

MODERN SLAVERY STATEMENT 2023

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**IMPACT**



COLLINS FOODS LIMITED

ACN 151 420 781

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→ *Our Mission &*

**RESTAURANTS**  
*done* **BETTER.**

## Acknowledgment of Country

Collins Foods Limited acknowledges the Traditional Owners and Custodians of the lands on which we operate. We pay our respects to Elders past, present and emerging.



# Introduction

**This Modern Slavery Statement (Statement) is prepared by Collins Foods Limited (CFL) and its owned or controlled entities (Group) pursuant to the requirements of the Modern Slavery Act 2018 (Cth) (the Act).**

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This Statement relates to the reporting period that commenced on 2 May 2022 and ended on 30 April 2023 (Reporting Period).

We are committed to conducting business to the highest possible ethical standards as set out in our Group Code of Conduct and Ethics & Integrity Policy. We will not tolerate any form of human rights abuse, including modern slavery, forced labour or human trafficking in our operations or supply chain. We are committed to looking after our people, our communities and our planet, as evidenced by the initiatives that are outlined in our Positive Impact Sustainability Report 2023.

This Statement describes the risk of modern slavery in the operations and supply chains of the reporting entities, and their owned or controlled entities, during the Reporting Period and details the steps taken to assess and address this risk.

This joint Statement reports on the activities of CFL and has been reviewed and approved by the Directors of each of the following reporting entities<sup>1</sup>:

1. Collins Foods Limited (ACN 151 420 781)
2. CFG Finance Pty Limited (ACN 151 677 351)
3. Collins Foods Holding Pty Limited (ACN 113 801 648)
4. Collins Foods Finance Pty Limited (ACN 113 833 391)
5. Collins Foods Group Pty Limited (ACN 009 937 900)
6. Collins Restaurants Queensland Pty Limited (ACN 009 988 381)
7. Fiscal Nominees Company Pty Limited (ACN 166 936 278)
8. Collins Restaurants West Pty Limited (ACN 009 701 179)
9. Collins Restaurants South Pty Limited (ACN 612 129 781)

This Statement should be read in conjunction with the modern slavery statement submitted by our **KFC Australia Franchisor<sup>2</sup> — KFC Australia Modern Slavery Statement** (for the period ended 31 December 2022).



1 Collins Foods Limited is the ultimate holding company of the Collins Foods Group, with all other entities listed above being 100% owned subsidiaries responsible for the operations of franchised restaurants or restaurant support services.

2 KFC Australia is part of YUM! Brands Inc. and is the franchisor of the KFC brand in Australia. CFL does not own any shareholding in YUM! Brands Inc. or KFC Australia.

# About Collins Foods

We are an ASX-listed entity and as a franchisee of YUM! Brands Inc, we operate KFC restaurants across Australia and Europe, and Taco Bell restaurants across Australia. Up until 11 July 2023, we also operated as the franchisor for Sizzler in Asia.

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As an employer of over 20,000 people in Australia, Germany and the Netherlands, we take great responsibility for providing equal opportunities within our workforce.

Six core values underpin everything we do. Our ongoing efforts to assess and address any potential modern slavery risks in our operations and supply chains are consistent with our values and our mission of 'Restaurants Done Better.'



**We are deeply committed** to the wellbeing, development and safety of our people, and treat them as our family.



**We are passionate** about our customers. We work together to create unrivalled experiences.



**'Being Brilliant at the Basics'** is in our DNA — we are fanatical about driving performance and getting it right every time.



**This is our company.** We treat it like our own and take complete accountability for results.



Life is too short to stick with the status quo. **We think big and take bold moves** to make sure we are better tomorrow than today.



Our people, our communities, and our planet deserve our wholehearted commitment. **We want our growth to be sustainable.**

Our website [www.collinsfoods.com](http://www.collinsfoods.com) provides further insights into our operations, suppliers and our aspirations to be the World's Top Restaurant Operator by creating unmatched experiences for both our customers and our people.

# Our Operations

With over half a century of experience, we are proud of our successful history and aim to continue our amazing journey with the following brands:

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## KFC Australia

- Own and operate 272 restaurants under franchise agreements with Kentucky Fried Chicken Pty Limited (KFC AU Franchisor).
- KFC AU is a subsidiary of Yum! Brands, Inc., based in Louisville, Kentucky. As a franchised business for KFC, our franchisor provides support for marketing, development, food innovation, supply chain and information technology services in exchange for service fees.



## KFC Europe

- Own and operate 72 restaurants in Germany and the Netherlands.
- Party to a Corporate Franchise Agreement in the Netherlands, which allows us to manage and develop the KFC brand and business in the Netherlands.
- Restaurants in Germany are supported under a franchise agreement with KFC Europe Franchisor.



## Taco Bell

- Quick service restaurants that offer Mexican-inspired food. We are a franchisee in Australia operating 27 restaurants under franchise agreements with Taco Bell Asia Franchising LLC (Taco Bell Franchisor), based in the USA.



# Overview of our Supply Chain

In accordance with our franchise agreements, we are required to use goods and services that have been approved by our franchisor to prepare, market and sell products in our restaurants.

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This ensures quality and consistency of products sold throughout the franchise system for both KFC and Taco Bell. Yum! Brands Inc conduct the sourcing and purchasing negotiations for food, packaging, equipment and other items on our behalf, which means supply and distribution arrangements are limited to approved supply and distribution partners of Yum! Brands Inc.

Our supply chain is made up of 'core suppliers' that provide critical products and services to our restaurants, such as food and beverage products, packaging, uniforms, distribution partners and delivery aggregators.

## KFC Australia

Supply chain for core items is co-ordinated by KFC AU Franchisor, which conducts sourcing and purchasing negotiations for core supply chain items.

Our KFC AU Franchisor also provides us with certain advertising and marketing services, the provision of IT equipment and services for our restaurants.

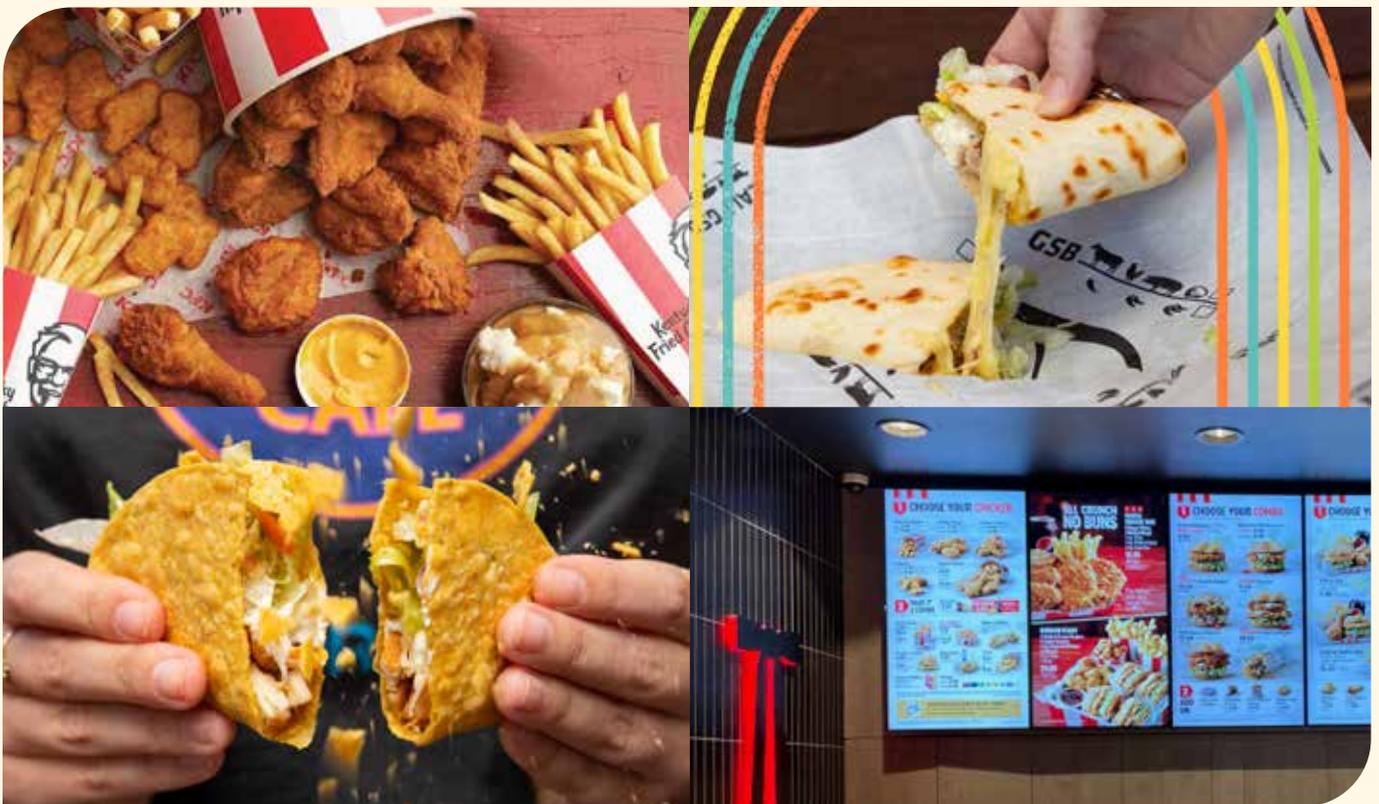
## KFC Europe

Our Europe KFC restaurants' core suppliers are managed by KFC EU Franchisor.

## Taco Bell

Our core suppliers are managed in partnership with our Franchisor, Taco Bell International.

The remainder of CFL's supply chain comprises various 'non-core suppliers' that provide products and services such as, restaurant equipment, construction, maintenance, marketing, IT, tax and legal consulting and cleaning services.



# Risks of Modern Slavery in Our Operations

We recognise that the food industry is a high-risk sector for forced labour. We acknowledge that there is an inherent risk of employment of vulnerable workers due to the nature of our industry and the risks surrounding wage compliance.

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We require that team members working in our restaurants and our restaurant support centres must be:

- a) treated fairly and with respect;
- b) of working age and be working of their own free will; and
- c) paid in accordance with the relevant award and applicable legislation.

One of our core values is 'People at the Heart' (refer to page 3 for details of all our values), and we are dedicated to supporting cultural diversity, positive mental health and ensuring our workplaces are safe, happy and welcoming.

We are committed to supporting vulnerable workers and protecting them from harm or abuse. We recognise our vulnerable workers include young workers, individuals from ethnic minorities, those who identify as LGBTIQ+, and staff with disabilities.

We annually assess diversity-related, measurable objectives such as gender diversity and the gender pay gap, which is also reported annually to meet our commitments under the *Workplace Gender Equality Act (2012)* (WGEA). These and more details on our initiatives to support all vulnerable workers can be found in our 2023 Positive Impact Report and WGEA report, both published on our website.

CFL has the following policies and procedures in place to outline and reinforce the expected appropriate behaviours and practices of all our employees and contractors:

- Group Code of Conduct
- Ethics and Integrity Policy
- Group Whistleblower Policy
- Discrimination, Harassment and Bullying Policy
- Grievance Resolution Procedure
- Recruitment & Employment of Young Workers Policy
- Diversity and Inclusion Policy
- Paid Parental Leave Policy
- Domestic and Family Violence Policy
- Supply Chain Management Code of Conduct
- Procurement Policy and Manual



# Risks of Modern Slavery in Our Supply Chain

## Core suppliers

**Our core suppliers comprise major food, packaging, and distribution suppliers that are critical for the operation of our restaurants. For our Australian restaurants, approximately 98% of all food supplies are sourced locally.**

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This ranges from the supply of Australian sourced chicken and beef, fresh produce, bread products, beverages, and seasonings. The supply chain also includes a variety of overseas sourced products for our Taco Bell restaurants, for example sauces sourced from Mexico.

Both KFC AU Franchisor and KFC EU Franchisor perform risk assessments of food and paper suppliers and require all food and paper suppliers to register on Sedex.<sup>3</sup> These categories of procurement have increased risks of modern slavery in their supply chains by virtue of their industry risk (e.g. agriculture, manufacturing, and transport) and country risk in some instances.

Suppliers with a high-risk rating are required to have a third party Sedex Members Ethical Trade Audit (SMETA)<sup>4</sup> completed, with any findings monitored by both our Franchisors in Australia and Europe. All supply partners are asked to review their data captured in Sedex and provide regular updates to our KFC franchisor supply chain teams with respect to where risks have been identified and how these have been addressed or mitigated. This information forms part of the quarterly supplier business reviews.

Most core suppliers for our Taco Bell restaurants are the same as our KFC Australia core suppliers. These suppliers are already registered on Sedex with our KFC AU Franchisor and therefore we leverage these due diligence controls and risk mitigants where applicable. We request any suppliers that are independent to the KFC brand, to register on Sedex.

In relation to delivery aggregator services, we acknowledge the potential modern slavery risks within their operations and supply chains. These relationships, contracts, and the review of their performance are managed by our Franchisors, and we rely on the assessments and actions taken by them.

During the Reporting Period, core suppliers made up the following portion of our total supply chain based on annual spend:

LOCATION OF OPERATIONS	CORE SUPPLIERS
Australia	53%
Europe	65%

For our European restaurants, the core suppliers have a wider geographical dispersion.

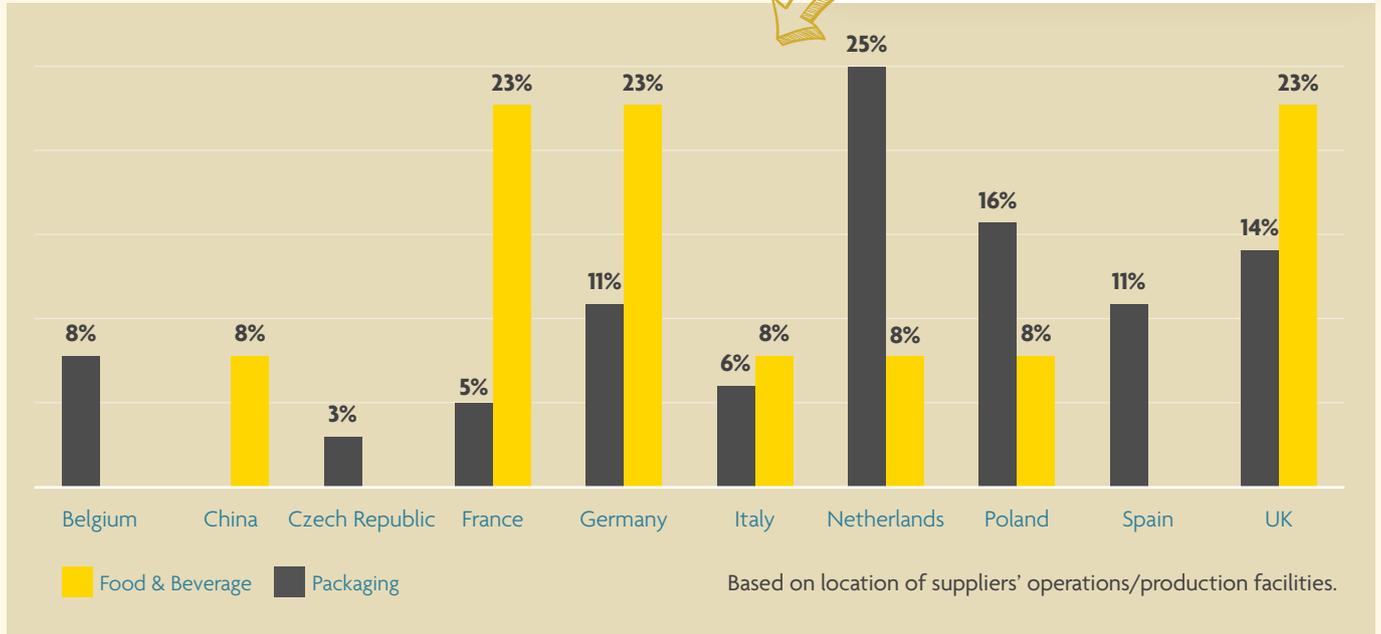
A snapshot of the country of origin and Sedex rating for these supplies is set out on the next page.

<sup>3</sup> Sedex is a responsible business trade membership organisation acting to improve working conditions in global supply chains by helping businesses achieve end-to-end supply chain transparency. For more information, refer to <https://www.sedex.com/>

<sup>4</sup> <https://www.sedex.com/solutions/smeta-audit/>

# Risks of Modern Slavery in Our Supply Chain

## EU Operations CORE SUPPLIERS



Each country's labour standards have been risk rated by Sedex as set out below.

COUNTRY	SEDEX RISK RATING
Belgium	Medium
China	High
Czech Republic	Medium
France	Medium
Germany	Medium
Italy	Medium
Netherlands	Low
Poland	Medium
Spain	Medium
UK	Medium

# Risks of Modern Slavery in Our Supply Chain

## Non-core suppliers

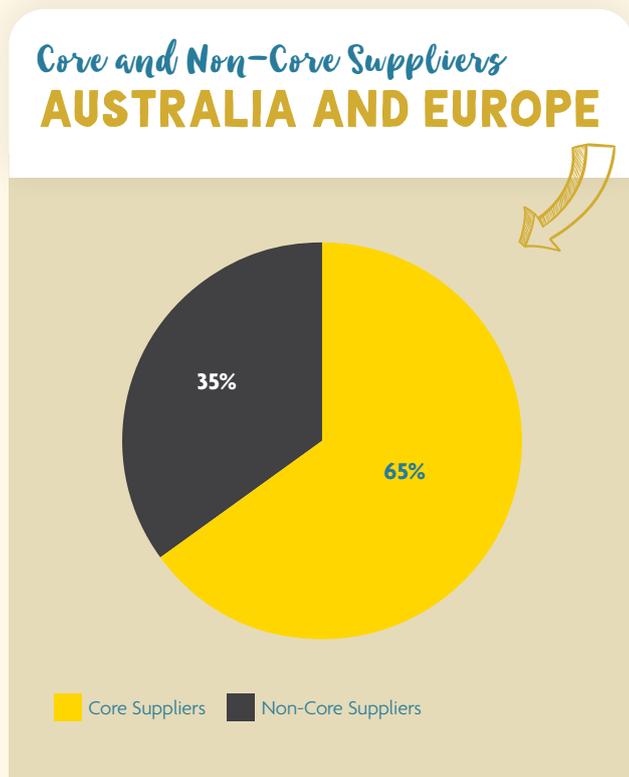
Non-core suppliers make up 35% of our total supply chain, providing non-food goods and services. We conduct a modern slavery risk assessment based on sector and supplier country of domicile, the risk relating to the product and services provided, and the annual procurement spend.

At this stage we have limited visibility in relation to our non-core supply chain beyond the first tier. We recognise the need to improve our visibility beyond tier one in future Reporting Periods. Details of our future initiatives to further progress our maturity can be found on page 9 of this Statement.

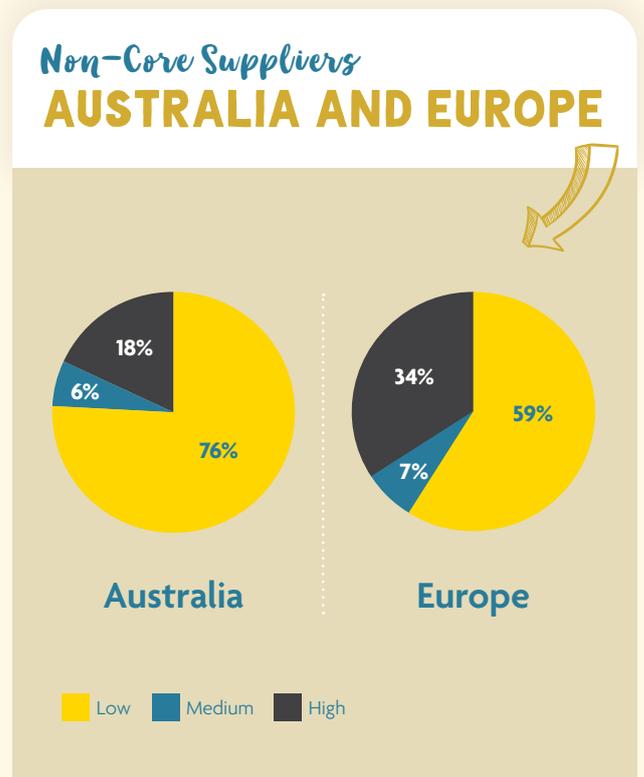
As part of the supplier onboarding process, CFL reviews the results of the Approved Supplier Questionnaire which provides information on the suppliers' accredited food safety system, risk management, customer complaints, auditing, insurances, and information on where the products are manufactured.

One of CFL's key sustainability initiatives has been the introduction of solar power across 166 of our Australian restaurants. The procurement of solar power components including panels and associated electrical fittings has been identified as a potential modern slavery risk particularly in relation to their manufacture. Risk assessments performed by CFL have identified the countries of origin of these panels as including China, Malaysia, South Korea, Thailand and Vietnam. CFL continues to review and strengthen its due diligence processes in connection with solar panel procurement which involves countries where potential human rights violations are of heightened concern.

As at the end of the Reporting Period the risk profile of our non-core suppliers for both our Australia and European operations was as follows:



Based on annual spend.



The majority of the 'High Risk' non-core supplier consist of construction, maintenance, waste and pest control services.

# Actions to Assess and Address Modern Slavery Risks

In accordance with the risk appetite set by the CFL Board, the Group has no appetite for any form of modern slavery or other unethical behaviour in our operations or supply chain.



In seeking to identify the modern slavery risks in our operations and supply chain, we align our assessment with the United Nations Guiding Principles (UNGPs) on the potential for our business to cause, contribute to, or be directly linked to modern slavery.

## Operations

Utilising CFL's risk assessment framework, we have assessed there to be a low risk of modern slavery occurring amongst our team members employed across our restaurants and support centres in Australia, Germany and the Netherlands. This is supported by *The Global Slavery Index 2023 Report*<sup>5</sup> which rates the prevalence of modern slavery in these countries as low. This does not mean our business operations in these locations are absent from risk nor that we are less rigorous with our due diligence processes in those regions. It is also noted that this "low risk rating" differs to the Sedex ratings as stated on page 7, due to these ratings based on all industries and not just food, beverage and packaging suppliers, which is the case for the Sedex ratings presented.

The Group has a robust framework in place for communication and training on workplace rights and conditions and requires compliance with all relevant labour legislation in each country that we operate. This is supported by relevant policies and procedures (*refer to listing on page 5*) which are reinforced by relevant training and internal and external reviews.

CFL has identified that on certain occasions some employees may have been entitled to receive additional allowances. A program is underway to review and confirm any instances where this may apply and this program will be completed in FY24.

Working groups have been established to ensure appropriate focus across disability, gender equality, LGBTQIA+ community and multicultural initiatives and policies.

Our franchisors in both Australia and Europe co-ordinate third party audits across our restaurants that verify that the brand standards and food safety practices are adhered to by all KFC and Taco Bell restaurants. These audits are carried out on a quarterly basis. The auditors have powers to inspect files on team members and can conduct random checks to ensure that team members are of working age.

We have delivered training to key personnel on modern slavery and how to assess risks with procurement with suppliers and understand the key signs of modern slavery. In addition, relevant staff have undertaken training to help with the risk analysis of suppliers.

CFL's board and management adopt high standards of corporate governance consistent with the ASX Corporate Governance Principles and Recommendations as described in our annual corporate governance statement published on our website.

## Supply Chain

Both our KFC AU Franchisor and KFC EU Franchisor are members of Sedex, which we leverage to drive Sedex registrations by supply partners.

We continue to evolve and mature modern slavery due diligence processes by requesting high-risk non-core suppliers join the Sedex platform, complete questionnaires on modern slavery practices, and if required, complete a third-party SMETA audit.

As mentioned in previous Statements, our Procurement Policy provides guidelines for procurement being undertaken in a manner that enhances our integrity and reputation and promotes continuous improvement.

One of the primary means by which we assess and address the potential risk of modern slavery arising in our supply chain is through our contracting process with our suppliers. We recognise that our leverage with suppliers is strongest at the time of negotiating a contract. We use a contractor manager system, Rapid Global, to onboard suppliers, which requires suppliers to acknowledge our Supply Chain Code of Conduct.

Our Supply Chain Code of Conduct outlines the rules and standards of conduct that apply to third parties in the Group's food production and supply chain. It prohibits unlawful use of child labour and forced labour.



<sup>5</sup> <https://www.walkfree.org/global-slavery-index/>

# Actions to Assess and Address Modern Slavery Risks

During the Reporting Period, we continued registering our Australian and European operations suppliers on Sedex, including food and beverage suppliers, packaging, distribution partners and uniform providers and material non-core suppliers. Suppliers are required to complete self-assessment questionnaires.

To manage performance, audits of key suppliers are conducted annually by KFC AU and EU Franchisors, which includes a review of the supplier's internal processes and site visits, as required. Feedback is provided to suppliers to support and drive continuous improvement.

## Remediation

Employees can escalate to their manager if they have any concerns or issues in relation to modern slavery, or if they wish to remain anonymous, employees and third parties are able to report via CFL's independently operated Whistleblower system. This process is outlined in the Group Whistleblower Policy and the Grievance Resolution Procedure that allows staff to raise concerns in a confidential and anonymous manner and without reprisals for whistleblowers. This channel is available for reporting modern slavery concerns.

If we did find that our business had caused or contributed to modern slavery, we would take guidance from the United Nations Guiding Principles (UNGPs), which provides that businesses in this situation need to remediate the impact by taking a person-centred approach protecting the safety, privacy and wellbeing of the affected person.

The process consists of:

1. Gathering evidence, physical and written, and assessing the extent and verified or unverified instance of modern slavery;
2. Escalating it to the relevant bodies within the organisation and authorities such as police if necessary;
3. Undertaking a full investigation of the situation including reviewing all evidence;
4. Implementing an appropriate corrective action plan, which may include contract termination with a supplier and/or worker compensation; and
5. Reviewing the effectiveness of our process and actions to ensure that modern slavery risks are proactively mitigated and prevented where possible.

# Assessing Effectiveness of Our Actions

As part of embedded corporate governance and risk management processes, we monitor the effectiveness of our modern slavery approach and are committed to continuous improvement.

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During the Reporting Period, we have not identified any issues that could be linked to modern slavery.

The below provides a summary of the processes we have in place to assess the effectiveness of our actions and progress made on improving and refining our actions:

ACTION	PROGRESS MADE
Supply Chain Management*	<p>We continue to evolve and mature modern slavery due diligence processes by requesting high-risk non-core suppliers to join the Sedex platform and complete a third-party SMETA audit.</p> <p><b>KFC Australia Core Suppliers:</b> 75% have completed their SAQs and 100% of “High Risk” supplier sites had completed SMETA Audits (as at 30/05/2023).</p> <p><b>KFC EU Core Suppliers:</b> 65% have completed their SAQs and 40% of all suppliers had completed SMETA Audits (as at 30/05/2023).</p>
Training & Awareness	<p>During the Reporting Period human rights/modern slavery awareness training was conducted for our European operations.</p> <p>Further modern slavery training and information sharing sessions were provided to relevant Australian employees and Directors.</p>
Supplier Contracts	<p>Reviews of key contracts with our non-core suppliers that require specific amendments in relation to modern slavery clauses continue and an update our Supplier Code of Conduct with an inclusion of a serious social misconduct termination event added.</p>
ESG & Sustainability	<p>CFL appointed a Group ESG &amp; Sustainability Manager who will drive our ESG strategy and sustainability efforts across CFL to make a positive impact to our people, communities and planet.</p>
Collins Family Fund	<p>The Collins Family Fund which provides short-term, emergency support to employees who are experiencing unexpected financial difficulties, provided \$275,000 of support during the Reporting Period.</p> <p>This financial grant is available to all employees who work in the Collins Foods brands of KFC, Taco Bell or the Restaurant Support Centre.</p>
Diversity & Inclusion	<p>During the Reporting Period, various employee working groups across disability, gender equality, LGBTQIA+ community and multicultural groups were formed.</p>

\* Managed by Franchisor (YUM!)

# Focus Areas for the Next 12 Months

At CFL we are committed to the continuous improvement in our approach and maturity around addressing modern slavery risks within our operations and supply chains.

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Our focus during the next reporting period will be:

ACTION	DETAILS
Partnering & Consultation	Further consultation and collaboration with our suppliers, business peers and industry bodies to help educate, improve processes and reduce modern slavery risks. A formalised structure to coordinate anti-slavery efforts will be set up with our Franchisors.
Modern Slavery Working Group	Establish a committee to drive the design and implementation of CFL's Modern Slavery Strategy and enhance human rights/modern slavery disclosures within CFL's Annual Sustainability Report.
Supply Chain Mapping	<p>We will further map our supply chains to gain a comprehensive understanding of the potential risks and identify areas for improvement.</p> <p>Areas of focus will be suppliers who provide goods and services in relation to restaurant construction, maintenance, delivery aggregators and waste &amp; pest management services. With the target to have these suppliers signed up to the Sedex platform in the next 12 months.</p>
Ethical Audit Framework	Develop and roll out CFL's supplier audit framework policy and processes, leveraging on the expertise of Sedex and embedded due diligence process of our Franchisors.
Supplier Capacity Building	We will work closely with our suppliers to provide training and support to improve their labour practices and ensure compliance with our ethical standards through webinars and training sessions facilitated by Sedex and our Franchisors.
Education & Training	<p>Continue to train and develop our people to have a better understanding of modern slavery risks, to help identify potential risks within our operations and when interacting with our supply chain.</p> <p>Leveraging our partnerships with Sedex and our Franchisors to help support our supply chain and elevate their maturity in relation to the management of modern slavery risks.</p>

# Consultation Process

The reporting entities making this statement, and their owned or controlled entities, have been consulted in its preparation.

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Executives performing group level functions across our Group have provided input in relation to our operations, procurement, and supply chain.

This Statement has been prepared in consultation with the CFL Executive Management team.

We have engaged with our franchisor in Australia, Kentucky Fried Chicken Pty Limited, which is also required to comply with the Modern Slavery Act 2018 (Cth). We also engaged with our KFC Europe Franchisor that is required to comply with the UK laws on modern slavery.

# Conclusion

This is an ongoing commitment by the reporting entities to gain visibility into the risks of modern slavery in our operations and supply chains and to embed processes within our business to strengthen our management controls to mitigate these risks.

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This Statement was approved by the Board of Collins Foods Limited, the parent entity of the reporting entities and the directors of each of the reporting entities. The Statement has been signed by a member of the Board of Collins Foods Limited on behalf of all reporting entities.



Robert Kaye SC  
Chair

11 October 2023



**COLLINS FOODS LIMITED**

ACN 151 420 781