



RESTAURANTS

PIZZA. PEOPLE. PLANET.

CSR REPORT 2021



A MESSAGE FROM JENS HOFMA (OUR CEO)

Business has a decisive role to play when it comes to countering climate change. We steward important resources, are plugged into consumer sentiment and have the ability to make things happen quickly and efficiently. Consumers are becoming more aware of environmental issues and will increasingly be drawn to brands with sincere intent and tangible actions.

Our ambition is clear; we aim to be net zero by 2030. We know that it won't be easy, but it is important to face into this challenge and hopefully we can inspire many others along the way. We also think it is important to seek the truth and to do the right thing, taking actions that genuinely make a difference to reversing the climate crisis. For this reason we advocate a reduction first approach and we are committed to setting a Science-Based Target in 2022. We also commit to regular and transparent reporting of our progress on-going.

I am proud that we have established an ambitious goal and I am pleased that we are facing into this challenge head on. Our journey began well over



a decade ago by taking a proactive approach to energy reduction and efficiency. Over the subsequent years, we broadened our agenda by aligning the business to WRAP's Courtald Agreement and becoming members of The Sustainable Restaurant Association.

In 2019 we employed a full-time Sustainability Manager, enabling the business to bring all of these early actions together under a single sustainability strategy. It is reasonable to say that we have been on a steep learning curve in recent years; measuring our impact, identifying the areas that we should focus our efforts on, enabling collaborations within the hospitality sector and with our suppliers, and building the knowledge required to initiate action. Setting a Science-Based Target is a necessary next step and is something that will help us to establish exactly what it is that we need to do, to ensure that we make a meaningful and lasting contribution in the fight to reverse the impacts of climate change.

This report outlines, in some detail, what we have achieved and how we will continue to intensify our actions. It is not seeking a round of applause. Like most others we need to humbly recognise that we are, at best, at base camp with a steep climb still ahead of us. Yet, it is exhilarating to participate in a worldwide project and to help demonstrate that business can be a tremendous force in realising a new vision for our planet.

PIZZA. PEOPLE. PLANET.

CONTENTS



PIZZA. PEOPLE. PLANET.	3	PEOPLE.	16
About Us	4	Apprenticeships	17
Sustainability Vision	4	Giving Back	17
		Diversity & Inclusion	18
		Gender Pay Gap	18
		Community	18
SUMMARY OF ACTIONS	5		
Our Sustainability Journey	6		
OUR SLICE OF THE CLIMATE CRISIS	7	PLANET.	19
Scope 3 Emissions	9	Gas & Electricity	20
		Water	20
		Waste	20
		Packaging	21
SERVING UP REDUCTIONS	10	Regular Measurement & Review	21
Restaurant Decarbonisation	11	Supply Chain Policies	21
Science-Based Targets & Net Zero	11		
Areas of Focus	12		
Working Together	13		
PIZZA.	14		
Dairy	15		
Innovation	15		
Purchasing decisions	15		
Palm Oil	15		
Distribution	15		

PIZZA. PEOPLE. PLANET.



ABOUT US

We are Pizza Hut Restaurants. We're a privately owned business and the only restaurant franchise of the Pizza Hut brand in the UK.

When we published this report we operated 168 restaurants across England, Scotland and Wales, and employed about 4,000 people.

We've been in the UK for over 40 years. We've come a long way since we opened our first Hut in Islington in 1973. Pizza Hut is one of the best known brands in the UK serving up "you saw it here first" classics like the 'Pan Pizza' and the 'Stuffed Crust' to millions of guests every year, we are in the perfect position to be a force for good.



SUSTAINABILITY VISION

We've been an advocate for sustainability within the hospitality sector for a long time, leading from the front through membership of WRAP, the Sustainable Restaurant Association (SRA) and becoming a founder member of the Zero Carbon Forum (ZCF).

"THE UNDERLYING AIM OF OUR SUSTAINABILITY STRATEGY IS TO BECOME A NET ZERO BUSINESS."

The underlying aim of our sustainability strategy is to become a net zero business. Our goal is to achieve net zero by 2030 or sooner (but a lot will depend on the pace of improvement achieved within the agricultural supply chain).

In support of our net zero ambition, we are committed to setting a Science-Based Target (SBT) with the Science-Based Targets Institute (SBTi) and are expecting to submit a target for validation in 2022! We know that a "reduction first approach" to reducing our carbon footprint is what we need to do. Along the way we'll also be piloting carbon offset schemes. This is just one of the steps to achieving our environmental ambitions.

"WORKING TOGETHER IS A FUNDAMENTAL SUCCESS FACTOR FOR US."

Working together is a fundamental success factor for us; whether that's within the business, the hospitality sector or the supply chain, working together will help to accelerate the reduction of emissions and to reduce individual effort. With this in mind, we have played a leading role in establishing the "Industry Roadmap to Net Zero" as part of the collaborative Zero Carbon Forum (ZCF). The ZCFs roadmap establishes industry net zero target dates of 2032 for Scopes 1 & 2 and 2040 for Scope 3.

We know that any business that relies on agricultural supply chains will also have a wider environmental impact than just carbon emissions alone. So we are also thinking about the impacts of other planetary boundaries like fresh water usage, biodiversity loss and land-use change, alongside wider ESG considerations such as ethical sourcing and employment.

SUMMARY OF ACTIONS

OUR SUSTAINABILITY JOURNEY

HIGHLIGHTS TO DATES

GAS USAGE PER HUT REDUCED BY
23%
SINCE 2011

WE HAVE BEEN
BUYING RENEWABLE ELECTRICITY
SINCE 2012 AND HAVE INSTALLED LED LIGHTING ACROSS THE WHOLE ESTATE

WE HAVE REDUCED OPERATIONAL FOOD WASTE BY
80%
SINCE 2010

THE WAY FORWARD

WE HAVE OFFERED OUR GUESTS A
PLANT-BASED CHEESE ALTERNATIVE
SINCE 2017 AND DEVELOPED A VARIETY OF PLANT-BASED PROTEINS

WE HAVE REMOVED
99% OF STRAWS
FROM THE BUSINESS AND THE REMAINING 1% IS MADE FROM PAPER OR BAMBOO FROM CERTIFIED SOURCES

WE DIVERT
99% OUR WASTE
FROM LANDFILL WHERE WE MANAGE WASTE COLLECTION

WE CHAMPION
CROSS-INDUSTRY COLLABORATION
VIA WRAP, THE SRA AND THE ZCF

WE ARE PRIORITISING
SUPPLIER COLLABORATION AND REGULAR MEASUREMENT
AS A WAY TO REDUCE OUR IMPACT

WE ARE COMMITTED TO SETTING A
SCIENCE-BASED TARGET
NO LATER THAN 2022

WE COMMIT TO
REGULAR MEASUREMENT AND PUBLIC REPORTING
OF OUR PROGRESS

OUR SLICE OF THE
CLIMATE CRISIS

OUR SLICE OF THE CLIMATE CRISIS

The Financial Year 2019 (FY19) forms the baseline of our reduction strategy (we have not measured 2020 due to the impact of Covid-19 on the business) and our total Greenhouse Gas Emissions were 120,932 tonnes of CO2e based on a trading estate of 245 restaurants.

SCOPES EXPLAINED

SCOPE 1: DIRECT EMISSIONS

Gas, re Fridgeration, company vehicles.

SCOPE 2: PURCHASED ELECTRICITY

For own use (we buy 100% renewable electricity).

SCOPE 3: INDIRECT UP/DOWNSTREAM ACTIVITIES

Purchased goods & services, Capital goods, waste, travel & commuting, distribution, sold products, leased assets, investments, franchisees.



Note: Footprint data compiled and analysed in partnership with the Zero Carbon forum and Zero Carbon Services

SCOPE 3 EMISSIONS



OTHER SCOPE 3

Includes activities such as; employee commuting, waste, capital goods, non-food & drink purchases.



Note: Footprint data compiled and analysed in partnership with the Zero Carbon forum and Zero Carbon Services

SERVING UP REDUCTIONS

SERVING UP REDUCTIONS



"WE ARE COMMITTED TO A REDUCTION FIRST STRATEGY."

We are committed to a reduction first strategy, meaning we will seek to reduce our gross emissions by as much as possible. Along the way we will take actions to balance our footprint.

RESTAURANT DECARBONISATION

As a founder member of the Zero Carbon Forum, we are on the same roadmap reduction pathways and where we can, will implement as many of the recommended solutions as possible as we reduce emissions.

Over the past decade, we've taken a number of actions to reduce Scope 1 & 2 emissions including; purchasing renewable electricity, installing LED lighting across the whole estate, raising staff awareness and reducing a reliance on gas for heating and cooking. Whilst we will continue actions to reduce our Scope 1 & 2 emissions to zero, in line with the roadmap target date of 2032, our priority focus is the reduction of Scope 3 emissions.

SCIENCE-BASED TARGETS & NET ZERO

"WE PLAN TO SUBMIT A TARGET TO THE SBTi FOR VALIDATION IN THE FIRST HALF OF 2022."

The ZCF' Net Zero Roadmap provides amazing decarbonisation guidance for any business within the hospitality sector but for us to truly decarbonise, we need to set a Science-Based Target based on our emissions profile. Working closely with the ZCF, we plan to submit a target to the SBTi for validation in the first half of 2022.

The validated target will align to the science of no more than 1.5 degrees warming and be based on reduction initiatives that are measurable and actionable over the near and long term. We have an ambition to be a net zero business and are looking forward to the updated guidance for businesses with a large reliance on agriculture in their supply chains.



PIZZA. PEOPLE. PLANET.

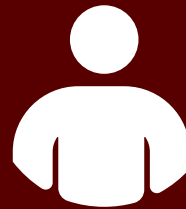
AREAS OF FOCUS

Although the process of setting a Science-Based Target will help us to define the areas of action for emissions reduction, the following provides an indicative overview of the actions we might take.



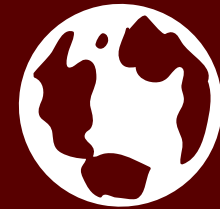
PIZZA

- Develop menu options and increase sales mix of plant-based meals
- Reduce the CO2e per kg of dairy in partnership with current supplier
- Re-engineer existing products i.e. reduced topping weights for cheese & meats
- Collaborative action with suppliers to reduce their (and ours!) emissions
- Measurement and regular surveying of suppliers via a tech platform
- Explore specific contract clauses and buying decisions in future



PEOPLE

- Monitor Operations practices via internal audits and influence behaviours via training programmes
- Build internal capability to factor emissions into recipe planning
- Education of others through regular engagement i.e. conferences
- Influence employee travel habits and decarbonise customer journeys
- Sustainability influenced decision-making and objectives at all levels of the business
- Explore options for sustainability linked employee benefits



PLANET

- Replace gas for cooking and heating with high efficiency electric equipment
- Invest in lower Global Warming Potential refrigerants and improve refrigeration efficiency over time
- Purchase renewable electricity where markets allow
- Install IOT (Internet of Things) solutions on key appliances
- Minimise waste and unnecessary packaging
- Work with aggregators to reduce and improve impactful journeys
- Regular measurement & reporting of progress against a SBT

WORKING TOGETHER

For the past decade we have taken action to decarbonise elements of our carbon footprint. Alongside this, we have taken a leadership position in the hospitality sector, with various collaborations and working with not-for-profit organisations to advance the sustainability agenda.

We have been a long-term signatory to WRAP's Courtauld Agreement and are currently a member of the Steering Committee. Our involvement with WRAP covers four main areas; Food Waste & Redistribution, Supply Chain Decarbonisation, Carbon Accounting Standardisation, and Water Reduction.

"IN 2020, WE BECAME A FOUNDER MEMBER OF THE ZERO CARBON FORUM."

In 2020, we became a founder member of the Zero Carbon Forum (ZCF), a not-for-profit industry collaboration, with the aim of creating an industry roadmap to net zero, and to identify useful and resource effective solutions that help to reduce existing barriers to decarbonisation. We hold positions on the Advisory Board and as a co-chair of Working Group 3 which has a focus on Scope 3 emissions.

The ZCF has quickly become the leading collaborative effort in the hospitality sector and continues to progress at an impressive pace.

We are an active member of the Sustainable Restaurants Association (SRA) and were most recently awarded a two out of three star rating in 2019. The SRA provides the business with a view beyond carbon, guiding on wider CSR matters and increasing the awareness of best practice in food supply chains.

The partnership we have with our suppliers is key to the success of the business and the overall goals of the sustainability strategy. We keep our suppliers informed of our plans via regular updates and work closely with a few of our bigger suppliers as we aim of influencing positive action that aligns with our sustainability strategy. In the future we aim to regularly assess the robustness of our supply chain, with a preference to do so at a LCA level (Life-Cycle Assessment; understanding the impact of a product from farm to fork) in line with the expectations of a Science-Based Target.



PIZZA. PEOPLE. PLANET.

PIZZA.

PIZZA. PEOPLE. PLANET.

PIZZA



“ABOUT 50% OF OUR CARBON FOOTPRINT COMES FROM THE FOOD WE PURCHASE.”

About 50% of our carbon footprint comes from the food we purchase, pizza and everything else. To achieve our decarbonisation goals we will take a number of approaches to reduce the impact of our food. We will need to innovate. To challenge our current ‘norms’. To reduce and improve our recipes. It’s a difficult task, but not an impossible one. We have already started in a variety of ways...

DAIRY

The related emissions from our mozzarella forms roughly 20% of our whole footprint. We are working closer with our cheese supplier than ever before and they have recently taken the exciting step of employing their first ever Sustainability Manager, who has been tasked with achieving some ambitious reduction goals. We look forward to growing the relationship and continuing to monitor progress.

INNOVATION

Pizza is one of the most versatile food products available and the perfect base to innovate with new and exciting ingredients. Since 2017 our guests have been able to order plant-based cheese alternative and we have had meat alternatives - such as our incredible Pepperphoni - on our menu since 2019 to go along with some of the great plant-based ingredients already available. Our Product Development Team are forever coming up with new combinations and ingredients and now aim to develop plant-based options for all new pizza launches... Bring on Veganuary 2022!

“PIZZA IS THE PERFECT BASE TO INNOVATE NEW AND EXCITING INGREDIENTS.”

PURCHASING DECISIONS

One of the most challenging areas for our business and even our hospitality sector, is to make the right choices when purchasing ingredients and products.

We have had robust policies in place for a while now, but the next step is to really get underneath the decisions we are able to make i.e. is supplier A better than supplier B? The great news is that our Supply Chain team include sustainability as a factor in their purchasing decisions and we aim to improve our capabilities through the use of technology in the near future.

PALM OIL

We very rarely use palm oil in any of our products, but if there is a need to use it, we only use RSPO Certified Segregated palm oil.

DISTRIBUTION

It is common in our hospitality sector to find competing brands, sharing locations, and as result we also tend to share distribution networks too. We share the same distributor as a large number of our competitors and we are pleased to say that they are equally engaged with decarbonising their business via efficiency measures

PIZZA. PEOPLE. PLANET.

PEOPLE.

PEOPLE

APPRENTICESHIPS

We offer over ten subjects from Level 2 to MBA. We deliver this with our internal resources and external partners, and despite the challenges of 2020 & 2021, we continued the development and celebrated the graduation of 40 students.

Our apprenticeship learners have gone on to greater things with 30% promoted. 100% of our learners say that their apprenticeship is preparing them for the next steps of their career.

We help a lot of our learners to get their GCSE equivalent of Maths & English. 100% of our students achieved passes in 2021.

While we've been an employer provider since 2014, in 2020 we officially became a school (or registered as an education provider as it's technically known). During the next couple of years we are aiming to become an independent provider of apprenticeship programmes so that we can share our expertise to the wider hospitality sector.

GIVING BACK

Mental Health UK has been our charity partner for the last 6 years raising in excess of £100K. Our fundraising enables MH(UK) to deliver 400 services and 200 support groups across the UK each year.

We have a dedicated charity month in October when our teams have fun whilst also raising funds for MH(UK) – voluntarily donating tips, running marathons, doing parachute jumps, cake bakes and a whole lot more.

We also have a payroll giving scheme which lets our employees give directly to a charity of their choice through payroll deductions. During the height of the pandemic through 2020 our team generously donated £10K through our Give As Your Earn scheme to a variety of charities.

We also recognise the importance of focussing on our mental health and are proud signatories to 'Time to Change'. We actively encourage employees to talk about how they are feeling, and provide support through our EAP service



DIVERSITY & INCLUSION

We are an equal opportunity employer and believe pay, bonus and position should be a reflection of performance over any other factor.

“45% OF OUR HEAD OFFICE SENIOR LEADERSHIP TEAM ARE FEMALE”

Our employee lifecycle processes from joining to leaving the organisation are reviewed regularly to ensure that they support our diversity agenda and are bias free.

“41% OF OUR RESTAURANT MANAGEMENT TEAMS ARE FEMALE...”

We offer a good range of benefits including enhanced maternity, paternity and parental leave along with a flexible working patterns and working practices, including part time RGM opportunities and remote working for our head office teams.

“... OF WHICH 38% OF OUR RESTAURANT LEADERS (RGMS) ARE FEMALE”

We are proud partners to Mental Health UK and one of the founder signatures of the Time to Change charter. We have open discussions on mental health as well as educating on topics such as menopause in the workplace.

GENDER PAY GAP

Both our mean and median pay gaps for 2020 show a negative pay gap of -4.3% and -6% respectively which is a result of more females in a senior leadership role working on the snapshot date. However without the impact of COVID-19 and furlough our pay gap would be 7.3% (mean) and 6% (median). 97% of our workforce is based in our restaurants where we continue to see a higher proportion of applications for entry level front of house roles being from female candidates and this has a significant impact on our pay gap.



COMMUNITY

During the Covid-19 pandemic in 2020, we joined efforts to provide food to some of the amazing heroes that helped to keep the country going. In total we donated 113,595 meals right across the country to; the National Health Service, people in our local communities and food banks.

PIZZA. PEOPLE. PLANET.

PLANET.

PLANET

GAS & ELECTRICITY

We use both gas and electricity for heating and cooling, cook platforms and refrigeration. Gas is about 4% of our footprint. Refrigeration adds close to another 1%, meaning Scope 1 emissions total (as we don't have any company owned vehicles) is around 5% of the total footprint.

"WE HAVE BEEN PURCHASING REGO BACKED RENEWABLE ELECTRICITY SINCE 2012."

We have been purchasing REGO (Renewable Energy Guarantees of Origin) backed renewable electricity since 2012 and therefore Scope 2 emissions are calculated as 0% when using a market-based method (based on the contract we've agreed for 100% renewable energy).

Whilst the impacts are smaller than some other elements, decarbonising the Scope 1 & 2 emissions has been a focus of the business for the best part of a decade, and will continue to be. Actions to reduce energy usage via the installation of LED lighting and the monitoring of operational

practices, alongside an ambition to transition heating & cooling and cook platforms to electric, means we are aiming zero emissions from Scopes 1 & 2 by the end of this decade.

Since 2011, we have reduced absolute kWh gas usage per restaurant by 23% and kWh electricity usage per restaurant by 3.6%.

WATER

We value water as a natural resource as much as we do electricity and gas, and we have regularly monitored water usage practices for a while now and have achieved an average daily usage reduction of 29% from 2018 - 2021. We aim to keep usage to a necessary minimum in keeping with hygiene requirements and operational needs.

Beyond our own operations, we believe there is a need to monitor water usage in the supply chain and we have recently become founding signatories of WRAPs Water Reduction Roadmap.

WASTE

Waste has been a big focus for the business for a number of years, after all, waste is an



environmental tragedy. Unfortunately, waste will always be a part of the business be it food or protective packaging, but our ambition is to remove or reduce, as much waste as possible.

"WE HAVE BEEN ABLE TO REDUCE OPERATIONAL FOOD WASTE BY 80% SINCE 2010."

As signatories to WRAPs Courtauld Agreement and advocates for food waste reduction, we have put a significant emphasis on operational food waste efficiency. As a result, we have been able to reduce operational food waste by 80% since 2010 which now accounts for just 2% of all food purchased.

The business diverts 99% of waste (including food waste to Anaerobic Digestion) away from landfill where we manage the waste collections (some of our waste is collected from managed sites such as shopping centres).

PACKAGING

For a restaurant business without a retail arm, outbound packaging is mostly limited to takeaway boxes and drinks. All of our boxes are made from FSC Certified paper sources and we believe that they are the best available solution for now. We will aim to innovate our packaging wherever there is a better alternative with a lower full-life impact.

“WE HAVE REMOVED 99% OF ALL STRAWS FROM THE BUSINESS.”

We have made some progress in our restaurants by removing 99% of all straws from the business the remaining amount was replaced with a paper alternative. In the near future we aim to move to bamboo based paper straws.

But we are not fully plastic free and for good reason... After analysis with our water partner Belu, we reverted from glass to plastic water bottles due to a lower carbon footprint per unit and their use of 100% recycled plastic to make their bottles. Plastic is also a hidden hero for reducing food waste, helping to protect food and prolong shelf life.

Through focusing on waste segregation practices in our restaurants, and in partnership with our waste supplier, we do our best to ensure that no plastics from our operations enter the environment. We continuously review our inbound packing with our suppliers to reduce where can and to identify better alternatives.

REGULAR MEASUREMENT & REVIEW

In line with the requirements of setting a Science-Based Target, we are committed to regular measurement and review of its carbon footprint. Progress will be presented in an annual Pizza. People. Planet. Sustainability Report.

“THE BUSINESS MONITORS OPERATIONAL PRACTICES THAT DIRECTLY IMPACT ON THE ENVIRONMENT.”

Other external reporting includes a bi-annual submission to the Sustainable Restaurants Association, alongside public submissions to WRAP.

Internally we monitor operational practices that directly impact on the environment, with restaurants being audited on a quarterly basis. Audits often identify common issues which result in corrective actions or retraining where necessary. The audits focus on; energy & water usage behaviours (for instance, only using equipment when necessary), and waste segregation practices (ensuring only appropriate materials in the correct bins!).

SUPPLY CHAIN POLICIES

The business recognises a need for robust, clear and directive policies that all suppliers are expected to adhere to. All suppliers are subject to PHRs Sourcing Code of Conduct and where appropriate policies on; Food Safety, Animal Welfare, Environmental Management, Ethical Sourcing, Modern Slavery and Anti-Bribery. All policies are reviewed regularly and signed off by Management.