

KFC MODERN SLAVERY STATEMENT 2021

This statement is made on behalf of the following reporting entities:

1. Kentucky Fried Chicken Pty Ltd ACN 000 587 780 (“KFCPL”)
2. KFC ADCO Limited ACN 083 047 992 (“KFC Adco”)
3. ACN 085 239 998 Pty Ltd ACN 085 239 998 (“ACN 085”)
(collectively, “KFC Australia” or “KFC”)

This Statement sets out KFC Australia’s commitment to preventing modern slavery in our operations and supply chains. Information in this report is current from 16 November 2021.



INTRODUCTION



RICHARD WALLIS
MANAGING DIRECTOR
KFC AUSTRALIA

A handwritten signature in white ink that reads "Richard Wallis". The signature is written in a cursive, flowing style.

We are proud to publish our second modern slavery statement as part of our compliance with Australia's Modern Slavery Act (Cth). Throughout 2021, we continued our journey to gain further transparency across our supply chains, together with the work we have been undertaking collaboratively with our supply and franchise partners to embed systems, processes and requirements designed to address modern slavery risks.

Whilst many see KFC as a food business, we see ourselves as a people business. We put our people first in everything we do, and this extends beyond our teams through to our suppliers and franchise partners and their people.

Across the spectrum of our supply chain, we are committed to ensuring that the treatment of people is paramount. We have a long and deep history with many of our supply partners. We believe you can't get much better than what's already in our backyard, and that's why we proudly source local Aussie ingredients where possible.

Our second modern slavery statement reflects our work on this initiative across the business and our supplier and franchise partner network over the past year. We have made progress on our governance structure, raising awareness on this global issue and improving transparency around the risks of modern slavery across our supply chains. We are committed to continuing to work on strengthening our structure and initiatives to ensure that our "people first" mentality continues to remain at the heart of our business and supply chains.

OUR APPROACH

KFC Australia is committed to conducting business ethically, legally, and in a socially responsible manner. As part of our obligations under the Modern Slavery Act 2018 (Cth) (MSA), we are continually taking steps to identify, and eliminate the risk of modern slavery occurring within our business. We will report on these steps as part of our annual reporting obligations under the MSA. Building on KFC Australia's last modern slavery statement, this statement sets out KFC Australia's commitment to preventing modern slavery across our business.

All KFC Australia employees, suppliers and franchise partners to whom the MSA reporting obligations apply are expected to understand and comply with the MSA. KFC Australia regularly reminds its employees, suppliers and franchisees of this expectation and have integrated anti-modern slavery processes, toolkits, ongoing training and policies into our existing business processes.

The ongoing global COVID-19 pandemic has significantly impacted some areas of KFC Australia's supply chains and operations. As we move through this crisis and into recovery, KFC Australia will continue to work with our supply partners to understand the impact of the pandemic on their supply chains. That said, it must be acknowledged that the pandemic has resulted in resource constraints, hampering both our suppliers' and KFC Australia's ability to implement a broad range of anti-modern slavery measures we had hoped to implement in 2021. These measures are now being reviewed and are proposed to form part of KFC Australia's plan for 2022 and beyond.



OUR APPROACH

In 2019 and 2020, we undertook a comprehensive risk assessment with our first-tier supply partners. Following from this work, in 2021, we have focused our resources on expanding the risk assessment processes and framework to the areas of restaurant development and maintenance, information systems (IS), marketing, merchandise, office contractors, finance and delivery aggregators. This broadening has involved starting the conversations with these teams in an effort to roll out our risk assessment process to all of our suppliers in these areas. To facilitate these conversations we have prepared, and provided to our teams, an internal toolkit which provides them with guidance on how to effectively partner with suppliers to address the risks identified. We are committed to expanding our engagement and risk assessments across these areas of our business in the next 12 months.

KEY ACHIEVEMENTS



2019 commenced our journey – joined the Sedex online platform to gain greater transparency on our food supply chain.



Food and paper supply partners were invited to join Sedex and share their results with us on the platform and received incredible support from them in coming onto the platform and sharing their results.



Adopted a modern slavery policy and a whistleblower policy. We have worked to raise awareness across our business units to upskill our department representatives on modern slavery.



Established a modern slavery working group which meet regularly to set up our corporate governance structure to support our work on reducing the risk of modern slavery in our business and our operations.



Conducted a high-level view of our non-core suppliers across our extended supply chains including development, marketing, delivery aggregators and IS.

WHO WE ARE



KFC Australia is part of the global KFC chicken restaurant brand and has a rich, decades-long history of success and innovation. It all started with one cook, Colonel Harland Sanders, who created our world-famous Kentucky Fried Chicken recipe more than 75 years ago – a list of 11 secret herbs and spices scratched out on the back of his kitchen door. Today, the brand still follows his formula for success, with real cooks breading and freshly preparing delicious chicken by hand.



1968

First KFC opened in 1968 in NSW. There are 711 restaurants in Australia including 52 company owned stores.



36,000

KFC restaurants employ approximately 36,000 team members between KFCPL and KFC franchisees.



4000

KFCPL employs 4000 direct staff across its company owned stores and its restaurant support centres in NSW, VIC and SA.



65

Franchisor of 56 franchisees who own 92.7% of KFC restaurants in Australia.



49,000

KFC Australia and its related entities are subsidiaries of Yum! Brands. Yum! Brands has over 50,000 restaurants in 150 countries and is listed on the New York Stock Exchange.



\$2.9M

The KFC Youth Foundation in Australia has raised over \$5.6m since 2018.

OPERATIONS AT KFC AUSTRALIA

FRANCHISING, OPERATING AND SUPPORTING OUR RESTAURANTS

KFCPL's operating business consists of both operating the KFC restaurants that KFCPL directly owns, and licensing, in its capacity as franchisor, the KFC system, system property and trademarks to KFC franchisees in Australia and New Zealand. KFCPL's operations also include the provision of certain supply chain management services for franchisees and the provision of certain advertising and marketing services for KFC Adco. In addition, KFCPL from time to time, sources IS and equipment and services for KFC restaurants, along with building and construction materials and maintenance services.

KFCPL's operations in Australia require the support of various internal departments, primarily located at KFCPL's Restaurant Support Centres (RSC), including development, operations, food innovation, marketing, supply chain, legal, IS, corporate affairs, finance and human resources.

KFCPL franchisees do not comprise part of KFC's operations and supply chain for the purposes of MSA reporting but provide fees to KFC through the payment of royalties, advertising and supply chain contributions pursuant to their franchise agreements.



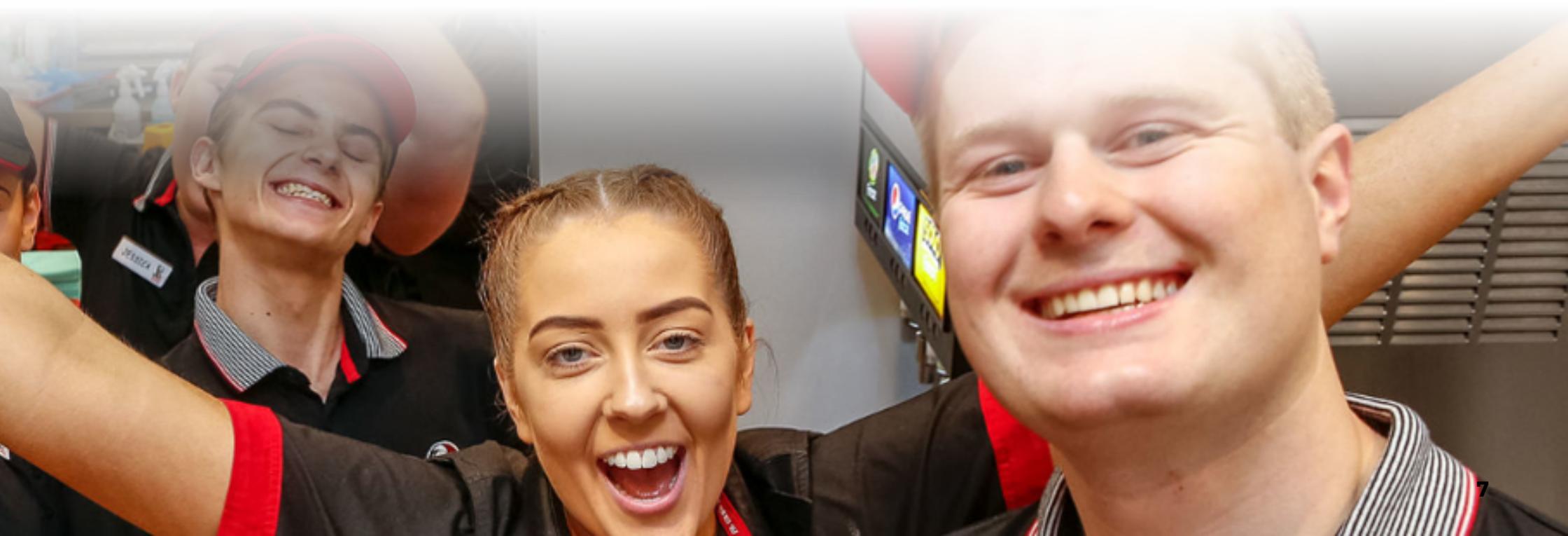
OUR OPERATIONS

RISK ASSESSMENT

Identifying risks in our operations

KFC takes its team members' safety and employment very seriously, both at its company owned restaurants and at the restaurants owned and operated by our franchise partners. We have a robust existing framework in place for communication and training on workplace rights and conditions and mandate compliance with all relevant labour legislation and standards within our franchise agreements.

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



OUR OPERATIONS

RISK ASSESSMENT

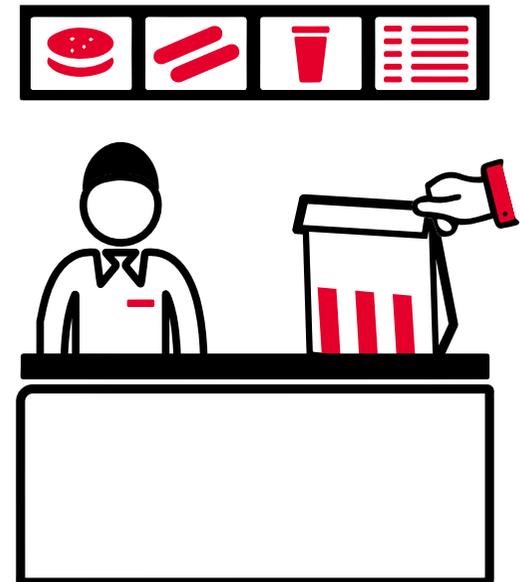
Building on the work conducted in 2020, in 2021 KFC and its franchisees commenced the implementation of a safety management software solution that manages vendor and contractor compliance with aspects of the Workplace Health & Safety Act 2011 (Cth). This program provides risk information to ensure worker competence and safety and assesses insurance coverage to ensure it is adequate and valid for the work they are conducting. This system allows criteria to be developed into a workflow management system which can then assess risk and accountability and generate corrective actions where required. A national roll out of this system is expected to be completed by mid-2022.

To further support our commitment to food safety compliance, KFC has third party auditors that verify that KFC brand standards and food 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 powers to inspect files on team members and can conduct random checks to ensure that team members are of working age. In addition, our people excellence coaches assigned to our KFC Australia restaurants also review these records, check that team members are of working age and conduct reviews of staff rosters in stores.

Assessment of risk in our operations

We consider there to be a low risk of modern slavery within our corporate staff who are employed at our RSCs. More broadly, our employees are all paid according to market conditions or the relevant award and applicable legislation. We have in place processes to ensure that staff are legally entitled to work, including that they are of legal working age.

Whilst we acknowledge that there is an inherent risk of employment of vulnerable workers due to the nature of our industry and the demographic of our workforce, we also consider the risk of modern slavery being present in our company owned restaurants to be low.



IDENTIFYING RISK IN OUR FOOD AND PAPER SUPPLY CHAIN

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

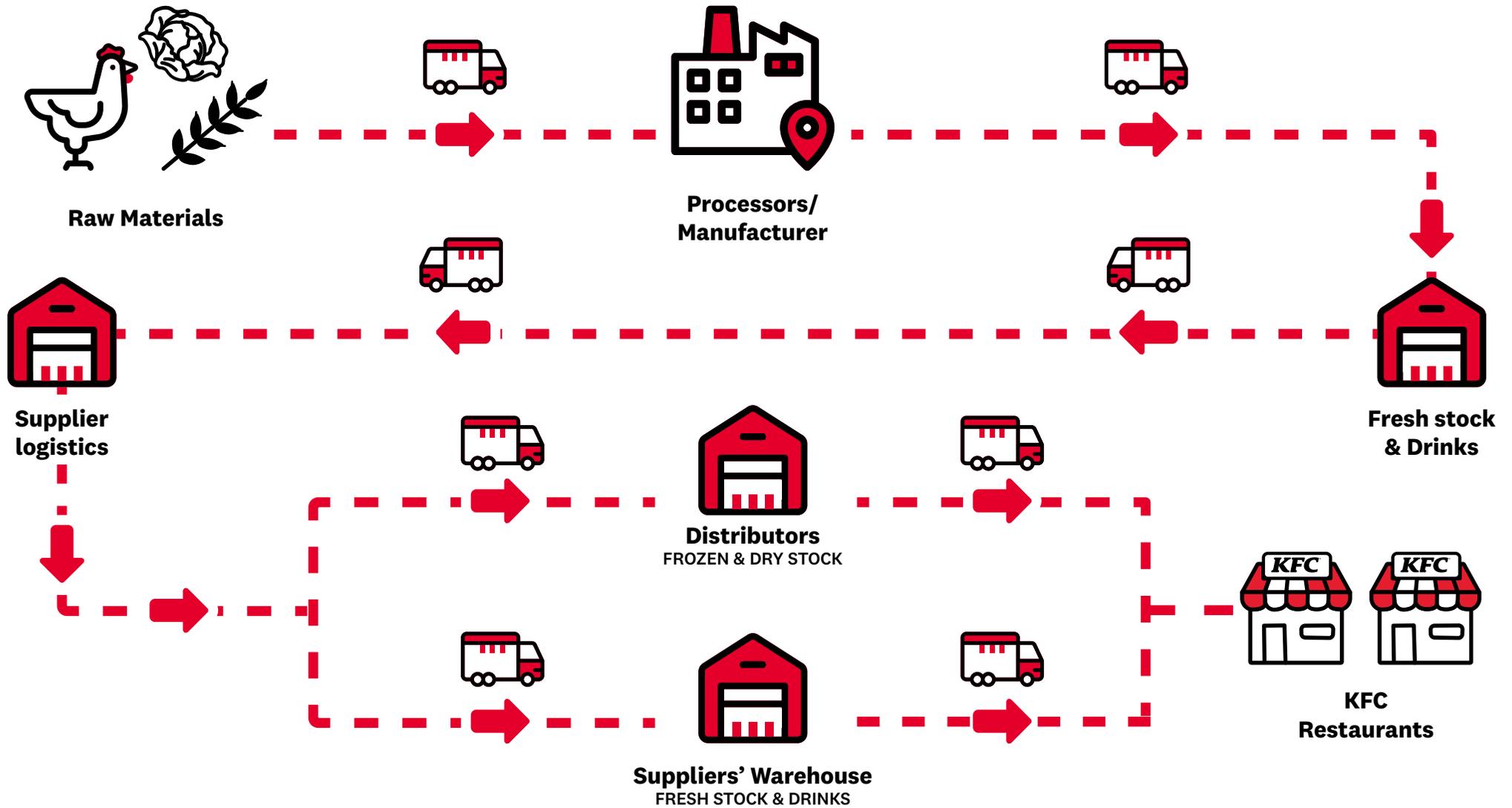
In order to assist with this consistency, KFCPL conducts sourcing and purchasing negotiations for food and packaging items for its own restaurants and also on behalf of franchisees (on the basis that supply and distribution arrangements negotiated by KFC are made available by approved suppliers and distributors to franchisees).

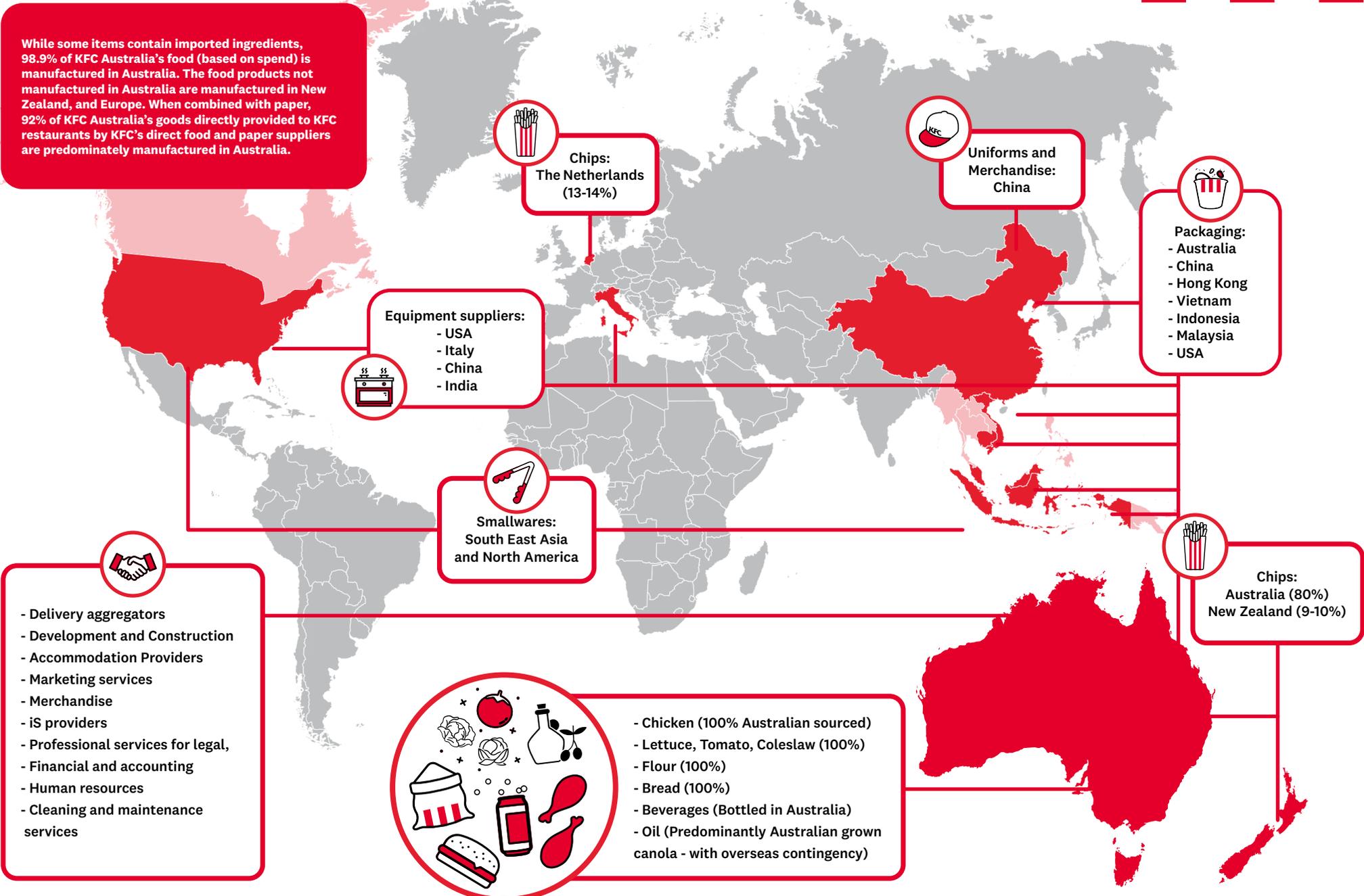
Based on a high-level review of our suppliers, we identified that our food and paper suppliers operate in industries such as agriculture, meat processing, textiles, logistics and manufacturing and in countries that are at risk of being directly linked to or indirectly contributing to the risk of modern slavery due to the vulnerable nature of workers in those industries.



OVERVIEW OF SUPPLY CHAIN

FOOD AND PAPER SUPPLY CHAIN INTO OUR RESTAURANTS





While some items contain imported ingredients, 98.9% of KFC Australia's food (based on spend) is manufactured in Australia. The food products not manufactured in Australia are manufactured in New Zealand, and Europe. When combined with paper, 92% of KFC Australia's goods directly provided to KFC restaurants by KFC's direct food and paper suppliers are predominately manufactured in Australia.

Chips:
The Netherlands (13-14%)

Uniforms and Merchandise:
China

Packaging:
- Australia
- China
- Hong Kong
- Vietnam
- Indonesia
- Malaysia
- USA

Equipment suppliers:
- USA
- Italy
- China
- India

Smallwares:
South East Asia and North America

Chips:
Australia (80%)
New Zealand (9-10%)

Services:

- Delivery aggregators
- Development and Construction
- Accommodation Providers
- Marketing services
- Merchandise
- iS providers
- Professional services for legal,
- Financial and accounting
- Human resources
- Cleaning and maintenance services

Ingredients:

- Chicken (100% Australian sourced)
- Lettuce, Tomato, Coleslaw (100%)
- Flour (100%)
- Bread (100%)
- Beverages (Bottled in Australia)
- Oil (Predominantly Australian grown canola - with overseas contingency)

*Map has been modified

MAPPING OUR SUPPLY CHAIN

FOOD AND PAPER SUPPLY CHAIN



The SAQs collected data from suppliers on above four pillars.

Using Sedex to gain greater transparency on our supply chains

In order to better our understanding of the potential risks of modern slavery in our supply chains, in February 2019 KFC Australia became a member of responsible business organisation Sedex. We engaged with Sedex's team to help us shape the development of the KFC anti-modern slavery compliance project, and we continue to engage with Sedex on a regular basis to understand best practices in the area of anti-modern slavery.

What is Sedex?

Sedex is a responsible business trade membership organisation acting to improve working conditions in global supply chains by helping businesses achieve full end-to-end supply chain transparency. It began in 2004 as a data platform to help suppliers share data with multiple customers. "Sedex" stands for "Supplier Ethical Data Exchange". Sedex is now a global company and network, servicing almost 70,000 members across 174 countries.

Sedex provides a standardized risk assessment framework involving three tiers of risk information. At its broadest level this information includes high level country, sector and commodity risk. More specifically individual suppliers can be subjected to a risk assessment utilizing a standardized self-assessment questionnaire to understand their particular circumstances in relation to areas such as labour, environmental considerations, occupational health and safety and corporate ethics. The third and most targeted information level is obtained via on site audits utilising the Sedex SMETA methodology. The audits are aimed at identifying specific deficiencies or areas of non-compliance within the audited supplier. These audits form the basis for remediation plans in respect of areas of non-compliance.

MAPPING OUR SUPPLY CHAIN

FOOD AND PAPER SUPPLY CHAIN

KFC Food and Paper suppliers invited to join SEDEX

In March 2019 we invited our direct food and paper suppliers to join Sedex and complete a self-assessment questionnaire (SAQ) for each of their sites. The SAQ collects data on four areas: labour standards, health and safety, business ethics and environment. In this first step, we focused on mapping our first-tier suppliers who either manufacture or distribute the end products used in our KFC restaurants.

Following the completion of SAQs by each supplier and factoring in their answers, each site received a “combined risk rating” to provide an indication of a supplier’s potential modern slavery risk. KFC uses these ratings to understand the risk of modern slavery in our supply chain.

Throughout 2020 and 2021, modern slavery was a standing item agenda on all quarterly and annual business reviews, our food and paper suppliers have reviewed their data captured in SEDEX and provided regular updates to our supply chain team on where risks have been identified and how these have been addressed or mitigated. We continue to partner with all suppliers and maintain a continuous dialogue and focus on anti-modern slavery across supply chains.



MAPPING OUR SUPPLY CHAIN

Drawing on the results of Sedex’s October 2021 report titled “Recognising forced labour risks in global supply chains”, a copy of which can be found at the link below, Sedex noted that:

- Our report draws on data from more than 100,000 social audits, conducted across 158 countries from 2017-2021.
- Multiple indicators of forced labour are found in 36% of audits on the Sedex platform. Our analysis found that over 38,000 audits identified two or more indicators of forced labour, across numerous countries and industries.
- More indicators are found in countries predicted to have greater risks of labour rights violations. On average, more forced labour indicators were identified in audits of work sites in countries defined as “high risk” in Sedex’s risk assessment tool.
- More indicators are found on average in audits in the lower tiers of the supply chain, where visibility and influence of buying companies is more limited. In our analysis, the highest number of forced labour indicators per audit is found at crop and animal production supplier sites. These suppliers typically exist in the lower tiers (the beginning) of a supply chain, where it is usually harder for buyer companies to have full visibility of work sites and conditions.
- Excessive overtime is the most common forced labour indicator found in audits. While the use of overtime itself is not problematic, excessive and illegal overtime increases the risk of forced labour if it is accompanied by coercion and workers do not feel that overtime is voluntary.

To see a copy of the full report prepared by Sedex please click on the below link.

<https://www.sedex.com/wp-content/uploads/2021/10/Sedex-Recognising-forced-labour-risks.pdf>

TIMELINE OF KFC'S 2019-2021 ACTIONS TO ADDRESS MODERN SLAVERY RISKS IN OUR FOOD AND PAPER SUPPLY CHAIN

| Action Taken | 2019 | 2020 | 2021 |
|--|---------------------------|------|------|
| KFC Australia began membership of Sedex and remains a member. | [Timeline bar: 2019-2021] | | |
| Invited direct food and paper suppliers to join SEDEX, including new food and paper suppliers. | [Timeline bar: 2019-2021] | | |
| KFC held annual workshops for food and paper suppliers on modern slavery and SEDEX. | [Timeline bar: 2019-2021] | | |
| Conducts an industry risk assessment on KFC's non-core suppliers. | [Timeline bar: 2019-2021] | | |
| Continually reviewing suppliers to identify potential risk areas across supply chains. | [Timeline bar: 2019-2021] | | |
| Conducted Gap Analysis of KFC policies and procedures for MS risk. | [Timeline bar: 2019-2021] | | |
| Developed roadmap and drafted first KFC Australia Modern Slavery Policy. | [Timeline bar: 2019-2021] | | |
| Arranged and held training (refresher and updates) for the SCM, Marketing, IS, Development and Finance teams on anti-modern slavery and Sedex. | [Timeline bar: 2019-2021] | | |

TIMELINE OF KFC'S 2019-2021 ACTIONS TO ADDRESS MODERN SLAVERY RISKS IN OUR FOOD AND PAPER SUPPLY CHAIN

| Action Taken | 2019 | 2020 | 2021 |
|---|------|------|------|
| <p>Developed a supplier toolkit to support our suppliers and partners in the implementation of their strategy to tackle their supply chain and business modern slavery risks.</p> | | | |
| <p>Expanded the introduction of Sedex to our suppliers across Development, merchandise and IS.</p> | | | |
| <p>Food and paper suppliers quarterly business reviews include a standing agenda item to review modern slavery risks and progress to embed processes across supply chains to address these risks.</p> | | | |
| <p>Integrating the modern slavery questionnaire and risk assessment into the new vendor process and onboarding process.</p> | | | |
| <p>Developed an enhanced toolkit to support our RSC teams to identify, assess and address modern slavery risks across our departments supply chains, including guidance documents.</p> | | | |
| <p>Implemented an anti-modern slavery process in respect of low risk contractors and suppliers.</p> | | | |

MAPPING OUR RISK

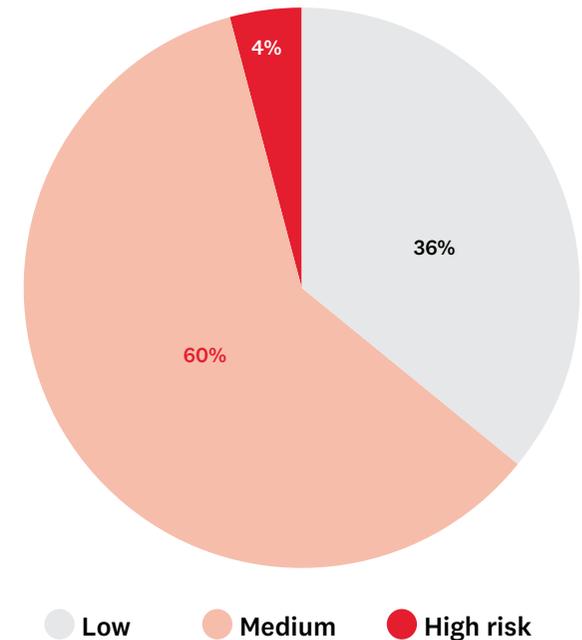
FOOD AND PAPER SUPPLY CHAIN

66% of connected suppliers have completed the SAQ to 100%.

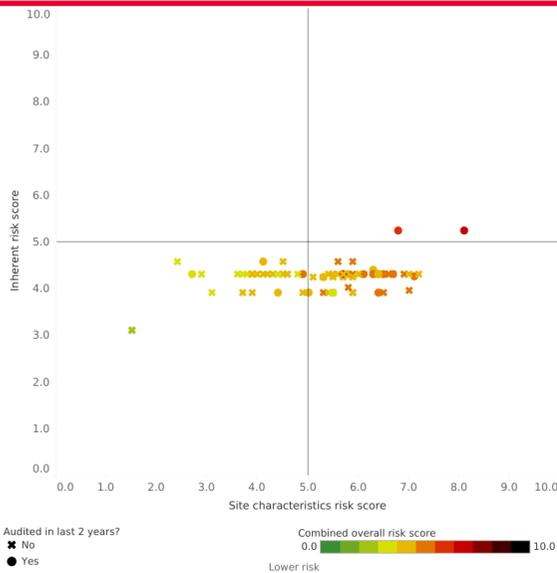
Over **30%** of KFC suppliers on SEDEX have completed a Social Compliance Audit.

96% of sites who completed their SAQ received a “medium risk” or “low risk” combined risk rating on SEDEX.

COMBINED RISK RATING OF FOOD AND PAPERS SUPPLIERS



3% of sites received a “high risk” combined risk rating on Sedex. **100%** of these “high risk” sites were audited in 2021.



Source: SEDEX Risk Assessment Tool

ASSESSING OUR RISK

FOOD AND PAPER SUPPLY CHAIN

From these results, we are more cognisant of the inherent and apparent risk on the textile, agriculture and meat processing industry, and by extension, our suppliers who operate in those industries due to the vulnerable nature of their workforce, the repetitive production process and the competitive pressures of those industries.

We are also aware that we do not have data on the distribution, packaging and produce suppliers who have not yet completed their SAQ at the time of publishing this statement.

We also recognise that reliance on the combined risk alone is limited to the extent that it looks at the potential risk of modern slavery at the site level of each of our direct suppliers but does not offer further insight into the supply chains of our direct suppliers.

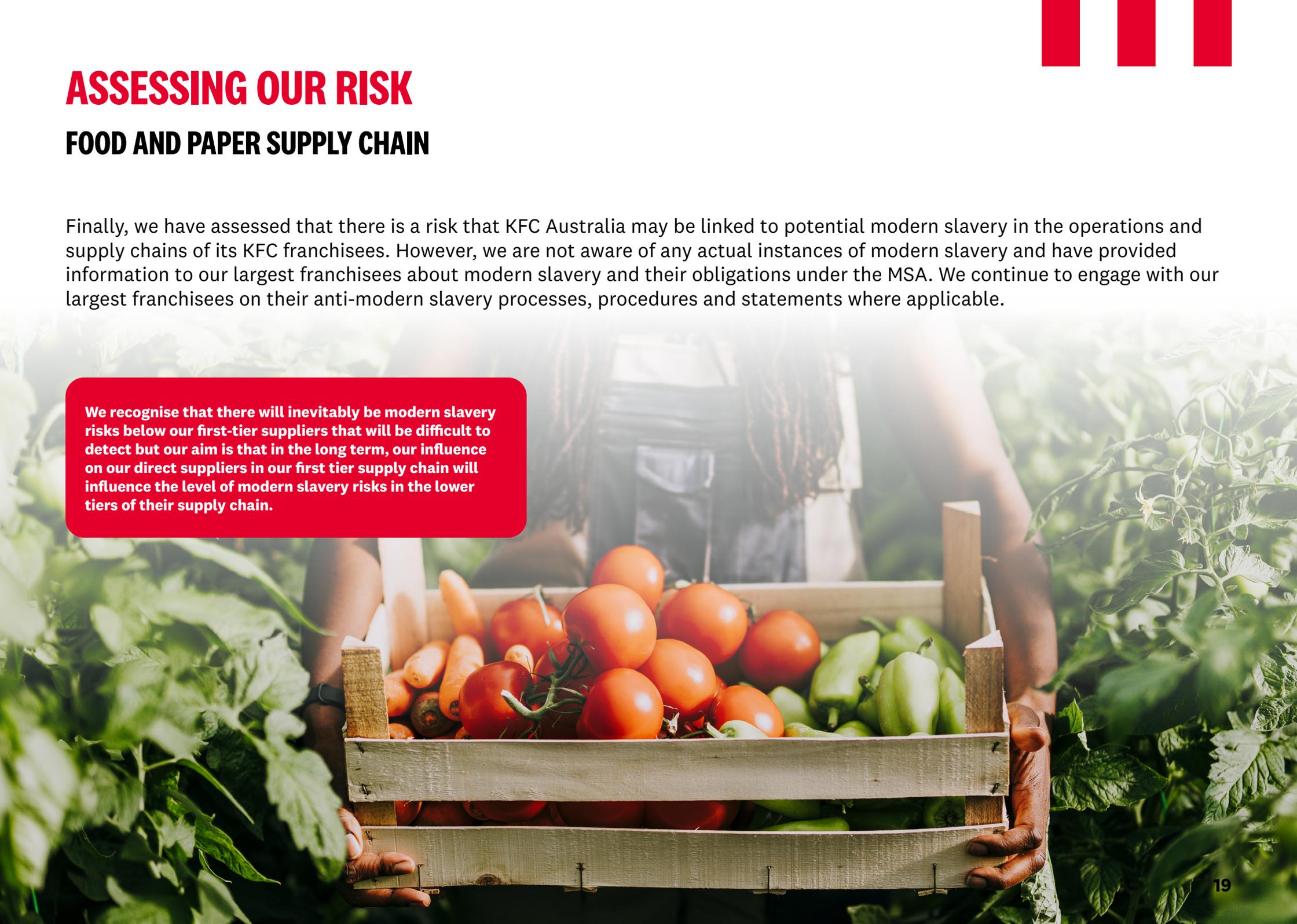




ASSESSING OUR RISK

FOOD AND PAPER SUPPLY CHAIN

Finally, we have assessed that there is a risk that KFC Australia may be linked to potential modern slavery in the operations and supply chains of its KFC franchisees. However, we are not aware of any actual instances of modern slavery and have provided information to our largest franchisees about modern slavery and their obligations under the MSA. We continue to engage with our largest franchisees on their anti-modern slavery processes, procedures and statements where applicable.



We recognise that there will inevitably be modern slavery risks below our first-tier suppliers that will be difficult to detect but our aim is that in the long term, our influence on our direct suppliers in our first tier supply chain will influence the level of modern slavery risks in the lower tiers of their supply chain.

MAPPING RISKS

NON-CORE SUPPLY CHAIN

As part of its operations, KFCPL sources goods and services from non-food suppliers. The majority of our non-core suppliers are based in Australia, providing services to our RSC and KFC restaurants in Australia.

In 2021 we extended our risk assessment processes to our non-core suppliers, and we comment on this work in the below.



KFC'S NON-CORE SUPPLIERS

| Category | Origin |
|---|--|
| Equipment | Italy, U.S.A, China, India and the Philippines |
| Development and Construction | Australia - mapping further |
| Key raw materials and construction materials used in our KFC restaurants | Australia - mapping further |
| Accommodation providers | Australia |
| Marketing Services | Australia |
| Merchandise | Australia, China |
| Information and technology service providers that provide direct support to KFC's restaurants and RSCs and support our ecommerce channels | Australia |
| Professional services for legal, financial and accounting | Australia |
| Human resources | Australia |
| Cleaning and maintenance services | Australia |
| Delivery aggregator services | Australia |

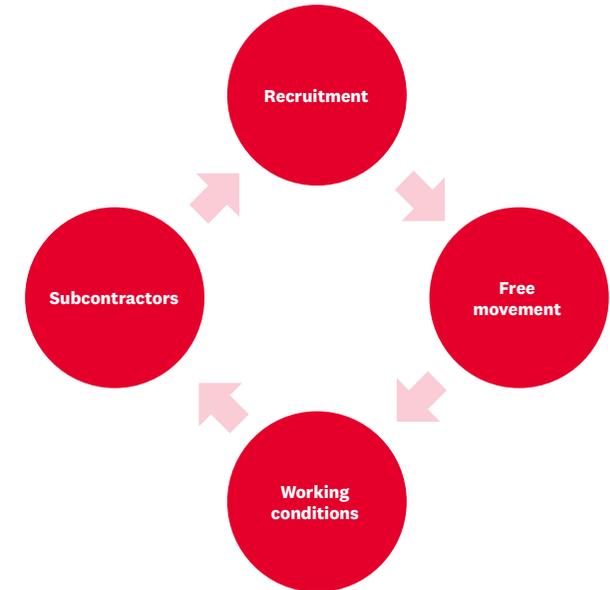
MAPPING RISKS

NON-CORE SUPPLY CHAIN

In 2019, we also embarked on a process of mapping the risk in our Non-Core Suppliers supply chains. We engaged external advisors to assist us with this analysis. We assessed the Non-Core Suppliers against three contextual categories:

- country and sector context;
- workforce demographics; and
- the characteristics of risk management processes or controls.

In 2021, we implemented a process to undertake a risk assessment to determine those suppliers that are operating in high or medium risk countries or regions.



An employment/labour standards lens was also applied to classify suppliers as high, medium or low risk. To conduct this exercise, we reviewed our annual spend in 2019 on our non-core suppliers by business unit and assessed the key areas of modern slavery risk, namely by reference to:

- recruitment;
- free movement;
- working conditions; and
- third party workforce (suppliers/subcontractors).

We also reviewed the control mechanisms in place to mitigate risks identified in the above analysis.

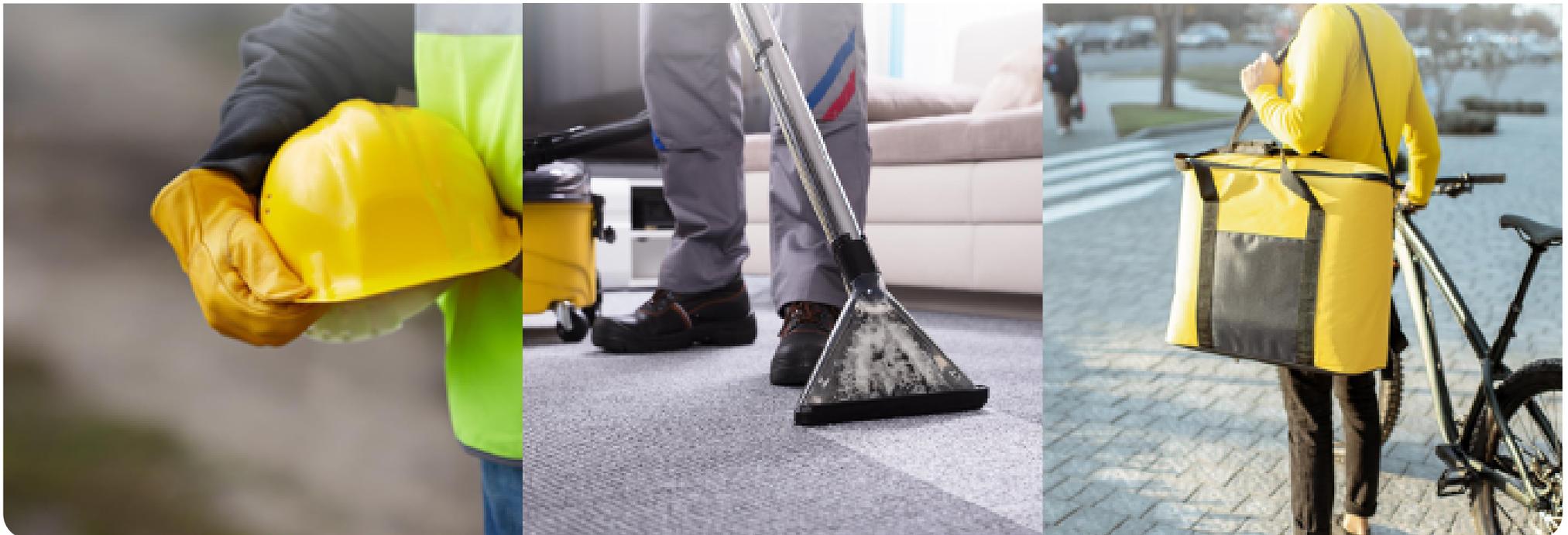
ASSESSING OUR RISK

NON-CORE SUPPLY CHAIN

In the process of assessing our 2019 non-core supplier spend, we identified that there is a risk that our non-core suppliers to KFC Australia have risks in their own supply chains that we are not aware of.

In 2021 we conducted a risk assessment of our non-core suppliers and will look to further explore the supply chains of suppliers identified as a high and medium risk to ascertain all the countries and regions where those KFC's Non-Core Suppliers operate.

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 and if required, to join the SEDEX platform and complete the supplier questionnaire.



| Category | Risk Assessment | Findings |
|---|-----------------|--|
| Equipment | Medium/High | Invite identified high/medium risk suppliers onto SEDEX for further risk assessment. |
| Development and Construction | Medium/High | There is a need to focus on risk in the area of construction and development due to the nature of the workforce and subcontracting in this industry. Consider developing guidelines to assist procurement decisions and oversight of subcontractors in the construction industry. |
| Accommodation providers | Medium | Given the nature of this industry and the demographic of the workforce, there is a need to establish onboarding and monitoring procedures for these providers. |
| 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. |
| Information and technology service providers that provide direct support to KFC's restaurants and RSCs and support our ecommerce channels | Low | Develop guidelines to assist procurement decisions in relation to IS hardware and software support services. |
| Professional services for legal, financial and accounting | Low | Risk considered low due to the nature of services provided and demographic of the workforce. |
| Human resources | Low | Risk considered low due to the nature of services provided and demographic of the workforce. |
| Cleaning and maintenance services | Medium/High | Given the nature of this industry and the demographic of the workforce, there is a need to establish onboarding and monitoring procedures for these providers. |
| Delivery aggregator services | Medium/High | To address this risk, we have included contractual provisions requiring compliance with modern slavery legislation and our Code of Conduct. In addition, in an effort to monitor contractual compliance we have engaged with the aggregator service providers in an effort to improve their policies and procedures relating to anti-modern slavery. |

ADDRESSING RISKS - ACTIONS TAKEN

| | |
|---|---|
| 01 UPDATED CONTRACTS | We have updated the terms of our contracts with our Food and Paper Suppliers to include provisions requiring our suppliers to comply with the modern slavery legislation and to sign up to Sedex. We are reviewing the key contracts on foot that will require amendment. |
| 02 DEVELOPED & DELIVERED TRAINING | Delivered SEDEX training to the Food and Paper Suppliers and the KFC Supply Chain team. Delivered Modern Slavery Training and risk assessment training to the Modern Slavery working group. |
| 03 IMPLEMENTED POLICY | In January 2020, KFCPL and KFC Adco adopted a formal Modern Slavery Policy and Whistleblowing Policy which made available a completely confidential helpline and confidential disclosure form online available 24/7 to encourage our employees to whistle blow in safety. |
| 04 CODE OF CONDUCT | Updated the KFC Supplier Code of Conduct specifically address compliance with modern slavery, illegal workplace practices and illegal workers. The Franchise Policies Manual was amended to require franchisees to provide their suppliers with a copy of KFC's Supplier Code of Conduct. |
| 05 WORKING GROUP | A cross-functional Anti-Modern Slavery working group has been formed and will report into the Compliance Committee on a regular basis to monitor and track the performance of the above initiatives and KFC will report on progress in our annual MSA Statement. |
| 06 TOOLKITS | Toolkits - established a supplier toolkit to assist our suppliers and partners with setting out a strategy to address modern slavery within their supply chains. |
| 07 COLLABORATION | Joined the SEDEX Advisory Group to provide KFC with an opportunity to partner to learn best practice across industries for addressing modern slavery within supply chains. Joined the newly established National Retail Association's Modern Slavery Committee together with other retailers. The committee is focused on establishing and sharing best practices for industry ethical sourcing programmes and will help further enhance and embed anti-modern slavery practices across our supply chains. |

CONSULTATION AND GOVERNANCE

MODERN SLAVERY WORKING GROUP

In 2020, we engaged our KFC ADCO directors to raise their awareness of the KFC anti modern slavery program, and received ADCO sign off to adopt the KFC Modern Slavery policy.

In 2021 we have continued to seek input and guidance on our modern slavery processes and procedures from the KFCPL compliance committee.

KFC SOPAC Leadership Team

Compliance Committee

Leadership Team

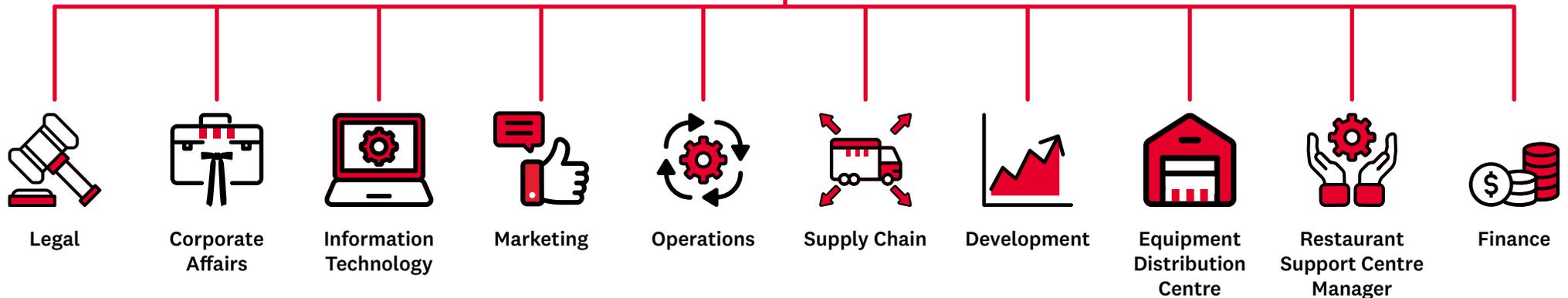
Modern Slavery Project Lead

In 2019, 2020 and 2021, we delivered training to a representative from each department who form the Modern Slavery team, to train them on Modern Slavery and how to make an assessment of risks within their own department's supply chain.

Franchisees



The Modern Slavery Project Lead has also consulted with our largest franchisees to make them aware of their obligations under the MSA.



Anti-Modern Slavery Working Group

OUR PATH FORWARD

| Future Action | KPI | Status | Revised Timelines |
|--|---|---------------------------------|--|
| Develop procedures so that we may work with the suppliers identified by the SAQ process, in order to collaborate on ways to reduce modern slavery in their supply chains, and consider what steps KFC will take in the event that the risks are not adequately mitigated by our business partners. | Procedures to be developed and rolled out to Food and Paper and Non- Core Suppliers by the end of 2022. | In Progress | Expected to be completed by the end of 2022. |
| Provide annual training for our business teams who manage the key relationships with the suppliers identified as medium risk to assist them to address and discuss the potential risks of modern slavery within their supplier relationships. In addition conduct modern slavery training for all new employees. | 100% completion of annual training for our supply chain team who manage our Food and Paper Suppliers and for the cross functional teams who manage Non-Core Supplier. | In Progress | This is an ongoing commitment, however by the end of 2022 all KFC restaurant support employees who manage key supplier relationships will have received training in relation to anti-modern slavery policies and procedures. |
| | 100% of all new employees complete modern slavery training within 6 months of joining the business. | To be commenced in 2022 | The processes and training is to be established in the first quarter of 2022. This will then be an ongoing commitment. |
| Continue to raise awareness of the modern slavery requirements in our Supply Chain Code of Conduct with both Food and Paper Suppliers and key Non-Core suppliers. | % of “high” and “medium” risk Food and Paper Suppliers and Non-Core Suppliers who have been sent the updated Modern Slavery policy and updated Supplier Code of Conduct and have returned evidence of acknowledgement of these policies and compliance with the code. | In Progress | This is an ongoing commitment. To embed this by the end of 2022 KFC Australia will have included this into the new supplier onboarding process. |
| Identify the key contracts within our Non-Core and our Food and Paper Suppliers that will require specific amendments. | % of each department’s supply chain and operational risk that have been assessed as “high”, “medium” and “low” risk suppliers. | Delayed due to COVID-19 impacts | This work will be completed by the end of 2022. |
| Document our cross-functional risk and compliance practices throughout the business. | 100% of processes documented. | In Progress | The intention is to further embed anti-modern slavery processes by documenting the processes and incorporating them into a business wide risk and compliance process. This is expected to commence in early 2022 and conclude in 2023. |
| Continue to work through the IS supply chain to assess and address potential modern slavery risks. | Partner with our IS team, hold a training session and commence a detailed risk assessment. | In Progress | This is due to be completed in the first half of 2022. |

OUR JOURNEY

We have embarked on a journey to develop a cross-functional road map to navigate compliance with our modern slavery obligations in the years ahead. We believe we have taken the important initial steps in raising awareness of and mitigating modern slavery risks in our operations and supply chains at KFC. We are currently in the process of aligning our internal stakeholders to develop KPIs on the effectiveness of our measures to reduce the risk of modern slavery in our operations and supply chains.

The COVID-19 pandemic has had an impact, on our ability to further engage with our direct food and paper suppliers and our non-core suppliers. We are committed to further engaging with our food and paper and non-core supply chain suppliers in the next 12-18 months.



APPENDIX

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

| Modern Slavery Act Criteria | Section |
|--|--|
| Identify the reporting entity | Page 1: See Front Page |
| Describe the reporting entity's structure, operations and supply chains | Page 5: Who we are Page 6: Operations at KFC Australia Pages 10 & 11: Overview of Supply Chain |
| Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls | Page 7 & 8: Our Operations - Risk Assessment Page 9: Identifying Risk in Our Food and Paper Supply Chain |
| 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 | Pages 12, 13 & 14: Mapping our Supply Chain - Food and Paper Supply Chain Pages 15 & 16: Timeline of KFC's 2019 - 2021 Actions Page 17: Mapping our Risk - Food and Paper Supply Chain Pages 18 & 19: Assessing our Risk - Food and Paper Supply Chain Pages 20 & 21: Mapping our Risk - Non-Core Supply Chain Pages 22 & 23: Assessing our Risk - Non-Core Supply Chain Page 24: Addressing Risks - Actions Taken |
| Describe how the reporting entity assesses the effectiveness of these actions | Page 26: Our Path Forward |
| 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) | Pages 12 & 13: Mapping our Supply Chain - Food and Paper Supply Chain Page 25: Consultation and Governance |
| Provide any other relevant information | Page 2: Introduction Pages 3 & 4: Our Approach Page 27: Our Journey |

SIGN OFF

The board of Kentucky Fried Chicken Pty Ltd ACN 000 587 780 approved this statement on 22 December 2021, on its own behalf and on behalf of ACN 085 239 998 Pty Ltd ACN 085 239 998.

The board of KFC ADCO Limited ACN 083 047 992 approved this statement on 22 December 2021.



Richard Wallis
Managing Director of Kentucky Fried Chicken Pty Ltd

