



## MODERN SLAVERY STATEMENT 2020

### KRISPY KREME HOLDINGS PTY LIMITED

---

This is the first 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)*. It relates to the reporting period for the year ended 3 January 2021.

The content of this Statement is to outline our approach to ensuring that Krispy Kreme has a robust framework and relevant processes in place to minimise the risk of modern slavery within our operations and supply chains.

---

#### 1. Introduction to our Business

- 1.1. Krispy Kreme Holdings Pty Ltd 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 29 retail stores, 3 doughnut factories and supply approximate 800 doughnut cabinets nationally each day, with fresh doughnuts. We employ approximately 1,000 people in Australia under a mix of full time, part time and casual employment.
- 

#### 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 over 83 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 delivered daily fresh supply model into a variety of adjacent channels (P&C, grocery).
- 2.3. Krispy Kreme Holdings Pty Ltd 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 29 stores, 3 doughnut factories and supply approximately 800 doughnut cabinets. Since being acquired by Krispy Kreme Doughnut Corporation in 2018 and becoming a wholly owned subsidiary (excluding senior management interest), 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 4 stores, 1 doughnut factory and approximately 80 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). 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.
- 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 has oversight in the selection of the suppliers used.
- 2.9. Our parent company Krispy Kreme Doughnut Corporation operates 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

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**  
**Operations**

- 3.1. 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.
- 3.2. During 2020 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.
- 3.3. 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.
- 3.4. 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.

3.5. 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
- Whistle-blower Policy

### **Supply Chain**

- 3.6. 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.
- 3.7. The supply chain review to assess risks that relate to modern slavery has focused on the Core supply categories, it is our intent to broaden this review to the Non-core supply categories in 2021.
- 3.8. Our risk assessment considered the associated sector, geographic, product and services risk.
- 3.9. 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.
- 3.10. This risk assessment confirmed that the majority of our suppliers are considered low risk, however there are suppliers that operate in industries and geographic territories that do have a higher risk of modern slavery.
- 3.11. The supply categories for shortening and packaging were identified as medium risk and flagged for further risk assessment and mitigation in 2021, given the geographic exposure to Indonesia and China respectively.
- 3.12. We are evaluating 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 2021.

#### 4. Actions to address risks of Modern Slavery practices

##### **Policies, Procedures and Practices**

4.1. 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:

- Annual internal modern slavery audits;
- Annual supplier extended supply chain audits; and
- Procedure allowing Krispy Kreme staff an avenue to report suspected modern slavery practices internally and within supplier businesses.

##### **Supplier terms & due diligence**

4.2. We are in the process of reviewing our supplier terms to include provisions requiring compliance with modern slavery legislation.

4.3. For our local supply chain partners, we currently engage with them on a proactive basis and conduct site audits.

##### **Education and Awareness**

4.4. Based on a needs assessment conducted during 2020, we are developing a Krispy Kreme people managers training document intended for to reduce the risk of potential internal modern slavery.

---

#### 5. Measuring effectiveness of actions

5.1. As this our first reporting period, we have a limited ability to assess the progress of our initiatives to date.

5.2. In 2021 we will be tracking the following measures:

- Number of training sessions completed and percentage of relevant staff trained;
- Implementation of policy changes; and
- Suppliers assessed and site visits undertaken.

Going forward we will include a reporting framework into the Audit and Risk committee where we can track progress against key initiatives and metrics.



## 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:

- Establishing a modern slavery working group as part of the Audit and Risk Committee
- Assessing the pathway to registration with an ethical sourcing body and to formally engage with our major supply partners
- Review governance, policies and training programs to improve awareness and controls.

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

Director

ANDREW MCGUIGAN