

TFE Hotels Modern Slavery Statement 2020

Introduction & Reporting Entities

This modern slavery statement (**statement**) is made by Toga Hotel Management Holdings Pty Limited ACN 162 986 352 (**Toga Hotel Management Holdings**), being the parent company of the TFE Hotels group of companies (**TFE Hotels**), pursuant to the *Modern Slavery Act 2018* (Cth) (**Act**) for the financial year 1 July 2019 to 30 June 2020 (**first reporting period**).

Toga Hotel Management Holdings is a reporting entity pursuant to section 5 of the Act.

One company within TFE Hotels is Medina Property Services Pty Limited ACN 062 326 176, a wholly owned subsidiary of Toga Hotel Management Holdings. Pursuant to section 5 of the Act, Medina Property Services Pty Ltd is itself a reporting entity. Toga Hotel Management Holdings is submitting this statement pursuant to section 14 of the Act as a joint statement on behalf of both itself and Medina Property Services Pty Ltd.

The purpose of this statement is to outline TFE Hotels' approach to minimising the risk of modern slavery in our business operations and supply chains. This statement sets out the actions taken by TFE Hotels during the first reporting period to reduce the risk of modern slavery practices in our business operations and supply chains, and outlines how TFE Hotels intends to continually improve its processes in future years.

TFE Hotels does not tolerate any form of modern slavery including human trafficking, slavery, servitude, forced or child labour, debt bondage, forced marriage or exploitation. TFE Hotels is committed to reducing the risks of modern slavery in our business operations and supply chains, and to responding to incidents if they occur. This commitment has become increasingly important to us over 2020/21 as the impacts of COVID-19 were felt across the world.

TFE Hotels' response to modern slavery risk assessment and mitigation across our group of companies is managed by the TFE Hotels procurement leadership team, supported by the Group General Counsel, and is reported to the Board.

Our structure and operations

TFE Hotels is an international hotel group, headquartered in Australia, with operations in Australia, New Zealand and Europe (Germany, Denmark and Hungary). TFE Hotels was formed in 2013 as a joint venture between Toga Pty Ltd and Singapore's Far East Orchard Limited, which is controlled by the privately owned Far East Organisation. TFE Hotels is now one of the largest hospitality management providers in Australia with almost 60 years of hotel ownership, management and development experience.

TFE Hotels comprises a range of entities which contributed to its annual consolidated revenue as at 30 June 2020. The key entities comprising TFE Hotels include:

- Toga Hotel Management Holdings Pty Limited ACN 162 986 352 – parent entity of TFE Hotels;
- Medina Property Services Pty Limited ACN 062 326 176 – hotel operating and employment entity;
- Value Lodging Pty Ltd ACN 112 089 782 – hotel operating entity;
- Vibe Hotel Services Pty Ltd ACN 105 802 757 – hotel operating entity;
- Toga Hotels (Employment) Pty Limited ACN 163 576 172 – employment entity;
- Toga Hotels (Employment) No 2 Pty Limited ACN 165 269 287 – employment entity;

- Toga Hotel Property Investments No 2 Pty Limited ACN 167 314 865 – hotel owning entity; and
- Toga Hotel Property Investments No 3 Pty Limited ACN 169 845 274 – hotel owning entity.

TFE Hotels operates 79 hotels across Australia, New Zealand and Europe, with more than 15 hotels in its development pipeline. It has a portfolio of five established hotel brands - Adina, Vibe, Travelodge, Rendezvous, Quincy – as well as the Collection by TFE Hotels portfolio, as follows:

- Adina Apartment Hotels in 34 locations in Australia, New Zealand and Europe
Other locations coming soon include Cologne, Vienna, Fremantle, and Munich
- A by Adina in 2 locations in Australia
- Adina Serviced Apartments in 4 locations in Australia
- Vibe Hotels in 11 locations in Australia
- Quincy Hotels in 1 location in Australia
- Travelodge Hotels in 18 locations in Australia and New Zealand
Other locations coming soon include Auckland
- Rendezvous Hotels in 5 locations in Australia and New Zealand
- Collection by TFE Hotels includes The Calile Hotel in Brisbane, Hotel Kurrajong in Canberra, The Savoy Hotel on Little Collins in Melbourne and The Hotel Britomart in Auckland

TFE Hotels employs 1,871 staff across its hotel and head office operations in Australia, New Zealand and the EU in a mix of permanent, part time and casual roles. TFE Hotels' team members are employed pursuant to applicable workplace and immigration laws.

Our supply chains

TFE Hotels' business involves the following primary supply chains:

- Procurement of goods and services for hotels, including:
 - Housekeeping / cleaning providers
 - Laundry and linen providers
 - Food and produce providers including dry/chilled/frozen food distribution, fruit, vegetables and meat
 - Team member uniforms
 - Guest amenities including mini bar items
 - Alcohol providers
 - Security services
 - Waste removal services
- Corporate/business partners, including online travel agents, preferred accommodation partners and sponsorship arrangements
- Information technology infrastructure and services
- Professional services including legal, tax, accounting, audit and insurance providers
- Outsourced offshore services such as accounts payable, treasury and IT support services

Modern slavery risks in our operations, supply chains and controlled subsidiaries

TFE Hotels predominantly deals with Australian based suppliers, with the majority of TFE Hotels' operations based in Australia. The TFE Hotels' operations overseas are in countries that are generally known to have low modern slavery risks with good employee working conditions, governance and rule of law including New Zealand, Germany, Denmark and Hungary.

Notwithstanding the above, the hospitality industry has been identified as a high-risk industry due to the prevalence of migrant labour and labour hire agencies within its outsourced workforces, including housekeeping, maintenance and security.

TFE Hotels also outsources certain components of its operations offshore to India, including accounts payable, treasury and IT support, which is acknowledged by the Global Slavery Index to be a high-risk jurisdiction for modern slavery. However, we believe our mitigation processes set out in this statement combat this risk.

In its first reporting period, TFE Hotels internally reviewed its operations and supply chains to identify areas of modern slavery risks. From this assessment, we have identified the following areas in our operations and supply chains to be particularly at risk of modern slavery practices:

- **Housekeeping / cleaning providers**

This category is outsourced and there are potential risks associated with:

- Low skilled workers
- Temporary, casual and part-time workers
- Overseas student workers

- **Distribution of consumable goods**

Most of these items are imported by the distributors we work with, and there are therefore potential risks associated with:

- Child labour at the originating location
- Compliance with local labour laws
- Non-ethical sourcing

- **Laundry & linen providers**

We have identified potential risks associated with:

- Low skilled workers
- Temporary, casual and part-time workers
- Non-ethical sourcing of linen

- **Supply of uniforms**

We have identified potential risks associated with:

- Overseas manufacturing in low-cost countries
- Non-ethical sourcing
- Child labour at the originating location
- Compliance with local labour laws

- **Dry/Chilled/Frozen Food distribution – Fruit & Vegetables/Meat**

We have identified potential risks associated with:

- Low skilled workers
- Temporary, casual and part-time workers
- Overseas student workers

- **Outsourced offshore services - India**

We have identified potential risks associated with:

- Compliance with local labour laws
- Instances of forced labour

We believe the mitigation processes set out in this statement are positive steps towards reducing these risks. However, TFE Hotels is committed to continuously improving its processes and response to potential modern slavery risks in its operations and supply chains, both in Australia and overseas.

Actions taken to assess and address those modern slavery risks, including due diligence and remediation

In its first reporting period, TFE Hotels has implemented several processes across its suppliers and contractors to protect vulnerable workers from the impacts of the pandemic and to integrate modern slavery risk mitigation into our operations. This includes a requirement for suppliers to:

- Annually provide a Modern Slavery Statement detailing the steps they have taken to minimise modern slavery practices within their own supply chains, including a COVID-19 response; and
- Obtain independent certification from a provider such as Bureau Veritas if they are deemed high risk due to the location or products they supply.

TFE Hotels has also amended its supplier agreements to impose contractual obligations on its suppliers to:

- comply with the *Modern Slavery Act 2018* (Cth);
- take all reasonable steps to ensure that there is no modern slavery in its supply chain;
- maintain in place policies and procedures to meet its requirements under all applicable laws relating to anti-bribery, anti-corruption and modern slavery; and
- maintain a complete set of records to trace the supply chain of all goods and services provided by the supplier and its subcontractors to TFE Hotels.

Supplier agreements containing the above requirements have been provided to and signed by all suppliers in the above identified higher risk categories, and we will continue to ensure that new supplier agreements and renewed supplier agreements entered into are updated to contain these requirements. In addition, we were pleased to note that all identified “higher risk” suppliers proactively produced their own modern slavery statements, highlighting the steps they are taking as a company to combat modern slavery in their supply chains.

TFE Hotels has also internally assessed higher risk suppliers and identified suppliers that require on site auditing as part of our supplier due diligence processes. Whilst this occurred for our offshore materials sourcing and outsourced services in FY19, COVID-19 has unfortunately suspended this process. It is intended that due diligence audits will be conducted for all new suppliers consistently moving forward once international borders are re-opened.

Finally, TFE Hotels has various policies in place which are an integral aspect of our commitment to managing human rights and which underscore our commitment to reducing the risk of modern slavery practices in our supply chains and operations. These policies include the following:

- **Code of Business Conduct and Ethics**
- **Whistleblowing Policy**
 - supports and reflects TFE Hotels' values and code of conduct
 - sets out procedures and avenues available to report unethical, corrupt, illegal or otherwise inappropriate conduct, as well as potential breaches in relation to modern slavery
 - ensures disclosures of wrongdoing are dealt with appropriately and promptly
- **Procurement Policy**
 - Team members making commercial commitments on TFE Hotels' behalf must:
 - seek to reduce adverse social and environmental impacts from the supply chain; and
 - take reasonable steps to ensure that people in the supply chain are treated with respect, have adequate working conditions, and work in a safe and healthy environment
- **Contractors and Subcontractors Policy:**
 - outlines policies regarding performance on human rights, health & safety and environmental issues when engaging contractors, and applies TFE Hotels policies to its contractors (including suppliers)
 - requires all contractors and subcontractors to comply with applicable Australian and international laws regarding employment practices and benefits, anti-discrimination and work, health and safety
 - requires contractors to ensure that they do not, and that their supply chain does not, engage in any 'modern slavery' practices including forced labour, exploitation, debt bondage and deceptive recruiting for labour or services
- **Work, Health and Safety Policy**
 - implements and maintains mandatory safe working conditions for all team members and contractors
- **Bullying, Discrimination and Harassment**
 - prohibits workplace bullying, harassment or discrimination in any form
- **Recruitment and Selection**
 - ensures TFE Hotels' recruitment and selection processes encourage equal employment opportunity and diversity
- **Anti-Corruption, Bribery and Political Donations Policy**
 - prohibits any activities associated with corruption or bribery, and setting clear criteria for permissible political donations

The commitments made in these policies apply to all employees of TFE Hotels and our consultants, contractors, suppliers and their employees.

Assessing the effectiveness of our actions

Our first reporting period provided a welcome opportunity for TFE Hotels to introduce several new processes and procedures to combat the risks of modern slavery within our operations and supply chains. As we progress through FY21, TFE Hotels expects to continue to implement and improve these processes with the benefit of experience, and hopefully without the restrictions of COVID-19 in place.

We will continue to work collaboratively with our peers to understand what we can do both as a company as well as an industry to better improve our processes moving forward.

No instances of modern slavery have been identified in TFE Hotels' operations or supply chains to date. However, the TFE Hotels procurement leadership team, supported by the Group General Counsel, will continue to monitor

and assess our actions to address modern slavery risks and take necessary action in response to risks that are identified.

Our consultation process with subsidiaries in preparing this statement

TFE Hotels maintains one consistent leadership team across each of its subsidiaries, including the reporting entities listed above. There is, therefore, one management team responsible for coordinating TFE Hotels' response to modern slavery risks in its operations and supply chains. The preparation of this statement and all actions referred to in it have been managed by the TFE Hotels' procurement leadership team, supported by the Group General Counsel.

Approval

In accordance with section 14 of the Act, this statement was approved by the Board of Toga Hotel Management Holdings Pty Limited on 26 March 2021.



Allan Vidor AM, Chairman of TFE Hotels

Signed 26 March 2021