meeting to discuss the grievance. Finally, the outcome of the grievance will be given in writing and face-to-face, if possible, and the employee will also be informed of any potential disciplinary action as a result of the grievance.

FISH TANK

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

This representative acts as an independent and confidential representative for the staff where employees can register if they feel their rights have been violated, if they have any concerns, but also if they have any ideas they want to share. The representative has a direct line of communication to the People team and attends quarterly feedback meetings.

Currently, the system is only operational in our Danish restaurants. Representatives have been elected in the UK, and the first meeting is expected

to be held in September. Finally, a Fish Tank mechanism is scheduled to be established in Germany during this autumn.

FEEDBACK MECHANISM

We encourage people to submit comments, ideas for improvements, or complaints through our feedback mechanism on our website. Here inquiries are confidential – but not anonymous. However, you can use our whistle-blower channel explained in the next section if anonymity is preferred. Through this channel we seek to engage in dialogue with third parties. All information will be dealt with within 48 hours and only by people directly involved in the case unless we obtain consent to otherwise.

WHISTLE-BLOWER MECHANISM

We have a whistle-blower scheme to enable reports of concerns and reasonable suspicions about actual or potential breaches. The channel is located on our website for anyone to report concerns, misconduct, or potential wrongdoing. 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.

ESG KPIs

In 2020 we formulated 6 specific goals on environmental, social, and governance factors relevant for our business. This is an obligation to our owners, Maj Invest Equity, which in line with our mission, wishes to advance sustainability integration in their company portfolio. Using the Sustainable Development Goals (SDGs) as a framework, we have defined key performance indicators (KPIs) which we monitor, improve on, and set targets for.

2020 marked the starting point and baseline, and the end of year 2021 marked the first deadline for the set targets. Progress on the KPIs will be described in further detail – read on the following page.

Strategy: Ensure gender equality and decent work for all

	KPI	Target 31.12.2021	Level 31.12.2021	Target 31.12.2022
1	Complete the equal pay for equal work policy based on new standardised job descriptions	To have updated salary brackets and job descriptions	Completed – salary brackets and job descriptions are made and communicated	Develop Gender Pay Gap analysis for all 3 countries to ensure we are compliant with new policy
2	Increase number of women at board level to reach 80/20 ratio or 1 female board member as minimum	80/20 ratio or at least 1 female member	0	80/20 ratio or at least 1 female member

Strategy: Ensure a sustainable production

	KPI	Target 31.12.2021	Level 31.12.2021	Target 31.12.2022
3	To have 80% sustainable packaging and reusable takeaway bags by end of financial year 2020; focus is on finding an alternative solution to current plastic solution	Develop a takeaway-packaging strategy agreed at all management levels	Takeaway packaging strategy completed	Reduce our RPET takeaway packaging with 50%
4	Ensure 100% of restaurants have adequate recycling capabilities (separate bins for all recyclable materials based on local waste management systems). Provide annual recycling and waste management training to staff at 100% of restaurants	-	All restaurants are sorting cardboard and plastic for recycling	A system to sort for all fractions in the restaurants and training of all staff
5	Increase the use of LED lighting on group level	Group level: 60%	DK: 66%, DE: 50%, UK: 73%	Group level: 100%

Strategy: Ensure a sustainable use of sea and marine resources for sustainable development

	KPI	Target 31.12.2021	Level 31.12.2021	Target 31.12.2022
6	Increase the total volume of fish seafood items from certified sources	50%	34%	50%

EQUAL PAY FOR EQUAL ROLES POLICY

In 2021 we reached our target of having updated salary brackets and job descriptions. These will be applied to create an equal pay for equal work policy that ensures a transparent compensation system for our employees. To consolidate the policy, we have developed a guidance book which explains the possible career paths and opportunities within the organisation. By being transparent about the variety of roles, training, and compensation, we hope to be a steppingstone for personal and professional development.

Gender Pay Gap reporting is a requirement under the UK Government. The gender gap is the difference between the average (mean and median) earnings of men and women across the workforce. You can access the UK report [here](#). The Gender Pay Gap analysis covering our Danish and German workforce is expected to be ready this autumn.

BOARD LEVEL RATIO

The target to reach 80/20 ratio or at least 1 female member at board level was not met within the set deadline. Instead, the deadline for reaching this target was moved to 31.12.2022.

ADEQUATE RECYCLING CAPABILITIES

By 31.12.2021 all our restaurants were sorting cardboard and plastic for recycling. Since then, we have collaborated with our waste collector, Marius Pedersen, to ensure that we have adequate recycling capabilities

(separate bins for all recyclable materials based on local waste management systems) by the end of the year. Furthermore, that we are prepared to provide annual recycling and waste management training to our staff. In Germany and UK the requirements differ depending on the location of restaurants. Therefore, we are still working on suited solutions. We will continue to improve our recycling procedures to minimise our environmental impact.

INCREASE THE USE OF LED

The target to reach a 60% proportion of energy saving bulbs covering all our restaurants internally was not reached. By the end of 2021 the proportion in Denmark constituted 66%, 50% in Germany, and 73% in the UK. This means that efforts in Denmark and the UK exceeded our target, but in Germany the target was not reached. However, resources have been allocated to ensure that we will reach the 100% LED lighting target by 2023.

CERTIFIED SOURCES

We have set out to have 50% of the total volume fish seafood items from certified sources. By the end of 2021 34% of our volume was certified. We have been investigating the market to research our options, and our Head of Group Purchasing and Group Executive Chef are currently analysing the findings to understand the potential impact on the menu and risks for the transition.

TAKEAWAY PACKAGING STRATEGY

Creating a circular solution for packaging is one of the

biggest challenges in our industry. The coming years approaching the 2030 Agenda for the Sustainable Development Goals, we will experience an enhanced focus from authorities setting guidelines to deal with the increasing quantities of packaging waste, which cause environmental problems. In Germany, a new packaging act, VerpackG2, will come into force by 1 January 2023. To protect the environment and the climate, we will be required to offer reusable packaging for takeaway food and drinks and return of reusable packaging given out. This has proved to be a logistical challenge more than the will to welcome packaging circularity.

The capacity to handle reusable packaging and hygiene when taking back, cleaning, and dispensing cups or trays requires more space capacity than we currently have in our restaurants. Therefore, we are exploring a third-party option, hoping that this part can be outsourced the same way as the Danish deposit refund system for bottles.

Finding the right solution for takeaway from our restaurants has always been a priority. Therefore, we have developed a takeaway packaging strategy to reduce our RPET takeaway packaging by 50% by 2023. RPET are plastics made from recycled or waste plastics. For years, we have been testing different takeaway products, and we are currently testing a pulp-based alternative. Prototypes of test moles have been developed and are being tested to assess compatibility with our food, particularly barrier abilities, to ensure that the product does not dissolve when carrying e.g. oils and dressing. This is an iterative process, which takes a long time.



HUMAN RIGHTS

We recognise that we have a responsibility to respect human rights and the importance of being transparent about how we take the necessary steps to fulfil our obligation. We seek to operate responsibly along our entire supply chain by safeguarding the rights of our employees and those of the people who supply our products. Finally, we use our influence on driving positive change where we can.

We respect human rights as defined by the UN Guiding Principles on Business and Human Rights. The framework also helps us to comply with relevant legislation such as, but not limited to, the UK Modern Slavery Act. In addition, we follow the implementation of these principles by the Danish government and the European Union.

HUMAN RIGHTS IMPACT ASSESSMENTS

Due diligence according to the standards UNGPs and OECD consists of regular operational level impact assessments. In 2021 we conducted our first assessment of all 48 rights defined in the International Bill of Human Rights. The assessment was completed using a tool developed by the Danish consultancy GLOBAL CSR, which assists the REGA initiative in the implementation of global sustainability standards. The assessment was based on one of our restaurants in Denmark and completed in collaboration with the General

Manager. The initial results of the assessment prevailed potential adverse human rights impacts on 31 of 54 indicators. We have created an action plan on how to minimise these risks, to be completed before the next assessment.

PULSE SURVEYS

We want to be a workplace where everybody 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 which takes work satisfaction and social responsibility seriously. This year, to monitor the wellbeing of our employees, we will introduce pulse surveys – a short series of questions designed to track our employee responses to an issue. By making the surveys quick and easy to read and offering the choice of answering questions either on computer or phone, we aim to have strong and reliable results.

UK MODERN SLAVERY ACT

We are committed to ensure that there is no modern slavery or human trafficking in our business. 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 annual Modern Slavery Statement.

ENVIRONMENT

As a business we have 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.

Every company is constantly faced with both risks and opportunities. It is part of the game to be able to make the right choices at the right time to ensure growth. However, every choice has consequences; not just for the company and its employees, but potentially also for the environment. Therefore, we will conduct an environmental impact assessment again this year where we evaluate our own processes, gaps, and goals as well as the consequences of our actions.

LIFE CYCLE ANALYSIS

This year we have been collaborating with a third party, Klimato, on conducting life cycle analysis (LCA) for the food items on our new menu. Klimato provides an application that enables restaurants to calculate, label, and report CO₂e values for food served at restaurants. The collaboration is based on exploring how we can minimise food-related emissions and raise awareness of how our eating habits affect our climate. Thus, by knowing the LCA of our menu,

we are better equipped to make informed choices. Going forward, we will discuss how to best use the calculations as well as assess the need for further calculations on our greenhouse gas emissions.

A NEW MENU

This autumn we will launch a new menu. Again this year, we have focused on how we can make full use of every food item and thus minimise waste. Furthermore, we have decided to minimise some of the elements that have a high CO₂e impact, such as avocados. We continuously work with our product range in the strive to offer our guests the most tasty, nutritious, and responsible product.

GOING FORWARD

Even though we have introduced several initiatives over the past years, we are committed to go even further. We recognise that the business community plays a crucial role in enabling us to implement the green transition and in whether we succeed in the fight against global climate change. Although Sticks'n'Sushi is just a small fish in the global sea of companies, we can potentially play a role in showing the way for others – especially in our industry. Therefore, going forward, we will enhance our effort within environment and climate to ensure that we live up to our ambitions.

ANTI-CORRUPTION

Our commitment to responsible business conduct rests on the natural premise that we and our business relationships comply with all applicable laws in all the jurisdictions in which we operate, including any regulation countering bribery and corruption.

We believe that part of being a responsible business involves highlighting areas where corruption could occur and working to prevent such activities from taking place. Therefore, we have introduced several procedures and policies addressing anti-corruption during the past year. We also intend to develop our procedures in this area to include a broader range of potential challenges we could meet. This will be a focus the coming year where we wish to streamline our policies and procedures to ensure relevancy and a rigorous format.

TRAINING

All new employees undergo an introductory training where they are trained in our DNA, commitments, what we need to comply with, and how we can help each other in our daily routines to live up to these requirements. Our People team is currently working on developing a new training platform that will encompass all policies and required conduct.

REGISTRATION OF GIFTS

Both receiving and giving gifts can be considered as bribe if given

with the expectation of improperly receiving benefits in return. So, generally, no employees should give or receive gifts. Last year we implemented an online system where all employees can record business gifts, given and received, (over a minimum threshold). For gifts over a certain value, there is a mechanism in the online system to notify the chief financial officer that the gift needs approval. This is to enhance recording, transparency, and integrity in recording procedures.

Since the implementation of the system, registration of gifts has been below expectations. Therefore, we are currently investigating whether this is because we have a minimal flow of gifts or a lack of adequate training and communications. Awareness will be strengthened over the coming year to ensure that all employees are familiar with the procedure.

IMPACT ASSESSMENT

In alignment with the management system as described by the UNGPs and with the expectations of the OECD, we continuously work to identify and address risks of corrupt practices that could emerge in our business or with our business relations. We identify risks against, as a minimum, the principles of the UN Convention against Corruption (UNCC). This autumn we will conduct a new impact assessment to understand our risks regarding corruption. Based on this assessment we will develop action plans to ensure that we mitigate the impact.



OUR BUSINESS RELATIONSHIPS

We recognise that our responsibility for social, environmental, and economic impacts are linked to our cooperation with our business relations. Therefore, we expect them to follow the same internationally agreed standards as we do.

A key aim for 2021 was a more formalised due diligence procedure for suppliers. Therefore, we have formulated a new code of conduct covering all our business relationships. The purpose of the new Code of Conduct for Business Relationships (hereafter CoCBR) is to ensure that all our third parties demonstrate responsible business conduct in relation to managing risks in alignment with the UNGPs and OECD.

The CoCBR provides the foundation for our continuous engagement with business partners and dialogue in good faith on performance regarding human rights, the environment, and anti-corruption. Furthermore, it includes compliance with all legal and regulatory requirements.

We believe that partnering with our business relations to understand their challenges, identify solutions, and develop shared commitments has a long-lasting positive impact. This approach also goes beyond audits and seeks to engage our third parties through dialogue, strengthening management systems, and driving greater transparency. This allows for better understanding of systemic issues or plans for ongoing partner engagement.

Unfortunately, we experience that many of our major suppliers hesitate or refuse to sign our CoCBR. However, we apply a long-term focus when engaging in business relationships, and therefore, we engage in dialogue with the partner in question to understand the opposition.

The coming year we will assess the need to allocate more resources for this dialogue to be able to capacity build our business relationships, or whether we need a supply chain programme with connecting processes and due diligence mechanisms to ensure compliance with our commitments.

GOING FORWARD

Part of being a responsible business is to keep track on our progress and outcomes. We work with different methods to understand our progress. Next year we will enhance our focus on retrieving data to improve our performance. From 2023, the UN Global Compact's requirements of a written report will change into a data-driven questionnaire. The questionnaire will be used as a base and guideline for our performance tracking.

In June we had the opportunity to review all our corporate responsibility projects, commitments, and requirements. It was clear from the assessment that we need a new governance structure for our CSR work to ensure anchoring in our business operations to reap the full benefits of our efforts.

Therefore, we have decided to form a CSR council that will set the group strategic direction for our work with corporate responsibility. Top-level commitment is essential to create impact and mitigate risks. Thus, the CSR council will constitute carefully elected members of the group management to ensure decision-making ability. Our CSR Manager will in turn act as council facilitator and CSR expert. Finally, the CSR council will be supported with inputs from local CSR spokespersons throughout the organisation. This will ensure a transparent governance structure.

Thus, CSR becomes a full circle within the organisation with a mandate and direction from the top, fed with relevant inputs from the drivers and facilitator, and finally lifted and carried out by us all.