

Subway Systems Australia Pty Ltd

Modern Slavery Statement 2021



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1. Introduction

At Subway Systems Australia Pty Ltd ("Subway") we recognise the prevention and eradication of modern slavery and human trafficking is a global challenge, and we believe all corporate citizens have a role to play.

The integrity of our brand's operations, products, and supply chain is of the utmost importance. We strive to promote the human rights of the global community and take measures to address any contributing impacts on human rights if they occur. We are committed to ensuring that not only our direct employees, but indirect employees and those employees of our supplier network, enjoy the same freedoms that we champion here in Australia. Subway recognises there is an inherent risk of modern slavery across our operations, products and supply chain and is committed to identifying and mitigating these risks as they emerge.

This Subway Modern Slavery Statement is published in accordance with the Modern Slavery Act 2018 (Cth). The reporting entities for purposes of this Act are Subway Systems Australia Pty Ltd (ABN 79 009 277 034), the franchisor entity of the Subway system in Australia, its affiliated leasing entity, Subway Realty Pty Ltd (ABN 55 009 277 374), and Subway Franchisee Advertising Fund of Australia Pty Ltd (ABN 21 071 190 317) ("SFAFT Australia") which manages the advertising and marketing fund for Australian franchisees.

This joint statement outlines the approaches we have taken to date, to identify and mitigate modern slavery in our operations and supply chain. Subway has already commenced implementation of additional modern slavery governance measures as a result of its focus on improvement in this area.

The reporting period covered by this statement is 1 January 2020 to 31 December 2020.

2. Structure and operations

Founded in 1965, the Subway® franchise system is a global quick service restaurant, serving guests freshly made-to-order sandwiches, salads and wraps, as well as snacks and beverages, with locations operated by independent franchisees in over 100 countries worldwide. There are nearly 40,000 Subway® restaurants globally, with approximately 1,300 locations in Australia.

The Subway® franchise system in Australia is licensed by Subway IP, LLC ("SIP") to Subway. Subway is a wholly owned subsidiary of Subway International Holdings BV ("SIHBV"), another entity within the global Subway® group.

The Subway® system's global head office is located in Milford, Connecticut, USA, while the Australian office is located in Brisbane, Queensland.

As franchisor, in exchange for royalty and marketing fees, Subway supports franchisees' businesses with product innovation and value, restaurant operations guidance, digital and information technology services, development and brand marketing.

3. Supply Chain

Subway® is a global brand with a matrixed and diverse supply chain and operations. Subway® franchisees purchase product from thousands of suppliers located all around the world. We work with organisations known as Independent Purchasing Cooperatives/ Companies (collectively, the “IPCs”) in major regions around the world, including the United States (“NAIPC”), Europe (“IPCE”), Latin America and the Caribbean (“LACIPC”), Asia Pacific (“IPC Asia Pacific”), and the Middle East and Africa (“IPCMESA”). The IPCs are franchisee-owned and operated organisations whose mission is to identify product and supply chain partners for the Subway® franchise system. While the IPCs operate independently of SIP, SIHBV and Subway, and therefore take their own measures to ensure compliance with all applicable laws, we are committed to working closely with the IPCs to help ensure suppliers and products meet our high standards for quality and safety, and are ethically sourced.

IPC Asia Pacific procures the following products and services on behalf of Subway® franchisees in Australia:

- food and beverage products
- food and beverage handling, preparation and storage equipment
- food and beverage packaging
- restaurant development and construction resources
- restaurant technology services
- legal and human resource services
- restaurant maintenance products
- restaurant apparel
- delivery aggregator partners
- technology development partners

SFAFT Australia procures the following products and services on behalf of Subway® franchisees in Australia:

- media planning and booking services
- marketing creative services
- digital media services
- public relations services

4. Risks of modern slavery

Subway recognises that with the scale and complexity of our operations and supply chain, both in Australia and overseas, a number of modern slavery categories are a possible risk. We believe these risks may include:

- involuntary servitude
- forced labour
- debt bondage
- the worst forms of child labour

Subway has assessed our risks in three forms: geographic, industries and supplier processes.

4.1 Geographic

While Subway and IPC Asia Pacific strives to source locally, where products required for our system cannot be procured cost effectively, they are sourced regionally or globally. Subway and IPC Asia Pacific recognise the escalated risk of modern

slavery across the Asia Pacific region, compared with other regions, and a number of countries within this region have been noted as having inherently higher risk due to inadequacies in local governance or the type of industries most prominent in that region. These geographic risks have been used as a starting point to understand and identify risks of modern slavery within our supply chain.

4.2 Industries

Subway and IPC Asia Pacific have identified four industries, when combined with their geographic origin, which present high risks of modern slavery. Particularly where these industries are based outside of Australia (where employment has strong government regulation), Subway acknowledges that transparency down the supply chain is challenging and difficult to control.

1. Subway recognises that it relies upon the agricultural industry for the food and beverages served in our restaurants, which is an industry with higher risk of modern slavery due to the nature of work involved in growing, producing and manufacturing food and beverages and the labour force sometimes engaged in these activities.
2. Subway recognises that the fishing industry has been identified as high risk of modern slavery, due to long-established practices within the industry, particularly in some South East Asian countries.
3. The textile production industry has been identified as high risk due to the nature of employment practices adopted by that industry.
4. Subway recognises the vulnerability of workforces employed across the quick service restaurant industry in Australia, particularly as a result of the uncertainty created through the Covid-19 pandemic and has a number of measures in place to identify and mitigate the risk of modern slavery across its franchised restaurants (see further below). However, given the highly regulated nature and transparency of the Australian market, we believe this risk is low.

4.3 Supplier processes

Subway has also assessed our risk based on the shared existing human rights policies and processes of suppliers within our supply chain. While some suppliers do have robust risk mitigation measures in place, other suppliers do not have the same rigour or independent review of their anti-corruption or anti-slavery measures, placing them at higher risk of modern slavery existing within their businesses.

5. Mitigating risks

5.1 Supplier approval process and Code of Conduct

We utilise a robust supplier approval process in which all approved suppliers must agree to comply with our Vendor Code of Conduct or must otherwise agree that their own practices and policies meet or exceed our own. The Vendor Code of Conduct (the "Code") requires all suppliers to comply with laws relating to modern slavery and human trafficking in the countries where they operate and strictly prohibits all forms of modern slavery and human trafficking. The Code also contains sections on both anti-bribery and anti-corruption, as well as a reporting process for any suspected violation of the Code.

5.2 Supplier auditing

Subway is committed to identifying any emerging risks in conjunction with its regular food safety auditing activity. Subway has already commenced requesting suppliers to provide information about their operations and any of their own suppliers.

5.3 Franchisee auditing

In addition to providing franchisees with education around their requirements as employers, under Australian law, Subway conducts both proactive and reactive employment audits of Subway® restaurants in Australia. We are committed to ensuring anyone working in a Subway® restaurant receives their pay and wage entitlements according to law. Employment audits may include interviews with restaurant workers as well as reviews of employment agreements and payslips to identify any potential contraventions of Australian workplace law. We also provide a workplace hotline for restaurant workers to report any concerns the worker may have about their employment or treatment in the workplace.

5.4 Training

We are committed to raising awareness about modern slavery, human trafficking, and other corporate social responsibility issues within our supply chain. We aim to improve awareness of modern slavery within our system and to coordinate with IPC Asia Pacific to implement training within procurement programs.

5.5 Overarching accountability

We expect all employees, franchisees and suppliers, regardless of cultural, social, and economic context, to respect human rights and treat all people with dignity and respect. As outlined in the Code and Policy, we have developed a process for any third party to provide feedback or report any concerns regarding modern slavery and human trafficking violations, or any other Code or Policy violations, to our Governance & Compliance team at Subway® by emailing 'compliance@subway.com' with the subject heading of 'Report It'. We take every reported concern seriously and aim to ensure the confidentiality of any reports made and do not tolerate any retribution or retaliation taken against any individual or entity who has, in good faith, reported questionable behavior or a violation (potential or otherwise) of the Code or Policy. We are continually working to improve the avenues by which complaints of behaviour or violations of the Code or Policy can be made.

6. Remediation

Suppliers are expected to also self-monitor and demonstrate their compliance with the Code. We may require the immediate removal of any supplier representative or employee who behaves in a manner that is unlawful or inconsistent with the Code or any Subway® policy. Additionally, suppliers may be placed on probation program requiring them to rectify their business practices and implement control measures to address the behaviour/violation. In severe circumstances, we may also suspend or cease engaging the services of that supplier.

6.1 Other relevant policies and processes

Other policies and processes implemented by Subway that supports our commitment to mitigating modern slavery include:

- Anti-bribery, Fraud and Conflict of Interest policy
- Anti-discrimination policy
- Diversity and inclusion policy

- Bullying and harassment policy
- Ethics policy
- Whistleblower policy
- Grievance resolution process
- Franchisee business reviews and ongoing training with their Business Developer
- Subway Support Centre employee background checks and visa checks.

7. Assessing our effectiveness against modern slavery risk mitigation

7.1 Suppliers

We believe that our existing Code and auditing processes have been important foundational steps in our journey to identify and mitigate the risk of modern slavery in our supply chain. We acknowledge that there is further opportunity for improvements in these areas and Subway has identified a series of actions it intends to implement to strengthen its management control and further mitigate the risk of modern slavery within its supply chain.

These measures include:

- Reviewing and updating all our policies, codes and procedures to ensure they meet best practice.
- Implement additional scrutiny to modern slavery detection processes in supplier approval processes.
- Designate modern slavery auditing at production and manufacturing facilities outside of Australia.
- Implement training on modern slavery with internal and external stakeholders.
- Develop and implement measuring tools for internal auditing of Subway performance in identifying modern slavery risks.
- Enhance (if possible) remediation process for suppliers who do not adequately mitigate their risk of modern slavery or action identified examples of modern slavery within their operations.

7.2 Other ways Subway has assessed the effectiveness of our actions include:

- Key suppliers were requested to complete a modern slavery auditing questionnaire.
- Subway has received copies of modern slavery statements and policies of suppliers, where available.
- IPC Asia Pacific conducts regular supplier business reviews to understand changing business conditions or situations that may escalate the risk of modern slavery in a supplier's operations.

8. Consultation

Consistent with our practices and procedures, Subway adopts and enforces appropriate corporate governance practices designed to assure that informed, competent and independent guidance and oversight is maintained over its activities. In preparing this modern slavery statement, relevant authorised directors and officers of the entities making this statement were consulted and provided with an opportunity to review the statement prior to its approval.

9. Conclusion

This statement demonstrates the global ambition of Subway to be an active and productive member of our business community, seeking to better understand, prevent, identify and address modern slavery and human trafficking risks. We understand that the issues surrounding modern slavery and human trafficking are ever-changing, and accordingly, our efforts to improve will continue to adjust and evolve to meet the demands of our complex supply chain. We commit to improving our documentation in this area and to working with other industry leaders and collaborative groups to better understand risk management and support implementation of practices to mitigate the risk of human trafficking and modern slavery in our supply chain.

10. Statement approval

This statement was approved by the Board of Directors of Subway Systems Australia Pty Ltd on 22 December 2021.

This statement was approved by the Board of Directors of Subway Realty Pty Ltd on 22 December 2021.

This statement was approved by the Board of Directors of Subway Franchisee Advertising Fund of Australia Pty Ltd on 22 December 2021.

Signed:

Geoffrey Cockerill
Director - Subway Systems Australia Pty Ltd
Dated: 22 December 2021

Signed:

Geoffrey Cockerill
Director - Subway Realty Pty Ltd
Dated: 22 December 2021

Signed:

Geoffrey Cockerill
Director - Subway Franchisee Advertising Fund of Australia Pty Ltd
Dated: 22 December 2021