



**RETAIL
FOOD
GROUP**

Modern Slavery
Statement - 2021

MODERN SLAVERY STATEMENT (2021)

Retail Food Group Limited

1. Introduction

- 1.1. We support every individual’s right to live and work freely, and oppose all forms of modern slavery. We also recognise the important role that all businesses can play in positively contributing to the reduction and ultimate elimination of modern slavery practices.
- 1.2. This is Retail Food Group Limited’s second Modern Slavery Statement (Statement) made in accordance with the Modern Slavery Act 2018 (Cth).
- 1.3. Since submission of our first Modern Slavery Statement, we have continued to evolve and strengthen our knowledge of, and response to, potential modern slavery risks within our own operations and broader supply chain. Our response:
 - 1.3.1. Includes a commitment to continually challenge our internal processes to ensure they are fit for purpose and appropriate having regard to the risks of modern slavery within our business and supply chain;
 - 1.3.2. Recognises the important role we can play in contributing to positive outcomes that can reduce modern slavery practices and limit the environments in which they might otherwise exist;
 - 1.3.3. Focuses on maintaining open, transparent and meaningful dialogue with key stakeholders and business partners that demonstrates our commitment to reducing, and contributing to the ultimate elimination of, modern slavery practices;
 - 1.3.4. Included the 2021 establishment of a dedicated Sustainability Committee to, inter alia, better monitor ethical sourcing practices and compliance within our business.



2. Our Reporting Entities

2.1. This Statement:

2.1.1 Is provided on behalf of Retail Food Group Limited ACN 106 840 082 (**RFG**), which is the ultimate holding company of c.250 domestic or international subsidiaries (the **Group**); and

2.1.2 Identifies the steps taken by RFG and the Group during the financial year ending 2 July 2021 to address modern slavery risks within the their operations and supply chain.

2.2 RFG and its domestic subsidiaries maintain their registered office at Level 11, 2 Corporate Court, Bundall Qld 4217 and their principal headquarters at Level 4, 35 Robina Town Centre Drive, Robina Qld 4220.

2.3 Further information regarding RFG may be found on its website: www.rfg.com.au

2.4 All references in this Statement to 'RFG', 'the Company', 'we', 'our' or 'us' means a reference to Retail Food Group Limited and or the Group (as the case requires).

3. Our Structure, Operations and Supply Chain

3.1 RFG is an ASX listed (ASX:RFG) global food and beverage company headquartered in Queensland.

3.2 RFG is Australia's largest multi-brand retail food franchise system manager and is the owner of eight (8) franchised brand systems, each of which are identified in the page below.

3.3 RFG is also a roaster and supplier of high quality coffee products, supplied under the Di Bella Coffee brand.

Franchised Brand Systems:



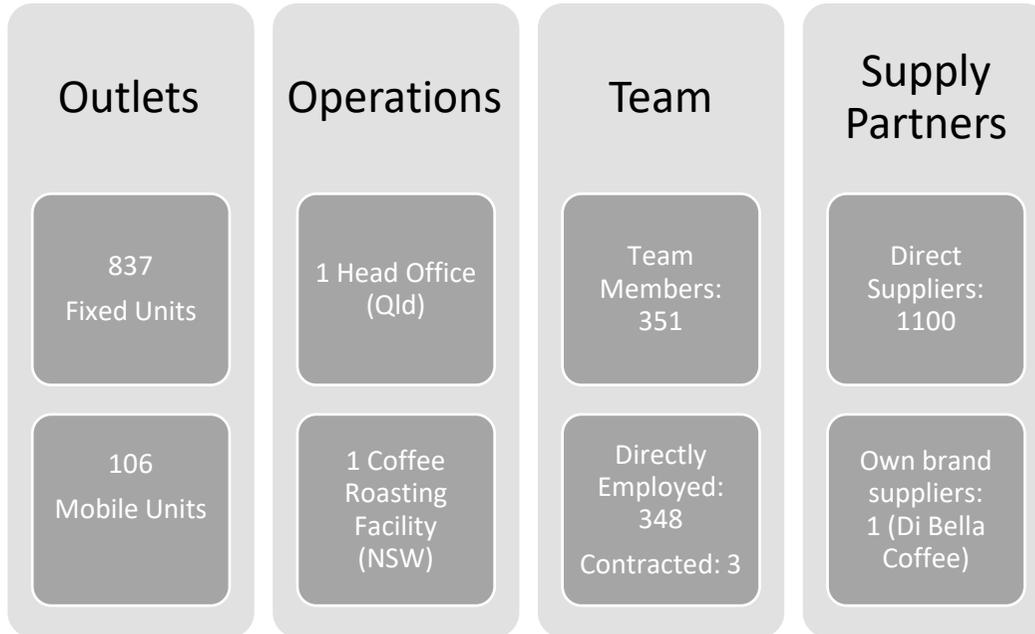
Coffee Operations:



3.4 RFG previously maintained a Manufacturing & Distribution Division which incorporated, amongst other operations, the cheese processing and tolling business trading under the name 'Dairy Country'. RFG's 2020 Modern Slavery Statement was a joint statement submitted in conjunction with certain other entities forming part of the Group whose FY20 operations generated consolidated revenues exceeding \$100m. The Dairy Country business was disposed of by the Group in October 2020 - a transaction which represented the Group's formal exit from foodservice and manufacturing operations, and the entirety of RFG's Manufacturing & Distribution Division was classified as discontinued operations in the Company's FY21 financial statements. Given the foregoing, this Statement necessarily focusses on the Group's continuing franchise and coffee businesses.

RFG's Australian Network

3.5 RFG's domestic business comprises¹:



3.6 The majority of domestic outlets (both fixed and mobile units) are owned and operated by independent Franchise Partners who are responsible for the day-to-day operation of their businesses. On occasion, RFG, through a subsidiary, will own and operate corporately managed outlets (**Corporate Stores**).

3.7 Our national support office is based in Robina, Queensland, and our coffee facility is situated in Castle Hill, New South Wales. Our team members comprise our Australian support office, coffee facility and field team personnel (161) and company store based employees (190). As noted in



¹ as at 2 July 2021

the table above, all team members, with the exception of three (3) short term operational contractors, are directly employed through subsidiaries of RFG.

- 3.8 The Group currently maintains circa 1,100 direct suppliers². Of these, we have identified our core suppliers to be within the food and beverage sector, or who provide distribution services, packaging goods or, insofar as our coffee operations are concerned, green coffee beans and related products.
- 3.9 We co-ordinate the core supply chain for our domestic franchise network, sourcing and specifying material products and ingredients which we approve for use or sale within franchised businesses and corporate stores. This is to ensure the quality and consistency of core products and suppliers throughout each of our brand networks.
- 3.10 The supply of more generic products to our franchise network is not co-ordinated through us (noting also that our franchise agreements provide Franchise Partners with scope to seek approval of alternative products and suppliers). These indirect supply arrangements are between our Franchise Partners and their own suppliers, or via our nominated distributors, and consequently, we do not have visibility in relation to these arrangements in many cases.
- 3.11 We also supply coffee and ancillary products to our franchise network via the Di Bella Coffee business. Di Bella Coffee also operates within the wholesale coffee industry, roasting and supplying quality coffee and allied products for the independent foodservice and grocery channels.

RFG's International Network

- 3.11 As at 2 July 2021, RFG's international franchise network incorporated:
 - a) 590 franchised outlets³ across 56 licensed international territories in 43 countries; and
 - b) 1 support office located in the United States of America comprising of 8 team members, all directly employed by an RFG subsidiary.
- 3.12 With the exception of the United States of America (where an RFG subsidiary operates as franchisor and franchised outlets are owned and operated by independent Franchise Partners, consistent with our Australian operations), RFG's international network remains operated by Master Franchise

² Excluding one-time vendors and intergroup accounts

³ Number of outlets as reported by Master Franchise Partners

Partners who have been granted the right or licence to establish and operate retail outlets, or to grant sub-franchisees a sub-franchise to establish and operate retail outlets, identified with brands owned by the Group. The Group does not maintain a physical presence within these regions.

3.13 Whilst we supply, or arrange for the supply, to our international network of certain key products (principally coffee and ancillary products through our Di Bella Coffee business), our Master Franchise Partners remain responsible for:



- 3.13.1 Either personally, or through their sub-franchisees, the day-to-day operation of outlets within their licensed territory;
- 3.13.2 Establishing and maintaining the supply chain which services their licensed territory with goods or services necessary to enable the proper operation of retail outlets consistent with our brand system standards; and
- 3.13.3 Appointing reputable custom agents, freight forwarders, distributors, suppliers and other service providers necessary to maintain the supply chain within their licensed territory.

Generally:

3.14 Whilst our Franchise Partners, and Master Franchise Partners and their sub-franchisees, do not form part of the legal entities which comprise the Group, we do acknowledge the potential for there to be risks linked to modern slavery within their operations or through their supply chains (to the extent that we do not manage them).

3.15 In recognition of this risk, we require our Franchise Partners and Master Franchise Partners to enter into franchise agreements and master franchise agreements respectively that address modern slavery risks, including a commitment to comply with our Policy Regarding Modern Slavery Practices.

4. Description of Risks of Modern Slavery Practices in Our Operations and Supply Chain

4.1 We have undertaken a review of the following in order to identify possible modern slavery risks relevant to our business or supply chain:

4.1.1 Our business operations and supply chain; and

4.1.2 The products, services and activities of our supply partners and how these may potentially contribute to modern slavery practices.

4.2 We acknowledge that risks associated with modern slavery may be more pronounced amongst some aspects of the Group's supply chain and operations due to the geographical location of some suppliers, the products in question, and the original source of materials and ingredients supplied to us (or our Franchise Partners and Master Franchise Partners).

4.3 In particular, we have identified the sourcing of green beans through our coffee business from countries such as Brazil, Colombia and Ethiopia carries with it heightened risk in connection with modern slavery practices, having regard to the geographic regions and socio-economic factors which may facilitate or incentivise those practices.



- 4.4 We recognise supply chains within the food, beverage and paper products sectors may generally have inherently higher risks of modern slavery due to the nature of the work necessary in the production, processing, packaging and transport of these products. This is particularly the case where labour is generated overseas and or through seasonal, base-skilled labour. We also recognise that it may be difficult to detect the existence of modern slavery practices, particularly in connection with products or services outside our core product/service requirements.
- 4.5 Our food, beverage and packaging suppliers represent the largest category of supplier spend within our franchise network. The indirect supply chain from which these items originate includes the farms or plantations on which raw materials are grown, the factories which process these materials, and the transportation services involved in the supply chain.
- 4.6 Our supply chain sources from a range of locations, however, the majority of our spend is sourced from Australian based suppliers or distributors. We do however recognise that our suppliers source goods and services from overseas.
- 4.7 Whereas we have a more advanced understanding of the potential risk of modern slavery practices within our core supply chain, we acknowledge that, at this stage, our visibility in relation to non-core, or indirect, supply chains can be enhanced for future reporting periods.
- 4.8 Relevant categories of products and services incorporated within our supply chain include:

4.8.1 Key product categories:

- Food & beverage products (including ingredients for products);
- Packaging and related products;



- Distribution services;
- Uniform providers;
- Equipment and shopfit services;

4.8.3 Other service/product categories:

- Marketing services;
- Project management services;
- Suppliers of retail and commercial premises (landlords);
- Information and technology services; and
- Professional advisory services.

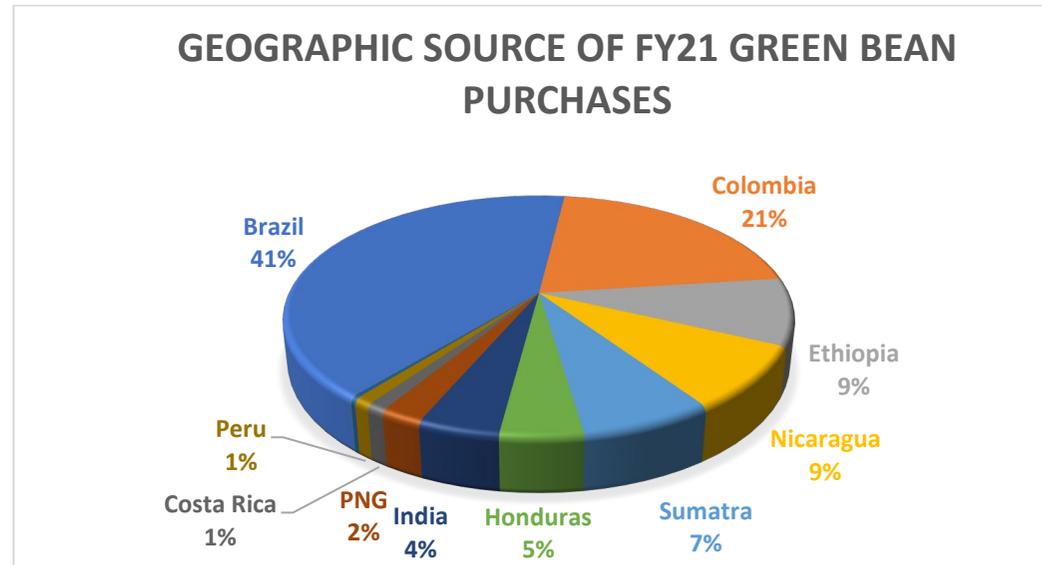
4.9 To assist with the identification of modern slavery risks in our own supply chain, we have undertaken a high level assessment amongst key suppliers (who represent the overwhelming majority of 'spend' amongst our network). That assessment incorporated the dissemination to, and completion by, these suppliers of a targeted Questionnaire regarding the risks of modern slavery in their business and supply chain (certified by an authorised representative). The results of this assessment are further detailed in Section 5 below.

4.10 We have also identified the areas with the lowest risk of exposure to modern slavery to be our own operations and support office activities, which are predominately conducted by staff directly employed by us.

4.11 Separately, Di Bella Coffee, whose supply chain incorporates the importation and transportation of green and roasted coffee and related products such as teas, syrups, brewing equipment and tools, can be distinguished. Di Bella Coffee's supply chain includes its direct suppliers, together with indirect suppliers such as foreign plantations where coffee and tea is produced or processed, and the factories where equipment is manufactured.



4.12 The graph below identifies Di Bella Coffee’s FY21 green coffee bean purchases by geographic origin (these regions may fluctuate between reporting periods dependent upon our stockholdings, the availability of green beans and relevant pricing considerations):



5. Description of Actions taken to Assess and Address Risks

- 5.1. RFG acknowledges the important role it can continue to play in developing, investing and operating in a sustainable and socially responsible way.
- 5.2. In recognition of this, during 2021 we established a Sustainability Committee to better monitor and champion economic and ethical standards amongst our business activities, internal operations and supply chain.
- 5.3. Our Sustainability Committee has also been provided a mandate, and is motivated, to enhance the Group’s broader corporate social responsibility practices and impact on the communities in which it operates, having regard to the three pillars of sustainability – environmental, social and economic sustainability.

- 5.4. As part of its activities, it has engaged with appropriate organisational representatives within the Group’s support office, production facility and field team to frame a broad-based approach to identifying scope for change or new initiatives targeting improved sustainability within our business. As part of this engagement, the Committee has also identified opportunities to enhance internal training in connection with modern slavery risks and the processes applied to supplier identification and appointment, together with opportunities to further adapt or evolve our broader activities in order to contribute to a more effective and comprehensive response to modern slavery risks. In doing so, It has recognised that modern slavery risks are more likely to exist where human rights principles are not respected. Our strategy and initiatives are therefore focused on systems and processes to identify, prevent, mitigate and remedy actual or potential adverse human rights impacts under the areas of Franchise Partner compliance, work culture, people, supplier selection and stakeholder engagement.
- 5.5. Allied with the foregoing initiatives, we continue to:
- 5.5.1 Require each of our key suppliers to:
- Submit a Supply Partner Questionnaire (to inform us of their response to modern slavery risks within their business and supply chain);
 - To comply with our Policy on Modern Slavery Practices (which records our opposition to all forms of modern slavery and our commitment to reducing the risks of it occurring within our business and supply chain); and
 - To comply with our Supply Partner Code of Practice (which outlines our minimum expectations regarding our suppliers, and their supply chain, in connection with the provision of goods or services to us, our Franchise Partners or Master Franchise Partners);
- 5.5.2 Ensure that all new suppliers enter into our current supplier agreements which expressly require compliance with applicable modern slavery laws, our Policy Regarding Modern Slavery Practices and our Supply Partner Code of Practice;
- 5.5.3 Maintain our expectation that our suppliers share our opposition to modern slavery and strive to build a responsible and ethical supply chain that not only meets the minimum requirements of the law, but also community expectations and standards;
- 5.5.4 Conduct targeted audits in connection with our Franchise Partners’ businesses to better assure us of their compliance with relevant employment laws. These audits:

- Incorporate a requirement that Franchise Partners complete a compliance questionnaire which, inter alia, better informs us of the potential for modern slavery risks within their business; and
- Are carried out regularly by auditors who have been provided requisite authority to inspect Franchise Partner employee records and engage with Franchise Partner team members;

5.5.5 Ensure new franchises and master franchises are only granted pursuant to our current form franchise agreements and master franchise agreements, as the case may be, which expressly require compliance with modern slavery laws and our Policy Regarding Modern Slavery Practices; and

5.5.6 Provide training to our own team members to drive improved awareness and or compliance (as the case may be) of modern slavery risks amongst our operations and supply chain and our broader policy framework.

5.6 In order to further limit our exposure to potential modern slavery risks within our supply chain, we have also acted to rationalise our green coffee bean suppliers so that these consist of reputable third parties who have in place appropriate governance regimes in connection with ethical sourcing, worker exploitation and practices which may involve danger to health, safety or the environment.

5.7 We also remain focused on enhancing our existing governance framework so that it appropriately responds to, inter alia, modern slavery risks within our operations and supply chain. This framework is underpinned by our Policy Regarding Modern Slavery Practices and broader policy framework, including our:

5.7.1 Supply Partner Code of Conduct;

5.7.2 Group Code of Conduct;

5.7.3 Anti-Bribery & Corruption Policy;

5.7.4 Workplace Bullying Policy;

5.7.5 Whistleblower Policy;

5.7.6 Diversity Policy; and

5.7.7 Grievance Policy.

6. Assessing the Effectiveness of Our Actions

- 6.1 During the reporting period we assessed the effectiveness of our response to modern slavery risks, and the initiatives implemented during the initial reporting period, across three key performance areas:
- 6.1.1 Operations - most notably a focus on our team members;
 - 6.1.2 Key Suppliers - through our procurement team and the supply chain; and
 - 6.1.3 Franchise Partners – through the compliance audits referenced above and the introduction of express provisions in response to modern slavery across all new franchise agreements.

Operations

- 6.2 During the initial reporting period we adopted our Policy Regarding Modern Slavery Risks (a copy of which is available on RFG's website: www.rfg.com.au).
- 6.3 In addition to requiring full compliance with our broader policy framework by our existing team, we also require that all new team members expressly acknowledge the aforesaid Policy prior to commencing employment with the Group. Our Policy forms part of our online employee intranet platform and is a key part of our essential employee policy framework.
- 6.4 As part of the support structure we provide our workforce, all team members are offered, and have available to them, a number of programs including:
- 6.4.1 RFG's Employee Assistance Program;
 - 6.4.2 Health and wellbeing programs;
 - 6.4.3 Education assistance and corporate learning and development workshops; and

6.4.4 Flexible working hours and salary packaging.

6.5 In addition to the above, we have committed to the implementation of new employee learning modules in connection with social and sustainability topics, including modern slavery practices and risks.

Key Suppliers

6.6 During the initial reporting period:

6.6.1 We sought further insight into our suppliers’ response to modern slavery risks within their businesses and supply chains via targeted questionnaires, and have subsequently received and assessed responses received so that we might better understand modern slavery risks within our own supply chain;

6.6.2 Implemented our Supply Partner Code of Practice in order to better inform our suppliers of our expectations regarding the procurement of goods and services in a responsible, sustainable and fair way; and

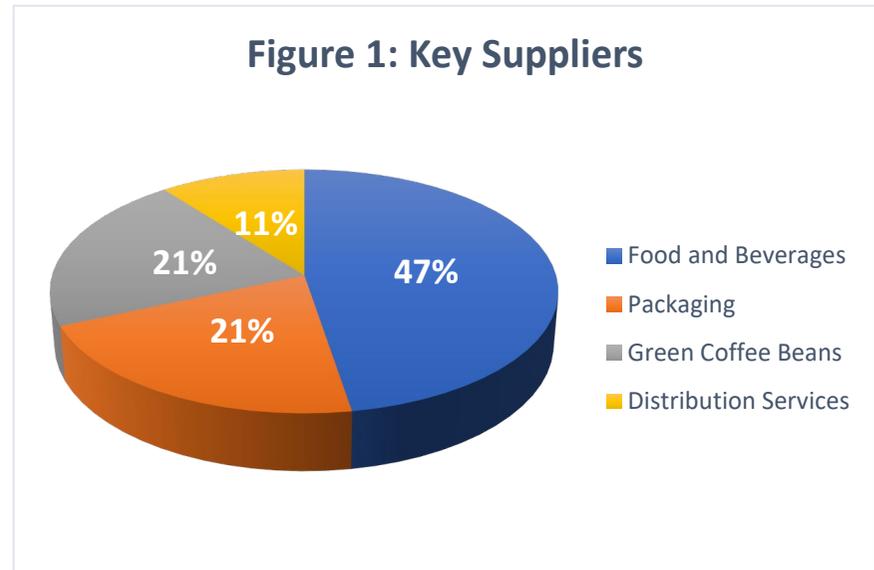
6.6.3 Introduced express provisions dealing with modern slavery risks within our standard supplier agreements.

6.7 In terms of the activity referred to at Paragraph 6.6.1 above, analysis of the information provided by our key suppliers indicates that:

6.7.1 All fall within the food, beverage or packaging sectors, provide distribution services, or are green coffee bean suppliers, as indicated in *figure 1*;

6.7.2 All have confirmed that their workers:

- Are paid their full entitlements and receive regular payslips;



- Are allowed and receive unsupervised personal time and physical freedom to leave work;
- Have a legal right to work;
- Receive reasonable rest periods;
- are covered by workplace insurance;
- Are not paying off any debt to the supplier or some other third party via the provision of their services to the supplier; or
- Are not being paid a fee or are incurring a debt to the supplier or any other person as a consequence of their employment.



6.7.3 85% of key suppliers confirmed that they impose maximum working hours and pay overtime;

6.7.4 79% of key suppliers confirmed they verify the home address and contact details of each employee; and

6.7.5 A majority have made progress in identifying, assessing and addressing modern slavery risks within their own operations and supply chains, principally via the implementation of established procedures and standards commensurate to modern slavery risks, as indicated in *figure 2*.

Franchise Partners

- 6.8 Since implementation thereof, all franchise agreements issued to our domestic Franchise Partners have incorporated express provision on account of modern slavery risks, including a requirement that each Franchise Partner comply with our Policy Regarding Modern Slavery Practices.
- 6.9 Audits conducted by our wage compliance personnel have not identified any modern slavery practices linked to those Franchise Partners whose businesses were subject to audit. Furthermore, those Franchise Partners who have been audited have confirmed that their employees:
- 6.9.1 Are provided with reasonable rest periods;
 - 6.9.2 Are not offered accommodation;
 - 6.9.3 Do not pay a fee or incur a debt to the Franchise Partner or any other person as a consequence of their employment or engagement; and
 - 6.9.4 Are not paying off a debt owed to the Franchise Partner or someone else by providing services to the Franchise Partner.
- 6.10 Whereas c.900 wage compliance audits have been undertaken since commencement of the Group's wage compliance program, we acknowledge that the modern slavery risk element of that program is a relatively recent initiative, and consequently, our ability to comprehensively assess the effectiveness thereof remains immature.



Generally

- 6.11 We are committed to the further development of enhanced assessment processes and supplier selection criteria, facilitated by our internal procurement teams and guided by our governance framework. We anticipate that this evolution will be supported by the work of our Sustainability Committee as it further integrates its activities amongst our broader operations and supply chain, and as more data becomes available for our analysis.
- 6.12 This foregoing development contemplates:
- 6.12.1 Improved visibility of modern slavery risks within our business and supply chain;
 - 6.12.2 Which will facilitate the identification of suppliers or circumstances which require more rigorous monitoring, particularly in higher risk geographic locations; and
 - 6.12.3 Ongoing activity to audit and verify information relevant to modern slavery risks within our business, network and supply chain.
- 6.13 We also remain committed to enhancing awareness and understanding of modern slavery risks within our business, the businesses of our key stakeholders (including Franchise Partners and Master Franchise Partners), and amongst our direct and indirect supply chain.
-

7. Process of Consultation

- 7.1 In preparing this Statement, we have actively engaged and consulted with our:
- 7.1.1 Procurement and coffee supply chain managers;
 - 7.1.2 Broader coffee business personnel;
 - 7.1.3 International division management;
 - 7.1.4 Human resource and internal legal departments;
 - 7.1.5 Sustainability Committee and its membership; and
 - 7.1.6 Various senior managers within the Group.

8. Other Information

8.1 We reiterate our support for every individual's right to live and work freely, are opposed to all forms of modern slavery, and remain committed to reducing the risk of modern slavery occurring within our business and supply chain. We are motivated to enhance our governance and response in connection with modern slavery risks and to improving the processes, procedures and controls we maintain in response thereto.

This Statement has been approved by the Board of Directors of Retail Food Group Limited.



Peter George

Executive Chairman

Retail Food Group Limited

December 2021