

MODERN SLAVERY STATEMENT 2022

Collins Foods Limited

This is our third Modern Slavery Statement (**Statement**) for Collins Foods Limited (**CFL**) and its owned or controlled entities (**Group**) pursuant to the requirements of the *Modern Slavery Act 2018* (Cth) (the **Act**). It relates to the reporting period that commenced on 3 May 2021 and ended on 1 May 2022 (**Reporting Period**).

This joint Statement reports on the activities of CFL and the Group as outlined in section 2. This Statement has been reviewed and approved by the Directors of each of the reporting entities.

We are committed to conducting business to the highest possible ethical standards as stated 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, and we have many initiatives to drive forward our continuous improvement in these endeavours as set out in our Positive Impact Sustainability Report 2022.

This Statement describes the risk of modern slavery in our operations and our 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 the risk. The risks of modern slavery in our supply chains are complex, and we have adopted a multi-year initiative to develop our understanding of, and response to, this risk.

This Statement should be read in conjunction with the modern slavery statement submitted by our KFC Australia Franchisor - *KFC Australia Modern Slavery Statement – Interim Report* (for the period ended 31 December 2021) for the reasons explained in section 3.

1 About our business

1.1 CFL is a KFC franchisee in Australia and Europe, a Taco Bell franchisee in Australia and the franchisor for Sizzler in Asia. The KFC and Taco Bell brands are two of the world’s largest restaurant chains and are owned globally by Yum!



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



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- 1.3 Within Australia, we are the largest franchisee of KFC restaurants. As at the end of the Reporting Period we owned and operated 261 KFC restaurants throughout Australia. We also owned and operated 62 KFC restaurants within Germany and the Netherlands.
- 1.4 We also owned and operated 20 Taco Bell restaurants in Queensland and Victoria.
- 1.5 In addition, we are a franchisor of the Sizzler brand in Asia, with 56 franchised restaurants, 3 Sizzler kitchens and 5 Sizzler kiosks. The restaurants are predominantly in Thailand, but also there are 10 restaurants in Japan.

2 Reporting entities

- 2.1 CFL is a publicly listed ASX company (ASX:CKF), with our headquarters in Brisbane. The reporting entities pursuant to the Act are listed below, and all references to “CFL Group”, “we”, “us”, or “our” in this Statement refers to the reporting entities collectively, unless stated otherwise:
- (a) Collins Foods Limited (ACN 151 420 781);
 - (b) CFG Finance Pty Limited (ACN 151 677 351);
 - (c) Collins Foods Holding Pty Limited (ACN 113 801 648);
 - (d) Collins Foods Finance Pty Limited (ACN 113 833 391);
 - (e) Collins Foods Group Pty Limited (ACN 009 937 900);
 - (f) Collins Restaurants Queensland Pty Limited (ACN 009 988 381);
 - (g) Fiscal Nominees Company Pty Limited (ACN 166 936 278);
 - (h) Collins Restaurants West Pty Limited (ACN 009 701 179); and
 - (i) Collins Restaurants South Pty Limited (ACN 612 129 781).
- 2.2 As of 1 May 2022, the CFL Group had 40 subsidiaries across our countries of operation. The subsidiaries were wholly owned and controlled by the Group, with one entity being a 50% ownership. Our reporting entities as defined under this Act and functions are listed in **Appendix 2 – CFL reporting entities**.

3 Our structure, operations and supply chain

- 3.1 Our operating business includes the following:
- (a) **CFL Group** – the Group employs over 18,000 people in Australia, Germany, and the Netherlands. We take great responsibility for providing equal opportunities within our workforce. Our workforce is diverse with a 49.2% female profile and 0.3% non-binary, intersex or non-disclosed, and we report a -1% gender pay gap as we commit to continue to provide equal opportunities within our workforce.¹ The number of staff we employ by country and in our Restaurants or restaurant support centres includes:

Country	Restaurant staff	Restaurant Support Centres
Australia	16,379	206
Netherlands	1,790	63
Germany	532	16
 - (b) **KFC Australia** – we own and operate 261 KFC restaurants under franchise agreements with Kentucky Fried Chicken Pty Limited (**KFC AU Franchisor**).
 - (c) **Taco Bell** – Taco Bell is a quick service restaurant that offers Mexican-inspired food. We are a franchisee in Australia operating 20 restaurants under franchise agreements with Taco Bell Asia Franchising LLC (**Taco Bell Franchisor**), based in the USA.

¹ https://www.collinsfoods.com/wp-content/uploads/2022/07/CFL-Sustainability-Report-2022_web.pdf

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- (d) **Sizzler Asia** – Collins Foods is the franchisor for Sizzler restaurants in Thailand and Japan. Franchise agreements are in place with the Minor International Public Company Limited (**Sizzler Thailand**) and Royal Food Service Company Ltd (**Sizzler Japan**) who operate these restaurants. We do not operate any restaurant in Asia, nor do we purchase any core supplier products. We have two employees based in Australia that provide professional management support for this business.
- (e) **KFC Europe** – The Group own and operate 62 KFC restaurants in Germany and the Netherlands. On the 1 January 2022, Collins Foods entered into a corporate franchise agreement (**CFA**) in the Netherlands. Through the CFA, we have effective operational control over the Netherlands market which includes marking, control over pricing and management of the market restaurant development pipeline. The KFC restaurants in Germany are supported under franchise agreements with the franchisor (**KFC Europe Franchisor**). Companies are registered in the United Kingdom with branches in the Netherlands, Germany, and consolidation into Collins Foods Holding Pty Ltd.
- (f) **Restaurant Support Centres** – Our Restaurant Support Centres (**RSC**) support our restaurants owned by the Group, by providing finance, human resources, information technology, marketing, construction and maintenance, supply chain and food safety services. Our RSCs are located in Brisbane (Australia), Amsterdam (the Netherlands) and Dusseldorf (Germany).

Franchisor partners

- 3.2 KFC and Taco Bell are subsidiaries of Yum! Brands, Inc., based in Louisville, Kentucky. As a franchised business for KFC and Taco Bell, our franchisors provide support for marketing, development, food innovation, supply chain and information technology services in exchange for service fees.
- 3.3 **KFC Australia** – Our KFC Australia restaurants’ supply chain for core items is co-ordinated by KFC AU Franchisor. CFL holds the administration relationship with each supplier and has oversight in the selection of core suppliers used. Pursuant to our franchise agreements with the KFC AU Franchisor, the franchisor conducts sourcing and purchasing negotiations for core supply chain items (as listed below). Our KFC AU Franchisor also provides to CFL certain advertising and marketing services, the provision of IT equipment and services for our restaurants, along with building and construction materials and maintenance services.
- 3.4 **Taco Bell** – We have franchise agreements with the Taco Bell Franchisor. Our core suppliers for Taco Bell are managed in partnership with Taco Bell International.
- 3.5 **KFC Europe** – Our Europe KFC restaurants’ core suppliers are managed by KFC EU Franchisor. As noted in section 3.1 above, Collins Foods has a CFA in place, however, we do not transact directly with these core suppliers. KFC Great Britain are required to submit a yearly Modern Slavery Act under the UK Act. Refer to the *KFC UK Modern Slavery Statement 2020*, signed in December 2021, which provides overview of the core suppliers managed by KFC. Our KFC Europe core suppliers are required to register with Sedex and complete Self-Assessment Questionnaires (**SAQs**). The results of the Sedex risk assessments are described in section 4.12.

Our supply chain

- 3.6 Our supply chain includes the following products and services:
 - (a) **Core suppliers** that provide product and services to our restaurants, including:
 - (i) food and beverage suppliers;
 - (ii) packaging;
 - (iii) distribution partners and delivery aggregators; and
 - (iv) uniform providers.
 - (b) **Non-core suppliers**, including:
 - (i) suppliers of equipment used in our restaurants;
 - (ii) development and construction suppliers;

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- (iii) accommodation providers;
- (iv) marketing agencies;
- (v) information technology;
- (vi) professional services providers of legal and financial services;
- (vii) human resources; and
- (viii) cleaning and maintenance services.

4 Modern slavery risks - operations

4.1 In seeking to identify the modern slavery risks in our operations and supply chain, we aligned 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. In doing so, we looked at the risk that our:

- (a) operations may directly result in modern slavery practices;
- (b) operations and/or actions in our supply chains contribute to modern slavery; and
- (c) operations, products or services are connected to modern slavery through the activities of another entity, including business partners.

4.2 Our Group Risk Appetite Statement stipulates - To achieve our vision of being the world's top restaurant operator, we recognise the importance of balancing risk and reward. The Group has a higher appetite for risks which facilitate execution of strategic opportunities. However, the Group's appetite is lower for risks impacting its compliance with regulatory obligations, the health, safety and wellbeing of its team members and customers; and those risks impacting the environment and community. The details of our risk appetite in respect of key risks associated to People, WHS, Supply Chain, Regulatory can be found in **Appendix 4 – Risk appetite in respect of key risks**.

4.3 Our owned and operated sites in Australia, the Netherlands and Germany are considered low to medium risk jurisdictions for modern slavery risks according to Sedex country risk data (see Figure 1 below). 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. Furthermore, the risk of modern slavery occurring in our employment of workers in these locations is low having regard to our compliance with the respective legal frameworks regulating employment practices, and the fact that we do not use labour hire in Australia, the Netherlands and Germany. By way of summary, our employees are paid in accordance with market conditions in which they work and we have in place processes to ensure that employees are legally entitled to work, including that they are of legal working age.

Figure 1 - Sedex Modern Slavery Country Risk

Country	Overall modern slavery risk	Forced labour risk	Children & young workers risk
Australia	Low	Medium	Low
Germany	Medium	Medium	Low
Netherlands	Low	Low	Low

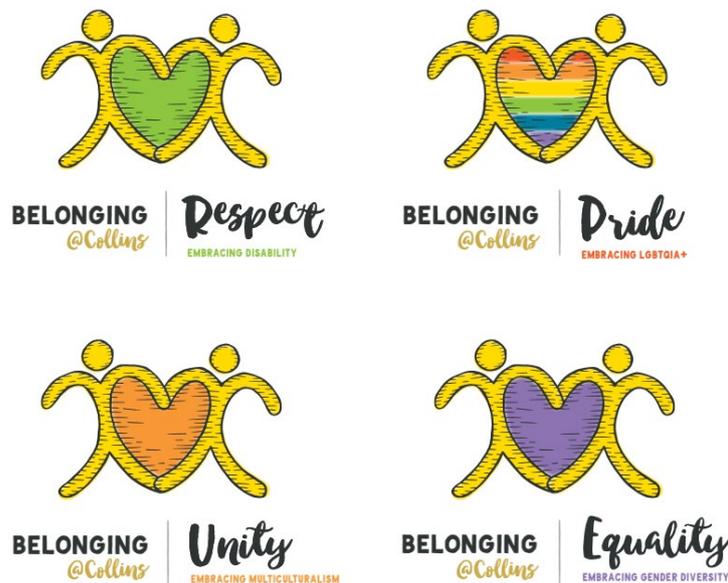
Source: Sedex. Overall modern slavery risk is comprised of the following indices: forced labour, child labour, working hours, wages, discrimination, and regular employment. Risk categories determined by Collin's operations using Sedex country risk data.

4.4 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. 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.

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- 4.5 We have a number of policies and procedures in place to support and protect our staff, which have been outlined in **Appendix 1 - Our policies**. These policies are also available to staff through our intranet and also to the public on our website.
- 4.6 We are committed to supporting vulnerable workers and protect 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.
- 4.7 Our strategy for increasing diversity is set out in our Diversity and Inclusion Policy. We are working to increase diversity across minority groups in all geographies and to protect minorities from specific harms. For example, we developed a programme with external specialists to educate and protect our workforce from the threat of domestic violence, given its prevalence in some of the communities in which we operate.
- 4.8 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 2022 Positive Impact Report and WGEA report, both published on our website.
- 4.9 To continue growing our culture of acceptance and belonging, our Diversity and Inclusion Council established four working groups, listed below, each delivering an overarching roadmap for the enhancement of diversity and inclusion initiatives across Collins Foods, to strengthen our culture of belonging.



- 4.10 Our people are our greatest asset with over 90% of our workforce under the age of 25. We therefore place equal importance on protecting them, providing them with equal opportunities and supporting their career development. We are proud to offer hundreds of traineeships to young Australians each year. Our Recruitment & Employment of Young Workers Policy demonstrates our commitment to respect for young people and how we protect them from harm and discrimination. We will be implementing this into our European operations in 2023.
- 4.11 We also champion employment of people with disability and continued our work with a third-party provider, MAX Solutions, in 2022, to better understand and improve the safety and support required by employees with disability while at work. Our Anti-Discrimination Policy sets out our expected standards in relation to direct or indirect discrimination and inclusion in the workplace, and the steps we take to ensure our workforce is aware of their obligations to protect others from discrimination. The Policy applies to all employees and contractors of Collins Foods.
- 4.12 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 of KFC 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.

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4.13 For the reasons described in this section, we consider that the residual risk that our operations of restaurants and RSCs have caused or contributed to modern slavery risks during the Reporting Period is low.

Sizzler Asia operations

- 4.14 In Japan and Thailand, we are a franchisor only, which means that we do not operate restaurants. As previously noted, we have two employees performing office-based roles in Australia.
- 4.15 According to Sedex risk data, which utilises the Global Slavery Index among other sources to assess the risk level of forced labour and child labour in countries and industries, the food industry in Thailand has a high risk of modern slavery. We acknowledge that despite our role as a franchisor in Thailand, we are still associated with this risk and our due diligence reflects this.
- 4.16 Japan is considered a low risk country for modern slavery. This is in part attributable to Japan’s highly regulated industrial relations framework governing illegal workers, child labour and servitude. Our franchisee in Japan is a publicly listed Japanese company and has a number of policies and procedures in place to mitigate the risks. These are explained in further detail in the next section of this Statement. However, we recognise that the food industry is a high risk sector and even in low risk jurisdictions, violations can occur.
- 4.17 Our Thailand franchisee has in place policies and procedures that protect employees from modern slavery risk. Our Franchisee’s Business Partners Code of Conduct specifically prohibits human rights abuses including use of forced labour and child labour and provides for equal opportunities.
- 4.18 Accordingly, we consider that there is a low risk of modern slavery in our operations in Asia, which we reiterate that it does not mean our business operations in Asia are absent from risk nor that we are less rigorous with our due diligence processes in this region.

5 Modern slavery risks – supply chain

- 5.1 Our most salient risks of modern slavery are in the later tiers of our supply chain. The supply chains for the food, beverage and agriculture sector, in general, tend to have inherently higher risks of modern slavery due to the nature of the work necessary in the production, processing, packaging and transport of the products. Modern slavery risks, such as forced labour, deceptive recruiting for labour or services, debt bondage and the worst forms of child labour, become more acute during the production, packaging and processing stages, which is when the highest amount of seasonal, base-skilled labour is required. By virtue of sectors in our supply chain, we are at risk of being directly linked to modern slavery through the business practices of companies in the later tiers of our supply chain.
- 5.2 In light of the salient risks of modern slavery in our supply chain, we have sought to address this reporting criteria in more detail in this Statement by describing the results of our risk assessments of our core suppliers including the Sedex self-assessment and third party audit results.

A. CORE SUPPLIERS - AUSTRALIA AND EUROPE

- 5.3 Our core suppliers comprise the major food, packaging, and distribution suppliers that are critical for the operation of our KFC and Taco Bell restaurants. This ranges from the supply of Australian sourced chicken and beef, fresh produce from Australian farms to locally supplied bread products, beverages, and seasonings, supported by a network of Australian based distribution services. The supply chain also includes a variety of overseas sourced products for our Taco Bell restaurants including a selection of sauces sourced from India. All of the aforementioned categories of procurement have increased risks of modern slavery in their respective supply chains by virtue of the industry risk (e.g., agriculture, manufacturing and transport) and country risk in some instances.



- 5.4 Both KFC AU Franchisor and KFC EU Franchisor perform risk assessments of their food and paper suppliers and require all food and paper suppliers to register on Sedex. These are the same suppliers that CFL utilises. Food and paper suppliers were selected because of the industry risk profile. Suppliers with a high risk rating are required to have a third party SMETA audit completed, with 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

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updates to our KFC franchisor supply chain teams on where risks have been identified and how these have been addressed or mitigated, which also forms part of the quarterly supplier business reviews.

5.5 **KFC AU Franchisor** – In March 2019, our KFC AU Franchisor began inviting food and paper suppliers to register with Sedex and complete a SAQ for each of the supplier’s sites. As of December 2021, our KFC AU Franchisor found that the majority of the suppliers in these categories achieved a low or medium rating for the risk of modern slavery (96%). 3% of sites received a high risk combined risk rating on Sedex, with 100% of these high risk sites had a SMETA audit completed in 2021.

5.6 **KFC EU Franchisor** – A total of 49 food and papers suppliers across 54 sites are registered on Sedex whom supply our European restaurants. Of these 54 sites 78% have completed their self-assessment questionnaire. As of October 2022, 98% of these suppliers achieved a low or medium rating within Sedex, within 1 supplier receiving a high risk rating. This high risk packaging supplier has undergone a SMETA audit, completed in July 2022. Findings relating to safety and hygienic conditions, overtime hour limits exceeded and establishing a grievance procedure have been noted.

One of the ways our KFC EU Franchisor addresses modern slavery risks in their supply chains is through their KFC Western Europe Ethical Sourcing Policy. All suppliers to KFC Western Europe must comply with this Policy, which sets out the minimum defined ethical and social standards required as part of supplier agreements to supply KFC. The Policy requires all suppliers supplying KFC in Western Europe to register with Sedex (before the end of 2022) and complete the SAQ and review annually.

5.7 **Taco Bell Australia** – The majority of our Taco Bell core suppliers are the same as our KFC Australia core suppliers, who are already registered on Sedex with our KFC AU Franchisor. Where they are suppliers solely to our Taco Bell operations, we will continue inviting these suppliers to connect via Sedex and complete the Sedex SAQ. At the end of this Reporting Period, 58% of our suppliers are registered and SAQs been completed. As of September 2022, all suppliers achieved a low or medium rating risk rating within Sedex.

5.8 **Transportation Suppliers** – Collins use five transportation suppliers that provide our food distribution services to our restaurants in Australia and Europe. These contracts are managed by our franchisors. Two of the largest transportation suppliers are required to comply with the Australian Modern Slavery Act (2018) and publish a yearly Modern Slavery Statement, and we have connected on Sedex. Both these transport suppliers received a low SAQ Sedex risk rating. Also, three of our transport suppliers are required to comply with the UK modern slavery legislation. We have reviewed the Sedex SAQ results of 2 suppliers, considered the statements published by the transport suppliers, and other publicly available information, where available, as part of our own risk assessment.

5.9 **Delivery Aggregators** - We acknowledge there may be modern slavery risks in the operations and supply chains of some of the delivery aggregator services that provide delivery service from our restaurants to our customers. These contracts and review of performance are managed by our Franchisors and we rely on the assessments and actions taken by KFC in this regard.

Our KFC AU Franchisor has included contractual provisions requiring compliance with modern slavery legislation and the Supply Chain Code of Conduct. Additionally, there has been engagement with the aggregator service providers in an effort to improve their policies and procedures relating to anti-modern slavery.

One of our delivery aggregators are required to comply with the Australian Act; in addition, three delivery aggregators are required to comply with the UK modern slavery legislation. Nevertheless, we have considered the statements published by the delivery aggregator suppliers, where available, as well online information on these aggregators, to better understand the risks and the measures being taken by the services.

For our Australian delivery aggregators, we actively monitor new State and Federal legislation that provides protection for delivery drivers, and plan to ensure compliance.

B. NON-CORE SUPPLIERS - AUSTRALIA AND EUROPE

5.10 For our non-core suppliers, which provide non-food goods and services, we conduct a modern slavery risk assessment based on country and industry. We have mapped the first tier of our non-core supply chain for our Group operations and performed a high-level risk assessment in respect of our direct suppliers. For this reporting year, we mapped all new suppliers that were onboarded during the year. The risk assessment was

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based on sector and supplier country of domicile risk, the risk relating to the product and services provided and the procurement spend. An overview of the percentage of spend across high risk supplier categories can be found in **Appendix 3 – CFL Group non-core spend in high risk categories**.

- 5.11 Where a non-core supplier is identified as high risk, we further explore the supply chains of those suppliers, and if required, request they join the Sedex platform and complete the supplier questionnaire, and if required, complete a third-party SMETA audit.

B1. Australian operations

- 5.12 Our tier-1 suppliers are predominately located in Australia (99.76%). However, we recognise that our suppliers source goods and services from overseas. 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 through the use of Sedex via review of our supplier’s SAQ and SMETA audit results pertaining to their requirements for their suppliers. Our industry risk assessment takes into consideration that some industries have inherent risk in their supply chains.
- 5.13 Overseas suppliers of non-core products (0.24%) sourced for our Australian operations related to supplies procured from Germany, India, Mexico, the Netherlands, Norway, Singapore, USA, and United Kingdom during the Reporting Period. This included one payment to one supplier based in India that provided a taco shell frying mould to our Taco Bell brand; and 5 payments to a supplier based in Mexico for Taco Bell sauce packets. Our Mexican supplier is a member of Sedex and has completed their SAQ. Both India and Mexico are considered higher risk countries for modern slavery according to Sedex. However, both of the aforementioned suppliers were vetted for risks and approved by our franchisor, Taco Bell International.
- 5.14 We are also aware of the forced labour risks associated with disposable rubber gloves produced in some high risk countries. Our KFC AU Franchisor and Taco Bell International source gloves from a leading Sri Lankan manufacturer. This supplier has in place a number of programmes to ensure the safety and economic prosperity for its employees and local communities.

B2. European operations

- 5.15 Our direct suppliers of non-core suppliers for our European operations are predominately based in the Netherlands, Germany, United Kingdom, USA, Australia, Belgium, France, Poland and the Czech Republic. The majority of our international spend relating to our European operations is in countries with low prevalence of modern slavery according to the Sedex Modern Slavery Country Risk table (refer to Figure 1). However, we recognise that there are modern slavery risks in some higher risk sectors, even if the goods or services are procured from entities operating in lower risk countries.

C. SIZZLER ASIA OPERATIONS

- 5.16 Our Sizzler Asia employees share the same non-core supply chain with our Australian operations and the risks are the same as our Australian operations.
- 5.17 **Supplier Onboarding** - As a franchisor in Thailand and Japan, we have a supplier approval process in place that includes a framework to assess, review and audit food suppliers. Although these entities are not our suppliers, given our role in approving these suppliers, we accept that we may be linked to modern slavery as a result of our approval process.
- 5.18 As part of the supplier onboarding process, CFL reviews the results of the Approved Supplier Questionnaire and has the right to refuse working with a supplier. The Approved Supplier Questionnaire provides information on the suppliers accredited food safety system, risk management, customer complaints, auditing, insurances, and information on where the products are manufactured. Our joint venture partner in Japan conducted a supplier due diligence process for the onboarding of suppliers which included a review of human rights concerns. As part of this process, each supplier was given a copy of the Procurement Policy which requires suppliers to ensure there is no illegal, forced labour or servitude in their supply chain.

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5.19 **Sizzler Thailand** – Our Thailand franchisee requires their employees and business partners, including suppliers, to acknowledge the relevant Code of Conduct to assure they act in accordance with their ethics, human and labour rights, occupational health and safety, and environmental practices and compliance with relevant legal regulations. Our Franchisee’s Business Partners Code of Conduct has specific human rights and labour practices expectations pertaining to child labour, underage labour, female labour, freedom of associating and collective bargaining, forced and compulsory labour, working hours and rest days, wage and benefits, non-discrimination, fair treatment, and occupational health and safety. In addition, the whistleblower hotline is available to all suppliers, and suspected integrity violations or complaints are addressed to the Whistleblower Committee for examination and investigation. There has been no reported cases of modern slavery or human rights violations in the last two years.

Additionally, our Thailand franchisee is also committed to warranting anti-corruption and human rights practices. Staff undergo and acknowledge online anti-corruption training annually. Furthermore, after human rights due diligence undertaken in 2019, the franchisee continues to annual monitoring and mitigation of potential issues via several communication channels.

Furthermore, our franchisee is a participant in the **United Nations Global Compact** which supports to doing business responsibility by aligning company strategies and operations with Ten Principles on human rights, labour, environment and anti-corruption; in addition to taking strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation. In addition, the franchisee is a certified as a member of the Thailand Private Sector Collective Action Against Corruption (CAC), which focuses on private sector initiative to fight deep-seated corruption in Thailand.

Our Thailand franchisee has assessed 100% of total Thailand’s local critical tier 1 and non-tier 1 food and packaging suppliers. There were no high risk suppliers were identified during the 2021 reporting year. In addition, the audit findings did not identify any non-conformities relating to human rights.

5.20 **Sizzler Japan** – as previously noted, Japan is considered a Low risk country for modern slavery according to the Global Slavery Index. This is in part attributable to Japan’s highly regulated industrial relations framework governing illegal workers, child labour and servitude. Our franchisee in Japan requires all suppliers (core and non-core suppliers) to acknowledge the Franchisee’s Procurement Policy which contains a number of corporate social responsibility provisions including suppliers to ensure there is no illegal, forced labour, or servitude within their supply chain (tier 2).

Additionally, our Japanese franchisee has a structured whistleblowing process in place, with independent hotlines set up both internally and externally. There have been no reported cases of modern slavery or human rights violations in the last two years. If a case should be found, the Franchisee has an escalation mechanism in place to report cases for review and examination.

5.21 Some of the food and agriculture suppliers that supply our Sizzler Asia restaurants may be at a higher level of risk due to the countries where they manufacture, process or source raw materials.² We recognise the potential to become linked to modern slavery risks arising from approval of food and beverage suppliers with operations in higher risk countries. We therefore risk assess our Sizzler Asia franchisee partners specifically on modern slavery through an internally developed questionnaire and ongoing consultation.

5.22 We also accept that our business relationship with our Sizzler Asia partners may link us to modern slavery risks. Our review of our partner’s policies, processes and sustainability reports, it has demonstrated a commitment to managing human rights risks, including modern slavery, year on year. For example:

- (a) The provider of uniforms to Sizzler Japan has undertaken due diligence on products manufactured in China, to minimise the risk of them being produced using forced labour.
- (b) The uniforms produced in Indonesia are from supplier-owned factories, and the company has mapped the supply chain of the manufacturing process that goes into the production of the uniforms, and audits factories.
- (c) Our provider of seafood to Sizzler Asia established and distributed supplier guidance in April 2022 to educate suppliers on good workplace standards and encourage improvement in performance.

² For example, there is a high risk of modern slavery associated with the fishing industry, and particularly in Thailand.

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We will continue to review their performance pursuant to our franchise agreements.

- 5.23 We have assessed that there is a risk that CFL may be linked to potential modern slavery in the supply chain of our Franchise partner. However, we are not aware of any actual instances of modern slavery.

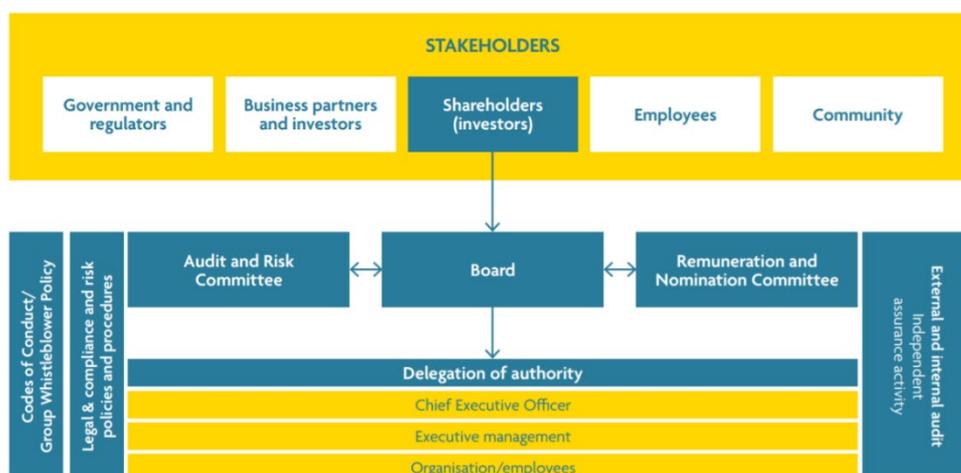
6 Our actions to assess and address modern slavery risks

Operations

- 6.1 As reported in our last statement, CFL places significant focus on the issue of underpayment of wages and last year sought to ensure that our restaurant staff are paid to their applicable enterprise award agreements. Recognising the elevated risk arising from outsourced payroll departments, last year external assurance was undertaken in relation to the processes in place for the recruitment of our employees working within our restaurants and restaurant support centres in our Netherlands and Germany operations and the right to work in the European Union. In addition, during this reporting year, an internal audit on payroll was performed in the Netherlands and findings are being remediated.
- 6.2 Within Germany, we have implemented a new HR management system that will support us in improving and streamlining processes for greater effectiveness and more efficiently monitor and improve employee engagement.
- 6.3 As noted in our previous statements, the Group has a robust framework in place for communication and training on workplace rights and conditions and require compliance with all relevant labour legislation in each country that we operate. All our policies are available on the Collins Foods intranet sites and have been listed in **Appendix 1 - Our policies**.
- 6.4 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 Sedex training to help with the risk analysis of suppliers.
- 6.5 In 2021, we have worked alongside KFC AU Franchisor to implement new safety management software solution that manages vendor and contractor compliance with aspects of the Workplace Health & Safety Act 2011 (Cth). This program provides risk information to ensure worker competence and safety and assesses insurance coverage to ensure it is adequate and valid for the work they are conducting. This system allows criteria to be developed into a workflow management system which can then assess risk and accountability and generate corrective actions where required. A national roll out of this system is ongoing and expected to be completed in 2022.

Governance and risk management

- 6.6 CFL’s board and management adopts 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. Our Board recognises risk management and internal compliance are key elements of strong corporate governance. Maintaining ethical standards in all of our business activities is a foundation belief.



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- 6.7 Our approach to managing modern slavery risk is supported by a number of policies and procedures and are described within our Positive Impact Sustainability Report 2022. Our policies and procedures are available on our website, intranet and also published on our supplier portal (Rapid Global), in addition they are listed in **Appendix 1 - Our policies**. These include Group policies and individual Australian policies and procedures.
- 6.8 During the Reporting Period, we updated our group risk management processes, including a review of our key risks and risk appetite. Our Group Risk Appetite Statement define the amount of risk the Group is willing to accept or retain to achieve the Group’s objectives. Determining and articulating its risk appetite enables the Group to make better choices by considering risk as part of decision making. While a risk assessment enables the Group to understand its risk exposure, it is risk appetite that defines how much risk the Group is willing to accept.
- 6.9 We undertook a business transformation in the Netherlands and became a corporate franchisor, in addition to acquiring a further net 15 restaurants. This hindered our endeavour to roll out all standardised and harmonised policies across our European operations as intended in our 2021 modern slavery statement.
- 6.10 Despite this, we updated our Group Whistleblower Policy to meet requirements under recent European legislation, such as the European Union Whistleblower Directive and communicated these updates to our business partners operating in the region.

Supply chain

- 6.11 As mentioned in previous Statements, our Procurement Policy provides the guidelines for procurement being undertaken in a manner that ensures our integrity and reputation and promotes continuous improvement; and includes our Procurement Principles.
- 6.12 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 every supplier to acknowledge our Supply Chain Code of Conduct.
- 6.13 Our Supply Chain Management Code of Conduct (**Code**) 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. The Code was provided to the suppliers onboarded in Australia via Rapid Global and written confirmation of compliance was required to complete onboarding. The Code was also provided to suppliers at the time of entering new contracts or renewing existing contracts.
- 6.14 Similarly, our Australian Purchase Order Terms and Conditions were updated to require suppliers to comply with the requirements under our Code.
- 6.15 During the Reporting Period, we continued registering our Australian 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 SAQs.

Franchise partners

- 6.16 To manage performance, audits of key suppliers are conducted annually by KFC AU Franchisor 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 efforts. Further, we expect our suppliers to conduct audits and inspections in compliance with the Code and applicable legal and contractual standards.
- 6.17 Both our KFC AU Franchisor and KFC EU Franchisor are members of Sedex. Yum! Brands has now taken on a global Sedex membership which will aid in leveraging Yum!’s scale to drive Sedex registrations by supply partners.

Remediation

- 6.18 Employees can report 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.

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- 6.19 If, hypothetically, we found that our business had caused or contributed to modern slavery, we would take guidance from the 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:
- (a) Gathering evidence, physical and written, and assessing the extent and verified or unverified instance of modern slavery;
 - (b) Escalating it to the relevant bodies within the organisation and authorities such as police if necessary;
 - (c) Undertaking a full investigation of the situation including reviewing all evidence;
 - (d) Implementing an appropriate corrective action plan, which may contract termination with a supplier and/or worker compensation;
 - (e) Reviewing the effectiveness of our process and actions to ensure that modern slavery risks are proactively mitigated and prevented where possible.
- 6.20 During the course of the Reporting Period, we have not identified any reports that could be linked to modern slavery.

7 How we assess the effectiveness of our actions

- 7.1 As described in our previous Statement, the following is in place to assess the effectiveness of our actions:
- (a) The CFL Board, via the Audit and Risk Committee receive a report on the assessment of the effectiveness of actions taken from the prior years of reporting pursuant to the Act.
 - (b) Comparison of our supplier risk assessments year on year.
 - (c) Training of staff in modern slavery.
 - (d) Updating our supplier contract terms and conditions with modern slavery clauses.
 - (e) Reviewing the trends in cases reported through our Group's grievance mechanisms and how these cases were handled.

7.2 CFL tracks the effectiveness of our modern slavery actions as listed in the table below:

Area of Measurement	Quantity	Comments
Supplier Risk Assessments – Comparison of supplier risk assessments year on year	36 suppliers across 63 sites connected on Sedex; with 57 SAQs completed Additional 27 supplier risk assessments performed (outside of Sedex)	We have increased the number of suppliers assessed for modern slavery risks, as compared to the first two Reporting Periods, and our broader category of suppliers were included in Sedex, as described in this Statement. Our KFC AU Franchisor (whom we share the same core suppliers) have connected with 85 suppliers on Sedex, of which 73% have completed their SAQs (as at 31/12/2021). Our KFC EU Franchisor (whom we share the same core suppliers in our European operations), have connected 59 suppliers (64 sites) on Sedex, of which 65% have completed their SAQs
Training and Awareness – Provide training for our staff who manage key relationships with supply partners to assist in addressing and discussing the potential risks of modern slavery within their supplier relationships.	15 hours of training 37 staff trained	Further training and awareness of human rights / modern slavery will be conducted prior to end of 2022 for our European operations, aligned with regulations in Germany and emerging EU and the Netherlands regulations.

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Area of Measurement	Quantity	Comments
Supplier Contracts - Contacts including Modern Slavery clauses (amended and new contracts)	5 new contracts entered with modern slavery clauses during the Reporting Period	This is an ongoing commitment. We will identify the key contracts within our non-core suppliers that require specific amendments. Work will be completed by October 2023.
Incidents – Number of modern slavery or labour rights violations logged via our Whistleblower hotline	Nil	No reported instances through the Group's reporting mechanism. KFC AU and EU franchisors also had no reported instances.

8 Consultation process

- 8.1 The reporting entities making this statement, and their owned or controlled entities, have been consulted in its preparation. 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.
- 8.2 We have engaged with our franchisor in Australia, Kentucky Fried Chicken Pty Limited, who 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 under the UK laws on modern slavery.
- 8.3 We have consulted with our Sizzler Asia franchise partners to communicate our expectations, raise awareness and understand their approach in mitigating modern slavery risks.

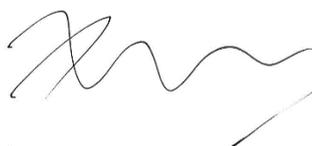
9 Other relevant information

There is no additional relevant information to be disclosed.

10 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.

This Statement was approved by the Board of Collins Foods Limited, the higher 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.



Signed

Name Robert Kaye SC

Role Chair, Collins Foods Limited

Date 18th October 2022

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Appendix 1 - Our policies

Document	Purpose
Group Code of Conduct (Group)	Our Group Code of Conduct sets the standards of responsibility and ethical conduct expected of directors and employees of the Group, and applies also, where relevant and to the extent possible, consultants, secondees and contractors of the Group. Our Group Code of Conduct is accessible to all our people and external stakeholders at www.collinsfoods.com .
Ethics and Integrity Policy (Group)	Our Ethics and Integrity Policy states that all reports of illegal or unethical conduct will be investigated where possible and refers to the Ethics and Integrity Hotline as an avenue to escalate issues for investigation.
Anti-Discrimination Policy (Group)	Outlines Collins Foods expected standards in relation to discrimination and inclusion in the workplace. Collins Foods is committed to ensuring a healthy and safe workplace that is free from discrimination.
Diversity and Inclusion Policy (Group)	Outlines Collins Foods commitment to diversity and inclusiveness and embraces a workforce that is made up of many individuals with diverse skills, values, experiences, backgrounds and attributes. Our Diversity and Inclusion Policy is accessible to all our people and external stakeholders at www.collinsfoods.com .
Bullying and Harassment Policy (Group)	Collins Foods is committed to providing an environment where everyone is treated fairly, and with dignity, courtesy and respect in the workplace.
Group Whistleblower Policy (Group)	Outlines how to raise a concern about a suspected or actual unethical or unlawful behaviour through access to the independent Ethics and Integrity Hotline. Our Group Whistleblowers Policy is accessible to all our people and external stakeholders at www.collinsfoods.com .
Grievance Resolution Procedure (Group)	Outlines our grievance process including assessment, investigation and remediation.
Professional Code of Conduct (Australia)	Outlines Collins Foods expectations in relation to the behaviour of all employees during working hours and whilst off-duty.
Recruitment & Employment of Young Workers Policy (Australia)	Outlines Collins Foods recruitment practices for all employees, and specific employment practices as they relate to young workers.
Supply Chain Management Code of Conduct (Australia)	At Collins Foods we are committed to conducting our business in an ethical, legal and socially responsible manner. The Supply Chain Management 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 any form of forced or indentured servitude and use of children to perform any work or activities under the legal working age. This code of conduct is also provided to all new suppliers and provided with new and revised contracts and to all suppliers when updated. Our Supply Chain Management Code of Conduct is available to all suppliers at www.collinsfoods.com .
Procurement Policy Procurement Manual (Australia)	Our Procurement Policy provides the guidelines for procurement being undertaken in a manner that ensures our integrity and reputation and promotes continuous improvement; and includes our Procurement Principles. Accompanying the Policy is the Procurement Manual which outlines our modern slavery obligations.

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Appendix 2 – CFL reporting entities

Entity	Function(s)	Place of incorporation	Proportion of ownership
(a) Collins Foods Limited	Holding company	Australia	100%
(b) CFG Finance Pty Limited	Office administrative services Borrowing company	Australia	100%
(c) Collins Foods Holding Pty Ltd	Previous holding company. Collins Foods Europe reports into this entity	Australia	100%
(d) Collins Foods Finance Pty Ltd	Previous finance company	Australia	100%
(e) Collins Foods Group Pty Ltd	Previous holding company	Australia	100%
(f) Collins Restaurants Queensland Pty Ltd	KFC operations in Queensland and northern New South Wales (Tweed region)	Australia	100%
(g) Fiscal Nominees Company Pty Ltd	Holding company for KFC operations in Western Australia and Northern Territory	Australia	100%
(h) Collins Restaurants West Pty Ltd	KFC operations in Western Australia and Northern Territory	Australia	100%
(i) Collins Restaurants South Pty Ltd	KFC operations in Tasmania, South Australia, Victoria, Western Australia and New South Wales	Australia	100%

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Appendix 3 – CFL Group non-core spend in high risk categories

High risk supplier categories	Description of products and services	% of spend
Construction	Construction and fit-out projects in our restaurants	29.90%
Machinery and Equipment Repair and Maintenance (Other Services)	Maintenance and repairs on machinery in our Restaurants	25.33%
Manufacturing: <ul style="list-style-type: none"> • Computer and electronic equipment including Restaurant technology • Signage • Furniture • Specialised machinery and equipment 	IT and telecommunications hardware, restaurant POS, digital menu boards, signage, restaurant equipment	16.26%
Building Cleaning, Pest Control and Gardening Services	Cleaning, pest control and gardening at our Restaurants and Restaurant Support Centre	16.13%
Waste Collection Services	Waste collection for our Restaurants and RSC	6.21%
Information Media and Telecommunications	Telecommunications, ISP, data processing and web hosting	4.52%
Accommodation and Food Services	Corporate travel and hotels	0.86%
Transportation Services	Postal and Courier Pick-up and Delivery Services	0.59%
Retail Trade	Fuel	0.20%

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Appendix 4 – Risk appetite in respect of key risks

Key risk	Description	Appetite description
WHS	CFL does not provide a safe working environment for its people, contractors and the community resulting in injury, financial loss or reputational damage.	<p>The Group has No appetite for risks that potentially result in a detrimental impact the health and safety (both physical and mental) of its people, contractors, and the community.</p> <p>It is not intended though to avoid inherently risky activities which are part of running a restaurant, however, a strong culture of health and safety awareness and risk management through effective controls is expected of its people.</p> <p>The Group will consider suspending or terminating relevant activities where a potential risk to health and safety becomes unmanageable.</p>
Supply Chain	Inability to source key food, consumable products and other key supplies in an ethical manner, at the quality required within the prescribed timeframes resulting in financial loss and reputation damage.	<p>The Group has a Low appetite for events which impact its supply chain leading to an inability to meet customer demand.</p> <p>The Group will work with its franchisors and suppliers to ensure that key supply agreements include contingency planning to accommodate for sudden disruptions to their service.</p> <p>The Group has No appetite for all forms of modern slavery or other unethical behaviour in its supply chain. The Group will maintain appropriate policies and procedures in this regard including yearly submission of its Modern Slavery Statement as required by the <i>Modern Slavery Act 2018 (Cth)</i>.</p>
Regulatory	Failure to identify and adequately address material regulatory requirements.	<p>The Group has No appetite for non-compliance with laws and regulations.</p> <p>The Group has a Low appetite for not identifying proposed changes to laws, regulations and policies which may materially impact the business.</p> <p>The Group will work with key stakeholders to gain a better understanding of the proposed changes and to advocate for the reasonable protection of the interests of the business.</p>
People	Unable to maintain a culture that develops and attracts a sustainable workforce and ensure compliance with employment laws.	<p>The Group has No appetite for bullying, harassment, discriminatory or other inappropriate behaviour at all levels of the workforce. The Group will maintain appropriate policies and procedures in this regard such as a Code of Conduct.</p> <p>The Group has a Low appetite for an organisational culture which leads to inappropriate behaviour within the organisation. The Group aims to ensure the organisation maintains a healthy and positive culture which is led by its directors and senior management, and that its workforce operates in a safe and inclusive workplace environment.</p> <p>To achieve a balance of stability and growth, the Group is willing to accept a Moderate appetite for risk in human resource management. The Group aims to maintain a high performing, positive and engaged workforce who are suitably experienced and qualified to carry out its strategic, operational and other objectives.</p> <p>The Group has No appetite for non-compliance with relevant employment laws, regulations, and award agreements. The Group will closely monitor compliance through periodic reviews.</p>

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Appendix 5 – Reference table

This Modern Slavery Statement was prepared in accordance with the criteria set out in the *Modern Slavery Act 2018*. The table below outlines where information related to each mandatory reporting criteria can be found.

Australian Modern Slavery Act mandatory reporting criteria	Section in CFL Modern Slavery Statement	Pages
Criterion One: Identify the reporting entity	1. About our business	12
	2. Reporting entities Appendix 2 – CFL reporting entities	15
Criterion Two: Describe the reporting entity’s structure, operations and supply chains	3. Our structure, operations and supply chain	2
Criterion Three: Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	4. Modern slavery risks – operations	4
	5. Modern slavery risks – supply chain	6
	Appendix 3 – CFL Group non-core spend in high risk categories	16
	Appendix 4 – Risk appetite in respect of key risks	17
Criterion Four: Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	6. Our actions to assess and address modern slavery risks	10
Criterion Five: Describe how the reporting entity assesses the effectiveness of these actions	7. How we assess the effectiveness of our actions	12
	Appendix 1 – Our policies	14
Criterion Six: Describe the process of consultation with any entities the reporting entity owns or controls	8. Consultation process	13
Criterion Seven: Provide any other relevant information that the reporting entity, or the entity giving the statement, considered relevant	9. Other relevant information	13

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