

HWS 2 LIMITED

FOR THE FINANCIAL PERIOD ENDED 29 NOVEMBER 2020

THE STRATEGIC REPORT (*continued*)

Suppliers (*continued*)

The group build strong relationships with suppliers through regular one to one reviews, factory visits and an annual supplier conference. Virtual webcasts are also published with a two way Q&A session to keep suppliers informed on the groups' strategy.

Community and Environment

The board recognise that Pizza Hut Restaurants has an important role in contributing to wider society and as such take the responsibilities seriously. For the last couple of years the group have invested in an in-house Corporate Social Responsibility expert to help identify the ways in which we can make progress in areas where we have identified we can make a difference. We have defined pillars of corporate social responsibility from 'people' to the 'planet'.

In terms of the 'people' pillar, and in-addition to our investment in education that enables social mobility, the company was the first restaurant business to sign up to support the Mental Health UK 'Rethink' Pledge with the goal of raising awareness of mental health in the work place and tackling stigmas. Particularly in the context of the pandemic, mental health is a serious and growing issue which is why the board are committed to balancing the skills based training with emotional development, and creating a safe and open working culture where frank and honest conversations can be had about mental health. Mental Health UK is also our company-wide nominated charity and we fund raise and support events local to our Huts.

The groups 'planet' environmental pillar is also moving in the right direction with reduction of electricity, gas and water usage, introducing more efficient equipment and LED lighting, and driving better usage via regular reports from smart meters and educating teams on energy conservation. The group has made good progress on packaging and works closely with industry experts to assess the impact packaging really has on the environment. All of our takeaway boxes come from FSC certified sustainable sources. In 2018, the group introduced paper straws and eradicated the plastic ones from the restaurants forever and in 2021 are making a switch to an even more sustainable straw made from bamboo from certified forests.

The board are proud to play a broader leadership role in the sector, and are active members of a number of organisations committed to positive change as detailed below;

- Commitment to Courtauld 2025 - an ambitious voluntary agreement that brings together organisations across the food system to make food and drink production and consumption more sustainable. We are also part of the policy steering group on reducing food waste. Our shared ambition is to cut the resource needed to provide food and drink by one-fifth in ten years. That's good news for everyone.
- We are also co-chairing one of the three working groups of the ZCF tackling scope 3 emissions across the value chain, co-ordinating efforts with other hospitality operators and their suppliers. As a business and brand we are committed to making a positive difference.
- Achieved 2 star status of the Sustainable Restaurant Association who independently assess our sustainable practices and who facilitate cross sector collaboration on environmental issues.

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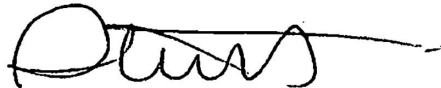
THE STRATEGIC REPORT (*continued*)

Community and Environment (*continued*)

- In 2019 we completed a full carbon foot-printing assessment, and in 2020 we joined the Zero Carbon Forum as a founding signatory. This sector wide initiative is the most ambitious environmental program in hospitality, and is aimed at moving the sector to net zero emissions in a timescale that meets or beats globally accepted deadlines for tackling the climate emergency. We are also co-chairing one of the three working groups of the ZCF, tackling scope 3 emissions across the value chain, co-ordinating efforts with other hospitality operators and their suppliers.

As a business and brand the board are committed to making a positive difference.

Mr A Platt
Director



This report was approved by the board and signed on its behalf on 24 November 2021.

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THE DIRECTORS' REPORT *(Continued)*

EMPLOYEE INVOLVEMENT

Throughout this financial period, Team Member engagement has remained a key focus for the business. Communication takes place through team, function, area, region and company meetings as well as regular newsletters and blogs from senior management.

Pizza Hut continues to engage team members via Yammer, which is a social networking tool that enables internal communications across the country. Team members can post photos, ask questions, share success stories and engage with one another. Team members are actively encouraged to share their views on anything in the business, and they are regularly canvassed for ideas and suggestions on business activity via roadshows, team meetings and social networking.

STREAMLINED ENERGY AND CARBON REPORTING

	Metric	2020 (000's)	2019 (000's)	2020 (tCO ₂ e)	2019 (tCO ₂ e)
Scope 1					
Natural gas	kWh	17,556	25,919	3,228	4,765
Refrigerants	kg	0.4	-	1,060	-
Scope 1 Total				4,288	4,765
Scope 2					
Purchased electricity <i>(location-based method)</i>	kWh	31,807	46,950	7,415	12,000
Purchased electricity <i>(market-based method)</i>	kWh	31,807	46,950	-	-
Scope 2 Total				-	-
Emissions intensity <i>(Scopes 1 and 2)</i>					
	tCO ₂ e / £m revenues			33	23
Scope 3					
Fuel for business travel <i>(rental / employee-owned vehicles)</i>	km	714	1,625	116	269
All other scope 3		-	-	-	-
Scope 3 Total				116	269

Pizza Hut report GHG emissions using the World Resources Institute (WRI) / World Business Council for Sustainable Development (WBCSD) GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition).

The carbon conversion factors as advised in guidance published by the UK's Department for Business, Energy and Industrial Strategy (BEIS) - 2020 version 1.0 and 2019 version 1.3 respectively. All emissions volumes have been reported in tonnes of CO₂ equivalent (tCO₂e).

Scope 1 emissions have been calculated for natural gas and leaked refrigerants (the net of drawn down and topped up amounts) only. The business does not own or operate any equipment or vehicles that require their own fuels i.e. furnaces and boilers, company owned vehicles.

Scope 2 emissions have been calculated using market-based methodologies in accordance with the GHG Protocol Scope 2 Guidance on procured renewable energy and that the chosen utilities provider has confirmed that the supply of purchased electricity meets the quality criteria as required.

Scope 3 emissions include emissions associated with fuel for business travel only.

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THE DIRECTORS' REPORT *(Continued)*

STREAMLINED ENERGY AND CARBON REPORTING *(continued)*

Omissions have been made for other scope 3 emissions as these were not calculated for the financial periods 2020 or 2019.

Methodology:

- Energy volumes have been calculated using kilowatt hours (kWh) as provided by regular invoicing from the chosen utilities supplier.
- Refrigerants have been reported in kilograms (kg) as per regular purchasing behaviours and represent the amount of 'leaked' refrigerant within the reporting period only.
- Business mileage has been measured in kilometres (km) and was calculated using expensed mileage claims.
- For this submission, emissions intensity has been measured in tonnes CO₂e per £1 million of sales revenues however, this is subject to review for future submissions.
- Scope 1, 2 and 3 emissions for both FY 2020 and FY 2019 have been reported where possible to do so.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.