

AZZURRIGROUP

SUSTAINABLE DINING UPDATE REPORT 2021

CEO'S WELCOME

Welcome to Azzurri's latest sustainable dining report, which provides an update on our progress since our 2018 report. This year's report follows a challenging period for the business. The COVID-19 crisis has had a profound impact on the casual dining sector, bringing unprecedented levels of disruption to many businesses, including our own. Despite these challenges our purpose is perhaps clearer than ever, to build better food businesses that sustain happy, healthy lives. We remain deeply committed to our vision, to 'serve better' with food businesses that nourish the individual needs of our people, our customers and our planet. Indeed, as we do to our sustainable dining strategy. Built upon five pillars – Our customers, Our people, Our community, Our suppliers and Environment & Planet - the strategy enables us to focus on the issues that matter most to our stakeholders. By putting responsibility at the heart of our business and focusing on those areas where we feel we can make the biggest difference, we can continue to move forward in a way that positively impacts our people, partners and local communities, and treads as lightly as possible on the environment. In the summer of 2020, we announced we had been acquired by a new long term partner, TowerBrook Capital Partners. TowerBrook is well known in the

investment community for its attention towards sustainability, as it was the first mainstream private equity firm in the world to become a Certified B Corporation. ("B Corp" is an award for companies that are leaders in their commitment to ESG and responsible business practices). This has enabled us not only to secure the future of approximately 225 restaurants and shops - and some 5,000 employees - across our Zizzi, ASK Italian and Coco di Mama brands, but also to look forward to our next chapter with excitement and optimism. As we reflect on our progress and all that we have learned from our sustainable dining strategy so far, we are pleased to be building on a firm foundation alongside a long-term investor with such a commitment to and strong track record in responsible ownership. We are proud of where we are and look forward to seeing how far we go next.

Steve Holmes

Chief Executive Officer
Azzurri Central Limited



Zizzi
INDIVIDUALLY
ITALIAN

ASK
ITALIAN

COCO
DI MAMA

CONTENTS

OVERVIEW

- 01 Sustainable dining at Azzurri



5 PILLAR APPROACH TO SUSTAINABLE DINING

- 03 Our People
- 05 Our Customers
- 06 Our Suppliers
- 07 Environment & Planet
- 09 Our Community



Sustainable dining at Azzurri

Since 2016 our sustainable dining strategy has set the course for our environmental, social and governance goals. Our approach to sustainability focuses on five key pillars: Our People, Our Customers, Our Suppliers, Environment and Planet and Our Community.

5 PILLARS

OUR PEOPLE

Categories

- Looking after our people
- Listening to our people
- Shaping careers
- Creating an inclusive workplace



OUR CUSTOMERS

Categories

- Safety during the COVID-19 outbreak
- Balancing our menus
- 'Peas Please' pledge for more veg



OUR SUPPLIERS

Categories

- Business Code of Conduct
- Working with our supply chain partners



ENVIRONMENT AND PLANET

Categories

- Reducing, repurposing and recycling waste
- Recycling food waste and redistributing surplus food
- Decarbonising our business
- Reducing emissions further and faster



OUR COMMUNITY

Categories

- Partnering with charities to positively impact our communities
- The Mental Health Foundation
- The future of sustainable dining at Azzurri



Whilst these pillars remain central to our wider approach, our outlook has evolved over the last five years as we have engaged with our people, customers, partners and investors, to understand their priorities and expectations.

For example, in 2016 our customers told us that the following areas were most important to them:

- The food I eat
- Respect for people - treating employees and suppliers fairly
- Animal welfare and fish sustainability
- Health and wellbeing - healthy and balanced menus
- The environment

We've checked in with our customers regularly since then to keep track of their thoughts and feelings about a range of different environmental, ethical and social issues. As we look ahead to the next phase of our ambitions, it is important to assess our progress and performance in each of the five key areas, and what will be important to take forward into the future.

Our recent survey in January 2021 shows that the most important issues to our customers are:

- The health and safety of employees and customers
- Health and wellbeing - healthy and balanced menus
- Respect for people - treating employees and suppliers fairly
- Environment - avoiding single-use plastics and packaging reduction
- High animal welfare standards - quality in food sourcing

Whilst there has not been a great deal of change with key topics, the main change is the addition of health and safety of employees and customers, which understandably is linked to the effect of the pandemic. Having healthy and non-meat options, veggie/vegan food, an increased concern about animal welfare & single use plastic waste/recycling continues to increase in importance. These changes will flow into our new future ambitions.



OUR PEOPLE

Looking after our people

Our culture at Azzurri Group is what sets us apart, and there's no doubt that this has helped us through the last year. Openness, honesty and respect for our people genuinely matters to us, and we will continue to support all our team members through this challenging period and beyond. With so much uncertainty and many of our teams furloughed for long periods, our priority has been to keep everyone safe, connected and informed. We're using all the channels available to us to ensure regular communication from all levels of the organisation. During full lockdown this included weekly updates from our CEO, Steve, telling people what we knew, when we knew it. Our dedicated Zizzi, ASK and Coco community apps have proved invaluable for staying in touch and supporting people – from signposting to our dedicated wellbeing support packs and financial advice, to starting online conversations that bring people together. We have changed our Employee Assistance Provider to one that offers a range of extensive virtual services available to all our employees and their families, including easy access to 24/7 GP consultations, and mental health support.

Thanks to Zizzi's partnership with the Mental Health Foundation, we've been able to promote excellent support and resources for anyone experiencing stress or anxiety. We have a growing number of mental health first aiders across the business, and from 2021 line managers will be trained to spot the signs of any mental health challenges in their teams. They will be equipped to start conversations, to listen to people's concerns, and to signpost further support where necessary. We intend to build on this partnership over the coming year with a focus on fundraising and training.



Overall
engagement
increased

8%

8% positive jump
in Promoters
(Feb 2019 – Feb 2020)

Listening to our people

Listening to our people and acting on their feedback is more important than it's ever been, especially as restrictions are lifted and they return to work. We had already established a regular employee engagement survey in Zizzi in 2019, and we continued this during the first lockdown, giving us lots of insight into what our employees need and want from us. Specific questions were designed to listen to teams' concerns and to understand how they were feeling at this time. On the whole, feedback has been very positive; people feel we have responded appropriately to the Covid-19 pandemic, and it has been really encouraging to see loyalty, belief, satisfaction and overall engagement scores go up. As we prepared to come out of lockdown, we conducted a survey to ask our people how they felt about returning to work. Whilst over 50% are happy to be coming back, 15% remain anxious. In response we are including sources of help and support in our training sessions and starting conversations around the signs of anxiety and how to seek support. Our aim this year is to roll out the engagement survey across all our brands and to check in with employees to see how they are feeling about the return to work.

“

I could not be prouder to work for Zizzi right now. I have been telling my friends and family how well senior leadership have dealt with the pandemic with honesty and transparency.

”

In March this year we also conducted our first survey of all our employees about the environmental and social issues most important to them.

The top 3 key areas of importance to our teams were:

60% of responders felt that it was important we choose suppliers who farm in an environmentally friendly way, with high animal welfare standards, and use fairtrade or organic ingredients - sourcing ingredients from the UK is very important to 35% of responders and fairly important to 28%.

Over 75% of responders believe it to be important to reduce our plastic use and increase our recyclable packaging.

The safety and mental well being of our teams is very important to over 60% of responders. This data, alongside our customer survey, will form the backbone of our 2025 strategy.



OUR PEOPLE



Shaping careers

Developing our people continues to be a priority for us. We're passionate about the opportunities that our sector offers, and we have designed fast-paced development programmes across our brands. ASK's Italian Journey and Avanti leadership programme, and Zizzi's Viaggio, are now well established, providing exciting career paths for both front and back of house staff who want to progress in the business. We are now seeing tangible outcomes, with 80% of area managers having come through these programmes and over 65% of positions filled by internal candidates. Lots of recent work has gone into continuing these online, and we are also now looking to scale them up, to get better at identifying high-potential people, and to build an executive development programme to support succession planning at the top of the business.

Having launched our restaurant apprenticeship programme in ASK in 2017, we currently have 13 people who have come through this route. Our ambition is to increase the reach of the apprenticeship programme and broaden it by establishing it in both Zizzi and Coco. We're also excited by the possibilities of supporting the UK Government's traineeships – 12-week work experience placements – as a further route into our business.

We have a number of professional and leadership apprenticeship programmes running successfully for our central teams including the newly created 'Women In Leadership' programme.



Creating an inclusive workplace

We are committed to fostering an inclusive culture and a diverse workplace where people can be themselves and are given opportunities to develop their careers with us. We know that in our business, as in the sector generally, people of colour are under-represented, as are females in some of our operational roles – in particular, head chefs (9% female) but also operations managers (23% female). This is reflected in our gender pay gap of 9.5% in 2020, despite having gender balance across the Boards of ASK and Zizzi.

It is critical that we fully understand the reasons for these disparities and develop our new approach based on the evidence. As we do so, we will listen to our people and focus on the data before engaging more broadly with the sector and experts, to work out how we can take meaningful action to reverse these trends.



65%

of positions filled
by internal candidates



80%

of area managers
come through
internal management
programmes

OUR CUSTOMERS



Safety during the COVID-19 outbreak

The wellbeing of our teams and our customers is our top priority. We have stringent policies and practices in place to maintain the highest standards of food safety and hygiene, and we have updated these to keep everybody safe in light of Covid-19. They include:

- Daily health declarations completed by our teams before arrival at work
- Secure guest registration (compliant with Test and Trace)
- Enhanced cleaning procedures
- Increased team hand-washing and hygiene
- Face coverings worn around our restaurants
- Adjusted menus to enable social distancing in kitchens
- More space between tables, clear tabletops and disposable menus
- Cashless payment

Our benchmark remains for all our restaurants to achieve five stars through the Food Hygiene Rating (or equivalent) scheme. Since our change in ownership, all our sites have been re-registered with local authorities under their new legal entities and they will undergo new food hygiene inspections in 2021.

Balancing our menus

The science is clear that a shift towards a more plant-based diet can make a significant positive contribution to the environment, while also helping people to live healthier lifestyles. We are passionate about people and the planet, and that passion is something we share with our customers, who are already choosing healthier options and more plant-based foods. We're working hard to understand and embrace these changes so our restaurants can continue to do what's right while meeting our customers' needs and exceeding their expectations.

Success in this area starts with transparency: clear signposting, labelling and easily accessible information on allergens and the nutritional content of our dishes. Customers of ASK and Zizzi can now use filters on our online menus to find non-gluten, non-dairy, vegan or lighter options, and can download full 'allergen' menus which provide detailed information on the ingredients and nutritional content of every dish.

Supported by our work with our suppliers on responsible sourcing (please see the Suppliers section on pages 6), we are also working to extend our information about allergens and ingredients, and to provide allergen and nutritional labelling on all Coco products and takeaway packaging in ASK and Zizzi by October 2021.

As we develop our dishes and design our menus, our focus is on providing healthier dishes and more choice. This includes a larger range of dishes under 600 calories; more vegetarian and vegan options; and making our children's menus healthier. Across the ASK children's menu, for example, we've reduced calories by 13%, salt by 12.8%, saturated fats by 15% and sugars by 35% since 2018. Our plans going forward include extending our vegetarian and vegan offer and expanding the range of healthier options in all our brands, as well as continuing to reduce sugar, salt, saturated fat and calories in our dishes, in line with government ambitions.

'Peas Please' pledge for more veg

Both Zizzi and ASK feature in the Top 15 in the latest Soil Association's Out to Lunch league table, which assesses restaurant chains on their food and service offering to children. As part of our commitment to improvement, Zizzi has pledged to ensure that all children's meals include at least two portions of vegetables, both through crudités and a minimum of one veg portion in the main meal item. Through the pledge, we commit to aiming for continuous progress to increase the portions of veg we make available to children every year. We review this each year so that we can keep track of our initiatives and progress. Expanding the range of healthier options in all our brands, as well as continuing to reduce sugar, salt, saturated fat and calories in our dishes, in line with government ambitions.



OUR SUPPLIERS

Business Code of Conduct

We source ingredients from growers and suppliers all over the world and recognise our responsibility to support and protect the workers in those supply chains so that we continue to deliver safe, quality meals to our customers in a responsible manner.

We ask all of our direct and indirect suppliers to commit themselves to our Business Code of Conduct, which is consistent with internationally agreed conventions on workers' rights and the Ethical Trading Initiative (ETI) Base Code and demonstrates our commitment to the letter and spirit of the Modern Slavery Act. Our Business Code of Conduct is available on our website.



Working with our supply chain partners

Farm-to-fork traceability and working with suppliers who have high ethical standards are fundamental to our business, and we know how important they are to our customers and people. In 2018 we introduced a new system called NT Assure which is enabling us to monitor, manage and work with our suppliers much more effectively.

We plan to use the information provided by the new system about our suppliers and key issues to develop new targets by summer 2021. In the meantime, all of our key targets will remain in place:



100%

of eggs used to be from RSPCA Assured free-range chickens by the end of 2021



100%

of chicken to be certified under the BetterChicken Commitment by the end of 2026



100%

of applicable suppliers do not source meat from countries that permit the routine use of prophylactic antibiotics



100%

of applicable suppliers actively source meat from animals kept on assured farms



100%

of applicable suppliers of fish or products containing fish MSC/ASC certified (or equivalent)



100%

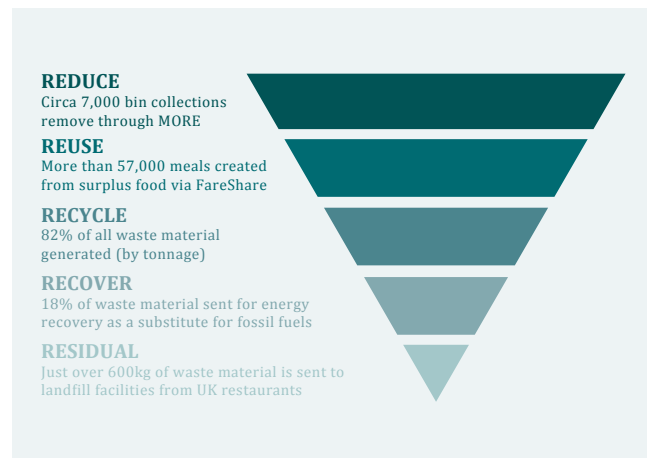
of products containing palm oil certified to RSPO

ENVIRONMENT & PLANET

Reducing, repurposing and recycling waste

Through our sustainable dining strategy, we've made solid progress in managing our waste impacts from restaurants and ensured the subject is on the agenda of every member of staff. In 2018, following a formal tender process, we appointed a new waste and recycling partner in UKWSL (UK Waste Solutions) with the aim of improving waste reduction and recycling at all ASK and Zizzi sites where waste is directly under our control.

Over the three-year contract (which we've recently extended), our overall targets included at least an 80% on-site recycling rate and diverting 99% of waste from landfill. Although we've fallen just short of our on-site recycling rate, we've achieved a lot with a focused programme of staff engagement and education, auditing and analysing data to develop targeted site-level action plans. These achievements were recognised in 2020 with an International CSR Excellence Award in the category of waste management initiative in the retail, commercial and public sector.



To build on this success, our immediate plans include increasing the scope of our UKWSL partnership to include Coco sites when they reopen. This will give us more consistency and a similar ability to reduce our waste impacts across the Coco estate.

We're also working to reduce the impacts of packaging across our brands. Our primary focus here has been Coco, as a quick-service brand offering food and drinks on the go. We had set up a trial for 2020 to recycle coffee cups, pasta pots and coffee grounds. Although this was delayed by the store closures last year, it is something we will run and look to scale up quickly as soon as possible. At the same time, we have a project team looking at packaging across the group, including ASK and Zizzi, to see how we can optimise the formats and materials we use in takeaway packaging to reduce waste and maximise recycling rates. This is increasingly important with changing customer behaviour due to the ongoing COVID-related restrictions. We also know that the issue is a high priority for many of our customers and team members.

Recycling food waste and redistributing surplus food

For the last six years, we have been recycling food waste at most ASK and Zizzi sites (those where we have direct control over waste arrangements). This consists mainly of any leftover food on customers' plates, with some unavoidable waste from food preparation. It is something we manage very closely and on which each site reports so we can ensure it is kept to a minimum. This food waste is then collected by our contractors and taken to anaerobic digestion and composting plants, where the vast majority is converted to energy, so it does not end up in landfill.

We also have arrangements in place, both directly and through our supply chain, to redistribute any surplus food to those who need it most. Our partners include FareShare, who we've been working with since 2016, and The Felix Project, with whom Coco has been working in London since 2017. Both organisations play a vital role in rescuing surplus food from the food industry and delivering it to frontline charities and community organisations – and we are glad to play our small part in the much-needed support they provide to local communities.



ENVIRONMENT & PLANET

Decarbonising our business

We've also made steady progress throughout this strategy to reduce restaurant energy usage, one of the biggest direct environmental impacts of our operations. By the end of 2019 (and before restaurants were closed due to Covid-19) we had reduced like-for-like electricity usage by 11% in ASK (compared to 2013/14) and by 6.5% in Zizzi (compared to 2015/16). This was achieved mainly through strong monitoring and targeted restaurant engagement and through a programme of investment into energy-efficient equipment and appliances such as LED lighting.



Zizzi
INDIVIDUALLY
ITALIAN

⚡ 6.5%

reduced like-for-like
electricity usage
(compared to 2015/16)

ASK
ITALIAN

⚡ 11%

reduced like-for-like
electricity usage
(compared to 2013/14)

Reducing emissions further and faster

However, we also recognise the pressing need to step up our efforts and ensure we are playing our full part in tackling climate change and contributing to UK government ambitions of a green economic recovery. That's why in November 2020 we became one of 18 founding members of the UK hospitality sector Zero Carbon Forum, which has been established to decarbonise our sector together at pace. As part of this ambitious initiative, we will contribute to and publish, by September 2021, an industry-wide plan to achieve net zero carbon – ahead of the UK-hosted United Nations Climate Change Conference in November.

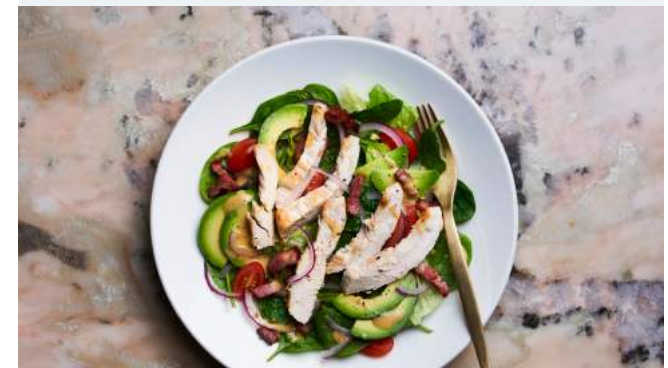
We're really excited about the collaborative opportunities that being part of this Forum will offer. Among the commitments we've made, we will measure and benchmark key emission areas such as energy, water, waste, supply chains and transport annually, and develop a company-wide action plan to implement best practices in emission reduction. The Forum is already working on reduction initiatives including collaborative renewable energy buying, electric vehicle charge points and carbon offsetting and, as members, we will be part of collaborative working groups looking at how we can implement these changes both together and in our individual businesses.

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Our goal is for hospitality to achieve net zero faster, together. Carbon reduction and sustainable business are increasingly important to our customers so it's vital that we act now. The window of opportunity to avert climate change disaster is closing fast and we must focus on reducing emissions and a path to net zero. Hospitality is committed to working together at pace to decarbonise its operations and support the Government's green industrial revolution.

Mark Chapman,
Founder & CEO of the Zero Carbon Forum

”



OUR COMMUNITY



£2.5 million raised!

Partnering with charities to positively impact our communities

Thanks to the passion and enthusiasm of our teams, we have raised £2.5 million over the last ten years for ASK's long-standing charity partner, Great Ormond Street Hospital. Zizzi also raised £1.3 million for its charity partner, Cancer Research, between 2017 and 2020. These are significant achievements that have made valuable and lasting contributions to these vital causes.

The Mental Health Foundation

When Zizzi's 3-year partnership with Cancer Research UK came to an end in 2020, our focus was on finding a new partner that would not just allow us to give something back, but that would also give our teams something tangible to talk about and get involved with.

Our employees voted for The Mental Health Foundation, which works across the UK to enable people to lead mentally healthier lives. In addition to fundraising and volunteering opportunities, the partnership will also allow us to provide additional support to our teams.



£1.3 million raised!

The future of sustainable dining at Azzurri

We have big ambitions to build on this progress and there's a lot we want to achieve. Over the next few months, we'll continue our work to develop and evolve our sustainable dining strategy, setting out our priorities, commitments and ambitions for the next five years.

Our strategy is purpose-led and based on insights from our teams, customers and recognised external assessments and benchmarking. It is designed to weave a thread through our brands in a way that meaningfully engages our teams, customers and partners.

Above all, we want to positively impact the big environmental and social issues of our day and grow this business with sustainability and responsibility at its core. We look forward to sharing more later this year.

NOTES

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