



MODERN SLAVERY STATEMENT 2022

KRISPY KREME HOLDINGS PTY LIMITED

This is the third Modern Slavery Statement (**Statement**) for Krispy Kreme Holdings Pty Limited ACN 134 222 727 (**Krispy Kreme**) which is made pursuant to the requirement of the *Modern Slavery Act 2018 (Cth) (Act)*. It relates to the reporting period that commenced 1 January 2022 and ended on 31 December 2022.

The content of this Statement describes the risk of modern slavery in our operations and supply chain and outlines our approach to ensuring that Krispy Kreme has an established framework and processes in place to minimise the risks, as well as identifying the progress made in 2022 against set objectives.

Krispy Kreme recognises that slavery and human trafficking can occur in many forms, as considered in the Act. Krispy Kreme is committed to operating responsibly and establishing and adhering to the highest ethical standards. Krispy Kreme will not tolerate any forms of slavery or human trafficking in our business.

We are committed to looking after our people, our communities and our environment and have key initiatives driving progress towards such endeavours captured more broadly within our Global ESG Policy.

1. Introduction to our Business

- 1.1. Krispy Kreme is the owner and operator of the Krispy Kreme brand in Australia and New Zealand. For clarity, the Krispy Kreme reporting entity does not hold the rights to the brand or the operations in the South Australian and Northern Territory markets. These operations are managed by an independent third party which is a direct franchisee of the US domiciled entity, Krispy Kreme Doughnut Corporation.
- 1.2. Our business is centred on an omni channel model whereby we operate our own retail stores and ecommerce channels selling Krispy Kreme branded doughnuts and products, as well as the manufacture of doughnuts for supply into adjacent channels such as petrol and convenience, grocery and out-of-home entertainment.

1.3. All of our facilities are company owned, and In Australia we operate 37 retail stores, 3 doughnut factories and supply approximately 1,000 doughnut cabinets nationally each day with fresh doughnuts. We employ approximately 1,500 people in Australia under a mix of full time, part time and casual employment.

1.4. Our workforce is diverse with a greater than 50% female profile, and which is represented in Field Leadership, Support Office and in the Executive Team at 55%, 51% and 67% respectively.

2. Our structure, operations and supply chain

2.1. Krispy Kreme is part of a global business whereby the parent company Krispy Kreme Doughnut Corporation owns and operates the Krispy Kreme brand in over 30 countries via a mix of equity ownership and franchised markets.

2.2. Krispy Kreme is an iconic US brand with more than 85 years of heritage. The core of the business is the manufacture and sale of doughnuts via a mix of channels including retail stores, ecommerce and a wholesale delivered daily fresh supply model that is distributed into a variety of adjacent channels (Petrol & Convenience, grocery, entertainment etc).

2.3. Krispy Kreme has two entities which it controls, being Krispy Kreme Australia Pty Limited ACN 099 478 663 (**Krispy Kreme Australia**), which is a wholly owned subsidiary of Krispy Kreme, and Krispy Kreme New Zealand Limited, a company incorporated in New Zealand which is a wholly owned subsidiary of Krispy Kreme Australia.

2.4. **Krispy Kreme Australia:** owns and operates a national business (excluding the South Australian and the Northern Territory markets) of 37 stores, 3 doughnut factories and supply approximately 1,000 doughnut cabinets. Since being acquired by Krispy Kreme Doughnut Corporation in 2018 and becoming a wholly owned subsidiary, our franchise agreement was terminated and we now operate under the governance of a wholly owned subsidiary, with a separate Board to the parent company.

2.5. **Krispy Kreme New Zealand:** owns and operates a national business of 6 stores, 1 doughnut factory and more than 100 doughnut cabinets.

2.6. Our parent company grants access to the Krispy Kreme brand's intellectual property such as recipe and trademarks. We also receive support with respect to core elements of our operations via a collaborative working relationship (innovation, network development and design, IT, strategic support). Despite being a wholly owned



subsidiary Krispy Kreme pays a royalty fee to the US parent in consideration for these services.

- 2.7. Our supply chain is largely coordinated and managed by a local team. The US parent company provides support with core elements associated with our supply chain such as the doughnut mix, including but not limited to the approval of a local doughnut mix manufacturer and support with respect to compliance to global recipe and other QA issues. In addition the global team assists us with our commodity coverage strategy.
- 2.8. Our local supply chain team manages the relationship with each supplier, and but for the long term doughnut mix supply manufacturing agreement, the US parent company provides feedback on the selection of the suppliers used, which allows an awareness to other markets supply chain traceability.
- 2.9. Our parent company Krispy Kreme Doughnut Corporation is in compliance with the California Transparency in Supply Chains Act (S.B. 657).
- 2.10. Our supply chain includes the following products and is best categorised into Core and Non-core groupings.
- 2.11. Core:
- Doughnut mix
 - Sugar
 - Shortening
 - Packaging
 - Icings and Fillings
 - Logistics and distribution
 - Delivery aggregators
- 2.12. Non-Core:
- Icings and fillings used in limited time offer promotions (which are sourced locally and abroad for promotions lasting between 1 and 2 months)
 - Beverage
 - Consumables
 - Uniform
 - Equipment
 - Services

3. Modern Slavery Risks

- 3.1. Krispy Kreme's Board is responsible for overseeing the performance and operations of the business and undertakes a targeted risk-based approach to our modern slavery practices across our operations and supply chains.
- 3.2. In considering the risks of modern slavery in our operations and supply chain we have considered the Global Estimates of Modern Slavery (2021).
- 3.3. Krispy Kreme operates under a Group global risk management framework which involves the identification of risks that require management and developing controls and mitigation plans to manage the risk. The risk register is reviewed quarterly by the Executive Management team and presented at each Board Meeting.
- 3.4. Progress against the Modern Slavery statement is tracked at the Board level.
- 3.5. As a wholly owned subsidiary of Krispy Kreme Doughnut Corp, global policies on ESG and supply chain transparency and risk management positively influence and support the progress made by the reporting entity in accordance with the standards and expectations set by the Act.

Operations

- 3.6. During 2022 we conducted a review of the risk of modern slavery practices within our operations and supply chain and considered areas that may be caused or contributed to by Krispy Kreme. We did not engage with any new supply partners or supply jurisdictions in 2022 that materially changed the risk profile of our supply chain.
- 3.7. We acknowledge there is an inherent risk of employment of vulnerable workers due to the nature of our industry and risks associated with wage compliance. We recognise that team members working in our stores, doughnut factories and support office must be treated fairly and with respect, of working age and be working on their own free will and paid in accordance with the applicable legislation, award and /or enterprise agreement.
- 3.8. We also acknowledge that the COVID-19 pandemic has had a significant impact on vulnerable populations in terms of health, mental health and economic stress. These pressures can increase the risk of exploitation.
- 3.9. In Australia, all of our store and doughnut facility employees are employed under a valid and up to date Enterprise Agreement and we have put in place processes and

controls to manage risks associated with wage compliance. A small number of our support office employees are employed under the Clerks Award with the majority of support office employees on individual employment contracts. Consequently, we believe that there is a low risk of modern slavery in our stores, doughnut factories and support centre.

3.10. In addition we have a number of relevant policies and procedures in place to protect our employees, including:

- National Enterprise Agreement 2020
- Krispy Kreme Code of Conduct
- Diversity Policy (ANZ)
- Whistle-blower Policy (ANZ)

3.11. We acknowledge that there may be risks associated with modern slavery in the operations and supply chain of some of the delivery aggregators (such as Uber Eats, Door Dash etc.) that support our retail shops in completing a 'last mile' delivery service for our customers. To manage this risk we rely upon our contractual agreements with the third party delivery aggregators, consider the publicly available statements published by said parties, as well as the legislative changes that being implemented by the Australian government to protect gig economy workers.

3.12. A core part of our Operations happens outside of the Krispy Kreme controlled facilities given we service approximately 1,200 points of access daily with fresh doughnuts through our retail and distribution partners. Our key retail partners include, but are not limited to, 7-Eleven, Woolworths and BP.

3.13. To evaluate the modern slavery risk with our key distribution partners we rely upon the respective Modern Slavery Statements published and shared publicly.

Supply Chain

3.14. The supply chain for the food and beverage sector has a higher risk of modern slavery due to the nature of the work in the production, processing, packaging and transport of input products. The global reach of the Krispy Kreme supply chain also adds further risk and complexity. The supply chain review to assess risks that relate to modern slavery has focused on the Core supply categories.

3.15. Our risk assessment considered the associated sector, geographic, product and services risk.

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- 3.16. Our supply chain is predominantly located in Australia with 85% of suppliers by value located in Australia. Outside of Australia our next 2 largest geographic markets are China and the USA.
- 3.17. Given the stability of our supply chain from 2020 to 2022 in terms of ingredients, supply items and the consistency of supplier base, our risk assessment of the majority of our suppliers continues to be considered a low risk.
- 3.18. That being said, certain geographies and industries where we do access materials and labour operate with a higher risk. These included Indonesia and China for the supply of shortening (palm oil exposure) and cardboard packaging respectively.
- 3.19. We continue to work closely with our supply partners with exposure to these industries and geographies to understand the risk and key steps taken to mitigate.
- 3.20. We are continuing to evaluate the option of becoming a signatory to an ethical trade organisation such as SEDEX and will consider this as an avenue for risk mitigation and process improvement during the course of 2023. Part of this decision making process sits with our global parent and aligning our other equity markets that operate within the Krispy Kreme enterprise as to how the SEDEX platform appropriately mitigates the risk across the global supply chain.
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4. Actions to address risks of Modern Slavery practices

Policies, Procedures and Practices

- 4.1. Over the past 12-months we have been working to update our existing policies to ensure that we address the risks of modern slavery. Our plan is to continue to increase our knowledge and our commitment to and visibility of this issue within our organisation to ensure that the risks of modern slavery at Krispy Kreme are diminished.
- 4.2. During the reporting period we focused on building a baseline of policies and procedures for us to manage risks associated with modern slavery. These policies and procedures include:
- Internal design of annual internal modern slavery audits;
 - Internal procedures to educate relevant Krispy Kreme staff on understanding the risks of modern slavery and establishing an avenue to report suspected modern slavery practices internally.
- 4.3. We did not conduct any supplier audits during the last reporting period, and instead relied upon our suppliers to inform our understanding of the risks to modern slavery.

Many of our large suppliers have published Modern Slavery statements and these are provided to Krispy Kreme allowing us to develop an informed risk assessment as well as a methodology to proactively work together to mitigate risk.

Supplier terms & due diligence

4.4. We are in the process of reviewing our supplier terms to include provisions requiring compliance with modern slavery legislation. Given the focus on supply chain continuity in 2022 and managing the supply bottlenecks exposed by the pandemic, updating our terms and conditions with suppliers was not an elevated priority. This is particularly true given the lower risk nature of the majority of our suppliers.

4.5. For our local supply chain partners, we continued to engage with them on a proactive basis and will increase the focus on site audits in the coming reporting period.

Education and Awareness

4.6. Relevant upskilling of targeted employees was conducted in 2022, with a focus on the supply chain team given the nature of their role in our business.

4.7. In 2023, we will be conducting training and education sessions to improve awareness and proactive management of risk across our support office, with a focus on senior management and those involved with procurement and high risk employment touchpoints for the business.

5. Measuring effectiveness of actions

5.1. In 2023 we will up the focus on tracking the following measures:

- Number of training sessions completed and percentage of relevant staff educated on the risks associated with modern slavery and how it applies to Krispy Kreme;
- Completion of policy changes;
- Suppliers questionnaires undertaken to assess risk
- Suppliers visits where relevant at our majors suppliers.
- Decision on whether to become a signatory to SEDEX.

In 2023 we will continue to include a reporting framework into the Audit and Risk committee so that we can track progress against key initiatives and metrics and elevate Board focus on these risks.



6. Consultation among entities included in this report

6.1. Krispy Kreme shares the same directors with the entities it owns and controls.

6.2. We have engaged with our US based parent company on the Australian modern slavery legislation to develop an aligned view of risk and mitigation.

7. Conclusion & Future Focus

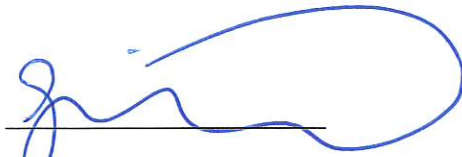
This is an ongoing commitment by Krispy Kreme to gain visibility into the risks of modern slavery in our operations and supply chain and to embed processes which not only mitigate but strengthen our controls.

Over the next 12-months we will continue on this journey by:

- Continuing to highlight this as a material risk to Krispy Kreme by engaging with the Board and regularly report on and discuss modern slavery risks
- Upweight governance, policies and training programs to improve awareness and controls
- Engage with our suppliers through site visits and audit processes to gain better visibility to our supply chain and mitigate potential risks early
- Align processes with our US listed parent company to elevate risk mitigation in this area including the fit evaluation for the total Krispy Kreme enterprise with Sedex

Beyond next year, we will continue to advance our ESG strategy and ensure that this body of work sets us on the right path to ensure that everyone in our supply chain and operations are treated with equality and dignity.

This statement was approved by the Board of Krispy Kreme Holdings Pty Limited.



Andrew McGuigan

Director