



# RG RESTAURANTS MODERN SLAVERY STATEMENT 2021



Covering off: RG Restaurants Pty Ltd.







# Introduction

Since our first report, RG Restaurants Pty Ltd ACN 611 108 911 (RG Restaurants) has continued to grow not only as a business but also a family. Within the past 12 months we have seen the closure of 1 restaurant and the opening of 3 brand new restaurants within Victoria. RG Restaurants together with our group of companies now own and operate 57 KFC restaurants throughout Victoria.

Our second-year statement relates to the reporting period which commenced on 1 July 2020 and ended on 30 June 2021 (Second Reporting Period). As our group has a rich history as part of the KFC brand in Australia, this report should be read in conjunction with the Modern Slavery Statement submitted by Kentucky Fried Chicken Pty Ltd (KFC Australia) for reasons explained in this Statement.



## Who we are : The Reporting Entity

During our Second Reporting Period, the growth of the business (and family) gave us the opportunity to welcome Stephen Retzos as a Director of the Reporting Entity, a dual Director with his father, Chris Retzos. Notwithstanding the change of Directors, our reporting entity has largely remained unchanged from our previous report. RG Restaurants is an Australian private company limited by shares with its headquarters in Shepparton, Victoria. RG Restaurants operates alongside with its related entities; Westpark Operations as trustee for Westpark Operations Unit Trust (“Westpark Operations”) and Century 101 Pty Ltd (“Century 101”).

With the continuous growth of our business and family, we have identified new areas of support in our Finance, Development and Operations Departments and we have seen the creation of a Legal Department within our business.



# Structure, Operations and Supply Chains



## Structure and Operations

RG Restaurants main operations are operating KFC Restaurants as a franchisee of the KFC Franchise System operated by KFC Australia (Franchisor). RG Restaurants and Westpark Operations, with the assistance of Century 101, own and operate 57 KFC restaurants throughout Victoria and now employs in excess of 3,500 employees. Our employees range from the front-line workers within our restaurants to the support services providing finance, human resources, marketing and various other administrative support to our business. Our workforce is diverse with a 52% female profile and no gender pay gap within our restaurants.

## Our Supply Chain

KFC Australia (as Franchisor) and its related entity Yum! Restaurants Australia Pty Ltd has continued to be our supply chain for our core items due to the Franchisor/Franchisee relationship. KFC Australia holds the administrative relationship with each supplier and has oversight in the selection of the core supplies used. Pursuant to our Franchise Agreement with KFC Australia, the Franchisor conducts sourcing and purchasing negotiations for core supply chain items, as listed below:

- food and beverage suppliers;
- packaging;
- distribution partners;
- delivery aggregators
- Equipment; and
- uniform providers.

Beyond the Franchise Agreement, our supply chain also includes the services of non-core suppliers, which many of these suppliers we have long term and stable relationships. Our non-core suppliers include:

- suppliers of equipment used in our restaurants;
- development and construction suppliers;
- accommodation providers;
- marketing agencies;
- information technology;
- professional services providers of legal and financial services;
- human resources; and
- cleaning and maintenance services





# MODERN SLAVERY RISKS

Since our first report, we have significantly increased our awareness of the issues of modern slavery that exists in different areas of our operations and supply chain. In doing so, we have looked at the risk that our:

- operations within our restaurants may directly result in modern slavery practices; and
- operations and/or actions in our supply chains may contribute to modern slavery, in both our core and non-core suppliers

## **Within our Restaurants**

RG Restaurants takes the safety and proper employment of its team members very seriously. With our robust existing policy framework in place, workplace rights and conditions and mandatory compliance with all relevant labour legislation and standards governed by KFC Australia, we consider our restaurants low risk jurisdictions.

We are also supported by our Franchisor, who coordinates third party audits across our restaurants that verify that the brand standards and food safety practices are adhered to at all times. These auditors also have the ability to inspect files of any team member to ensure they are of working age.

For the reasons described above, we consider that the risk of our operations within our business have caused or contributed to modern slavery risks during the reporting period being low risk jurisdictions.

## **Our Supply Chains**

Our medium to higher risk suppliers are often found in our supply chains external to our business. Our core supply chains for food, packaging, uniform and beverage providers are inherently medium to high risk of modern slavery due to the nature of the work necessary for the production and the competitive prices these supply chains provide.

Since our first report, we have acknowledged that by virtue of sectors within our supply chain, we are at risk of being directly linked to modern slavery, through business practices of companies within our supply chain. We have taken the approach in our second statement to address the risk assessment in our Core Suppliers and Non-Core Suppliers





### **Core Suppliers**

As mentioned previously, KFC Australia have continued to be our supply chain for the major food, packaging and distribution suppliers that is critical for the operation of a KFC Franchise. KFC Australia is a member of Supplier Ethical Data Exchange (SEDEX). SEDEX has provided a platform that facilitates better supply chain transparency and provides a risk score for each supplier.

In the previous reporting period for KFC Australia, they performed risk assessments of their food and paper direct suppliers. These suppliers are the same suppliers that RG Restaurants utilises. KFC Australia's review of food and paper suppliers found that the majority of the suppliers were categorised as low or medium.

### **Delivery Aggregators**

The coronavirus pandemic had an enormous impact on society, especially the food and hospitality industry. We have seen an increase in growth and desire for convenience through delivery services. Unfortunately, due to the nature of this industry there may be an increased risk of modern slavery in the operations and supply chain of some of the delivery aggregators services from our restaurants to our customers.

Contracts and review of performance of these services are managed by KFC Australia. As a Franchisee, we rely on the actions and assessments undertaken by KFC Australia. Whilst KFC Australia manages the contract, we as a Franchisee can elect which delivery aggregators we want to engage in providing delivery services, only to the extent that KFC Australia has contractually entered into a relationship with the delivery aggregator (i.e. RG Restaurants cannot establish a relationship on its own with a delivery partner outside those currently approved by KFC Australia). It is important that our business continues to consider the statements published by the delivery aggregator services, where applicable as well as issues reported in the media. Our awareness of this industry and our ability to cease engaging a delivery aggregator service allows us to better understand the risks and take measures to lower the risk of modern slavery in this industry.

Through a select few of our more remote restaurants, we have engaged with one of the delivery partners in a different model of delivery, known as self-delivery. Under this model, our own employees physically delivery the food to customers. Under this approach, we have the ability to strictly and coherently control the potential risks of modern slavery which may exist in the aggregator model approach, in that the staff are our own employees.





### Non-Core Suppliers

Our non-core suppliers provide non-food and services to our business. In our previous reporting statement, we mapped our non-core suppliers and our assessment of risk. An overview of those results from our 2020 Modern Slavery Statement are shown in the below table, Table 1

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.
Equipment	Medium/High	We source the majority of our equipment directly from our franchisor, who ultimately sources from various other countries.
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.





Our direct suppliers (Tier One) in Table 1, are predominately in Australia and we have a long-standing relationship with most of these suppliers. However, we recognise that our suppliers sometimes source goods and services overseas.

We became aware of this late in our 2021 year that our professional services sometimes outsource work overseas to assist in managing workloads and preparing of documents, reports, and other data entry. At this stage, we have limited visibility in relation to our non-core supply chain beyond tier one. We recognise that we need to improve our visibility in future reporting periods.





# Addressing Risk – Actions taken to date

As modern slavery is an ongoing concern within our industry, we as a business must ensure that we reflect on the actions we have taken in the past 12 months and the actions we would like to take in the forthcoming 12 months.

## Updating Contracts

Since our first Statement, we have continued to update the terms of our contracts to include modern slavery Act and Labour Hire Licensing Act obligations on our non-core suppliers. As we are not governed by the Franchisor/Franchisee relationship with the non-core suppliers, we have a duty to ensure that we take all necessary action possible to reduce the risks of modern slavery.

## Procurement

Our aim for 2021 included screening of new non-core suppliers and service providers for modern slavery risks. As our business procures many external services, it is paramount for us to screen new suppliers for Modern Slavery Risks. One significant procurement during the past 12 months was cleaning services for Covid Deep Cleaning Services. We engaged a company which paid in accordance with the award and ensured that the Company had a clear understanding of our expectations under the Legislation. We used this company exclusively for these Covid deep cleaning purposes. They also underwent a significant screening process by our Franchisor and were subsequently recognised as a nationally approved Covid Deep cleaning company.

## Updating Policies

As mentioned in our first statement, there is an inherent risk of employment of vulnerable workers due to the nature of our industry and demographic of our workforce. Whilst we consider the risk of modern slavery within our employee group low, we still strive to find ways to improve our workforce for our employees. In the past 12 months we have:

- introduced flexible working arrangements (including working from home)
- introduced a psychological policy in line with KFC Australia's policy
- updated our Workcover Guidelines in line with our new insurance provider
- implemented a managing distress program for all of our restaurants managers and team members



# Our path forward



## Delivery Services (Core Suppliers)

As mentioned above, the increase of delivery services from our restaurants to our customers may provide medium to high modern slavery risks. Our path for the next 12 months will be to consider the statement published by these delivery aggregator services as well as monitoring issues reported in the media to better understand the risks and measures being taken by these providers.

## Looking beyond tier one (Non-core Suppliers)

As mentioned above, we have limited visibility in relation to our non-core supply chain beyond Tier One. We recognise the need to improve our visibility beyond Tier One in our future reporting periods. Our path for the next 12 months for our Non-Core Suppliers will focus on how we engage the contractors and ensure materials and labour are sourced appropriately and adhering to modern slavery requirements.

## ASSESSMENT OF THE EFFECTIVENESS OF OUR ACTIONS

Our awareness of the issues of modern slavery is relatively new, we have had limited ability to monitor the long-term effectiveness of our actions to date. Our aim for our first and second statements was to set short term goals in improving the effectiveness of our actions and understanding of the risks of modern slavery. Our results to date include the introduction of policies, increased awareness of modern slavery, engaging with KFC Australia about the potential risks, updating contracts and focusing on our supply chains.

We will continue to set short term goals each year in improving our supply chains, both our Core Suppliers and Non-core Suppliers. We aim to raise awareness of the Australian Supply Chain Code of Conduct and the Modern

Slavery Act with those suppliers we deal with directly and request all suppliers and service providers complete the Modern Slavery Questionnaire throughout 2022 to assess risks. By setting and achieving these short-term goals, we aim to have a long-term impact on modern slavery.

## CONSULTATION PROCESS

The Reporting Entity and associated entities making this statement, have been consulted in its preparation. The Executives across our Reporting Entity have provided input in relation to our operations, procurement and supply chain. We have engaged with our Franchisor, KFC Australia, who is also required to comply with the Modern Slavery Act 2018 (Cth).

## CONCLUSION

This is an ongoing commitment by the Reporting Entity to gain visibility and awareness into the risks of modern slavery in our operations and supply chain and to embed processes within our business to strengthen our management controls to mitigate these risks for our future operations and supply chains.

This Statement was approved by the Board of RG Restaurants Pty Ltd on 21 December 2021

**Chris Retzos**  
DIRECTOR

**Stephen Retzos**  
DIRECTOR





# Appendix

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

- Page 2** Identify the Reporting Entity
- Page 3-7** Describe the risks of Modern Slavery in the Operations and Supply Chains of the Reporting Entity and any entities it owns.
- Page 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 process.
- Page 9** Describe how the reporting entity assesses the effectiveness of these actions.
- Page 9** Describe the process of consultation with any entities that the reporting entity owns or controls (a joint statement must also include consultation with the entity giving the statement.)
- Page 1-9** Provide any other relevant information





RG  
RESTAURANTS