



# RG RESTAURANTS MODERN SLAVERY STATEMENT 2020



Covering off: RG Restaurants Pty Ltd.







# Introduction

We're excited to share our very first modern slavery statement as part of our compliance with Australia's Modern Slavery Act 2018 (Cth). We commenced in 2020, seeking to further strengthen and understand the relationships and partnerships we have within our supply chain partners, as well as our Franchisor, Kentucky Fried Chicken Pty Ltd (KFC Australia).

By way of the Franchise Franchisor relationship, and the strong partnership, alignment and collaboration which exists; we are able to take advantage of many of the initiatives, systems and processes our franchisor (KFC Australia) have imbedded to help limit and combat any potential modern slavery.

We are truly committed to ensuring that the treatment of our staff, as well as those we work with external to our direct organisation, is to the highest of standards. We have a long-standing relationship with many of the contractors and suppliers which we work with on a regular basis and take pride in always putting people first.

By way of preparing and submitting our very first Modern Slavery Statement, we have significantly increased our awareness of the issues of modern slavery that exist in many different parts of the world, and have begun a process of discussing with and educating our supply partners and service providers of this as well. We are proud to continue building on this commitment into the future, further strengthening the very core of our business – People!



## Who we are : The Reporting Entity

We are RG Restaurants Pty Ltd ACN 611 108 911 (**RG Restaurants**) with registered address at 38 Welsford St, Shepparton, Victoria and its primary business premises located at Lv 1, 1 Sobraon St, Shepparton, Victoria (“Head Office”). Our group has a rich history as a KFC franchisee, expanding back now over 30 years. The KFC brand in Australia is now over 50 years old, beginning here in Australia in 1968 when Colonel Sanders himself introduced ‘finger lickin’ good’ chicken.

RG Restaurant’s journey with the brand initially began in Shepparton, Victoria, with one KFC restaurant, and now, together with its related entities, owns and operates 55 KFC restaurants all throughout Victoria. These locations are both in regional Victoria and metropolitan Melbourne.





# Structure, operations and supply chains of RG Restaurants:

RG Restaurants is an Australian private company limited by shares which is incorporated in Victoria with its headquarters at the Head Office. It operates alongside related entities Westpark Operations Pty Ltd ATF Westpark Operations Unit Trust (Westpark Operations) and Century 101 Pty Ltd (Century 101), (both Australian private entities and neither of which are owned by RG Restaurants nor do they have sufficient consolidated revenue to require them to be reporting entities). Collectively, this group employs over 3,000 employees in Australia.

RG Restaurants' main operations are operating KFC stores as a franchisee of the KFC franchise system operated by KFC Australia and its related entities. KFC retail stores supply fast food and non-alcoholic drinks to the public. As per the conditions of the Franchisee Agreement we have in place with KFC Australia, RG Restaurants owns and operates 45 separate KFC outlets throughout Victoria, while its related entity Westpark Operations owns and operates 10 KFC outlets and Century 101 provides services to RG Restaurants to assist in its operations. These restaurants are run by a significant organisational structure that is supportive to the requirements of the business and allows and creates continuous development opportunities. Our operations require support from the Group Support Centre (GSC), located at the Head Office; comprised of Finance, Property, Development, Operations, Marketing, Information Technology and Human Resources.

KFC Australia (as Franchisor) and its related entity Yum! Restaurants Australia Pty Ltd, are part of RG Restaurant's supply chain for the purposes of MSA reporting as they provide numerous services (including certain supply chain management services) in accordance with the Franchise Agreements in return for fees paid by RG Restaurants (which include the payment of royalties, advertising and supply chain contributions).

RG Restaurant's supply chains include food and packaging suppliers (which operate in industries such as agriculture, meat processing, textiles, logistics and manufacturing). Our supply chain also includes the services provided by contractors and external consultants including cleaning, maintenance, and development and construction. Most of our relationships with these suppliers are long term, stable relationships.

Many of our goods are sourced in Australia and most of our goods are manufactured in Australia. Goods are also sourced from countries including the Netherlands (chips), New Zealand (chips), China (uniforms, packaging and equipment), South East Asia and North America (smallwares), USA, Italy, and India (equipment), and countries in South East Asia (packaging).





# Our Operations and People: Risk Assessment

## Assessment of risks in our operations

RG Restaurants takes the safety and proper employment of its team members very seriously. We have a robust existing framework in place for communication, training on workplace rights and conditions and mandate compliance with all relevant labour legislation and standards is governed by our franchise agreements (issued by KFC).

To further support our commitment to workplace rights, RG Restaurants has third party auditors that verify that KFC brand standards and safety practices are adhered to at all of its restaurants (and these audits are carried out at all KFC restaurants on a regular basis). These auditors have the ability to inspect files on team members and can conduct random checks to ensure that team members are of working age.

There is a risk of modern slavery in our supply chain, particularly given our purchase of products either directly or indirectly (such as uniforms, packaging, equipment, smallwares, etc.) come from other countries which were chosen, in part, because of their competitive pricing. On page 7 is a table showing the breakdown of our supply chain and the level of risk we have identified with reasoning behind those findings.





## Assessment of risk with our People:

In 2020, RG Restaurants Pty Ltd implemented a workforce management software solution that manages time and attendance functions for all RG Restaurants Pty Ltd restaurants ensuring all our employees are paid correctly in accordance with the KFC National Agreement 2020. RG Restaurants also has centralized training programs that train our team members on how to operate our equipment in restaurants safely, provide world class customer service and also on ethical behaviour and our KFC service standards.

Whilst we acknowledge that there is an inherent risk of employment of vulnerable workers due the nature of our industry and demographic of our workforce, we also consider the risk of modern slavery within our employee group to be low. Our employees are all paid in accordance with market conditions, or the relevant award and applicable legislation specific to the Modern Fast-Food Award, The Clerks Award and KFC Enterprise Agreement. We have stringent processes in place to ensure that staff are legally entitled to work, have specific contracts in place, follow all EBA requirements, including that they are of legal working age. In addition, our People Excellence Coaches, assigned to our restaurants, also review these records, check that team members are of working age and conduct reviews of staff rosters and training in stores.

RG Restaurants conduct Mid-Year development plans that build into our annual performance reviews; and have implemented clocking in and out functionality through our GSC to document and effectively manage hours worked to drive balance and flexibility.

Recent changes to the KFC enterprise agreement meant that RG Restaurants reviewed all existing employment related policies and procedures and conducted analysis on any people related risks. RG Restaurants works towards gender equality and submit data on an annual basis to the Workplace Gender Equality Agency (WGEA). In addition to our Employee Assistance Program allowing all employees access to a confidential mental wellness support portal, we also introduced a whistleblower policy across 2020 which is a Company policy requirement protecting all employees in making qualifying disclosures. We will use this gap analysis to set our priorities for our teams going forward as we work to address and implement strategies to reduce our risk of contributing to or being directly linked to modern slavery in our operations.





# Identifying Risk in our Food and Paper Supply Chains

Under the KFC Franchise Agreements, KFC Franchisees are required to use goods and services that have been approved by KFC Australia to prepare, market and sell products in their KFC restaurants to ensure quality and consistency of KFC products sold throughout the KFC franchise system.

To assist with this consistency, KFC Australia conducts sourcing and purchasing negotiations for food and packaging items for its own restaurants and also on behalf of franchisees (on the basis that supply and distribution arrangements negotiated by KFC Australia are made available by approved suppliers and distributors to franchisees). This creates a risk that we may be linked to modern slavery practices on the basis that another entity is responsible for selecting and contracting with suppliers in our supply chain, although KFC Australia are a well-established and reputable franchisor with their own stringent policies and standards to ensure that the risk of modern slavery in their supply chain is limited.

As some of our food, packaging and uniforms suppliers commonly source supplies from China and countries in South East Asia, there is a risk that we may be linked to, or contribute to, modern slavery practices. This is on the basis that labour protections in some Asian countries are minimal; the economic effects of Covid-19 and low demand for goods from Asia may increase

the risk of modern slavery in these areas; modern slavery is not legislated against in many Asian countries and the industries in our supply chain are known for the vulnerable nature of their workers and suppliers contracting with us may source material from third parties who use forced labour or child labour.

To understand these risks better, KFC Australia became a member of Sedex, “Supplier Ethical Data Exchange”. Sedex provides a risk assessment platform that facilitates better supply chain transparency and provides a risk score for each supplier. KFC Australia invited our suppliers to join Sedex and complete a modern slavery risk questionnaire. 70% of suppliers completed the questionnaire and the results showed that 16% of respondents received a ‘medium’ risk rating. No sites received a ‘high’ risk rating. While this provided a good insight into the level of risk of many of our direct suppliers, it did not address risk in the supply chains of our suppliers.





# Identifying Risk in our contractors and external consultants

Throughout the process of assessing and understanding potential risks that may exist with the external parties we work closely with (our contractors and external consultants), we have identified that there may exist a risk in their own supply chains that we are not currently aware of. We will look to further explore the supply chains of those suppliers and depending on our initial risk assessment, will ask these suppliers to complete our modern slavery questionnaire to further understand these potential risks.

Regarding our current existing supply categories, we have conducted the following assessment:

Category	Risk Assessment	Findings
Marketing services	Low	Risk considered low in professional agencies and activation events. Additional consideration on how we verify the sourcing of our merchandise such as promotional shirts may be required
Professional services for legal, financial and accounting	Low	Risk considered low due to the nature of services provided and demographic of workforce
Human Resources	Low	Risk considered low due to the nature of services provided and demographic of workforce.
Cleaning Services	Medium/High	Given the nature of this industry and demographic of workforce, there is a need to establish onboarding and monitoring procedures for these providers. Also building into our contracts various commentary and information around modern slavery to educate those involved.
Maintenance services	Medium/High	Given the nature of this industry and demographic of workforce, there is a need to establish onboarding and monitoring procedures for these providers. Also building into our contracts various commentary and information around modern slavery to educate those involved.
Development and Construction	Medium/High	Due to the nature of subcontracting in the industry there is a need to establish onboarding and monitoring procedures for these providers.
Equipment	Medium/High	We source the majority of our equipment directly from our franchisor, who ultimately sources from various other countries.





# Addressing Risk – Actions taken to date

## Updated contracts

We have updated the terms of our contracts to include Modern Slavery Act & Labour Hire Licensing Act Obligations and we are rolling out these amended contracts to our contractors as the terms of the existing contracts are concluding and or as we enter into new contracts with new service providers.

## Further strengthening relationships with our service providers

Throughout 2020, while the entire globe has suffered both from the health impacts of Covid-19 and also the financial impacts, we have set out to further strengthen and build the relationships with all of our external partners; in a bid to support each other and also to limit any of the potential risks for modern slavery to exist.

We've maintained all payment structures to our service providers for their services in accordance with their general terms and conditions of the contracts in place prior to the introduction of Covid-19. We've avoided scaling back or making significant change to contracts currently in place and we've maintained our development and construction plans as expansively as ever before; creating continual new employment opportunities through these uncertain times. These measures reduce financial pressure on our contractors, making it easier for them to comply with their contractual obligations and hence reducing the incentive to resort to modern slavery.

## Implemented Policy

At the beginning of 2020 we adopted a Whistleblowing Policy which made available a confidential helpline and confidential disclosure policy to encourage our employees to disclose workplace issues safely.

## Suppliers Code of Conduct

We are now required under the KFC Australia Franchise Policies Manual to provide our suppliers with a copy of the KFC Code of Conduct which addresses compliance with modern slavery, illegal workplace practices and illegal workers.

## Support from KFC Australia's Modern Slavery Working group

KFC Australia have formed a modern slavery working group to, in part, ensure franchisees are aware of our obligations under the Modern Slavery Act.



# Our path forward

## Due diligence

We are now actively involved in a process of ongoing management to identify, prevent, mitigate and account for how we address human rights impacts in our supply chain. We aim to work with KFC Australia to identify risk of modern slavery practices in our supply chain and take action to reduce these risks.

We are constantly reviewing and managing our employee operations to ensure employees are not subject to human rights issues.

## Remediation

We recognise that we may be linked to modern slavery practices in particular by sourcing goods from certain countries in Asia. We intend to work with our suppliers, (in conjunction with KFC), to identify and reduce any modern slavery practices. While we are somewhat limited, under our franchise agreements, in our ability to end and/or influence our business relationships with nominated suppliers, we can work with KFC Australia to use our positions to prevent such practices or to use suppliers who can assure us and KFC Australia of their protection of workers' rights.

## Future Actions:

- Raise awareness of the Australian Supply Chain Code of Conduct and the Modern Slavery Act with those suppliers we deal with directly;
- Identify any and all contracts within our Service provider base that will require specific amendments;
- Request all suppliers and service providers complete the Modern Slavery

Questionnaire throughout 2021 to assess risks;

- Screen new suppliers and service providers for modern slavery risks;
- Annual review of supplier agreements and supply processes (irrespective of agreement length), to ensure suppliers have a clear understanding of our Group's expectations;
- Consider terminating supplier contracts at any time should any instances of modern slavery or any other zero tolerance breach of any human rights issues come to light;
- Annual review of our risk assessment process and audit programs to ensure they are relevant and up to date;
- Publish Modern Slavery Statements.



## Assessing the effectiveness of our actions

To ensure our actions are effectively reducing or preventing modern slavery practices we have set up a senior management group to review our response to modern slavery. The management group will integrate the findings of KFC's working group, and the results of their Sedex supplier questionnaire to guide our responsiveness to the issue. We also plan to review responses to our Supplier Modern Slavery questionnaires and respond to areas of risk accordingly. An annual review will be conducted of our risk assessment process and audit programs to ensure they are relevant and up to date. The results of our consultation and review may be published in our Modern Slavery Statements.

This Modern Slavery Statement was approved by Chris Retzos as the Sole Director of RG Restaurants Pty Ltd.

A handwritten signature in black ink, appearing to read 'Chris Retzos', written over a horizontal line.

CHRIS RETZOS

Sole Director

3 February 2021





## Appendix:

The below indicates which section of our Modern Slavery Statement addresses the Modern Slavery Act criteria.

**(PG 2)** Identify the reporting entity.

**(PG 4-8)** Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.

**(PG 8-9)** Describe the actions taken by the reporting entity and any entity it owns or controls to assess and address those risks, including due diligence and remediation processes.

**(PG 2-9)** Describe how the reporting entity assesses the effectiveness of these actions.

**(PG 9)** Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement).

**(PG 1-9)** Provide any other relevant information.





RESTAURANTS