



## MODERN SLAVERY STATEMENT 2021

### KRISPY KREME HOLDINGS PTY LIMITED

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This is the second Modern Slavery Statement (**Statement**) for Krispy Kreme Holdings Pty Limited ACN 134 222 727 (**Krispy Kreme**) which is made pursuant to the requirement of the *Modern Slavery Act 2018 (Cth)*. It relates to the reporting period that commenced 1 January 2021 and ended on 31 December 2021.

The content of this Statement is to outline our approach to ensuring that Krispy Kreme has an established framework and processes in place to minimise the risks of modern slavery and to identify the progress made in 2021 against set objectives associated with risks to our operations and supply chains.

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#### 1. Introduction to our Business

- 1.1. Krispy Kreme is the owner and operator of the Krispy Kreme brand in Australia and New Zealand. For clarity, the Krispy Kreme reporting entity does not hold the rights to the brand or the operations in the South Australian and Northern Territory markets. These operations are managed by an independent third party which is a direct franchisee of the US domiciled entity, Krispy Kreme Doughnut Corporation.
  - 1.2. Our business is centred on an omni channel model whereby we operate our own retail stores and ecommerce channels selling Krispy Kreme branded doughnuts and products, as well as the manufacture of doughnuts for supply into adjacent channels such as petrol and convenience, grocery and out-of-home entertainment.
  - 1.3. All of our facilities are company owned, and In Australia we operate 33 retail stores, 3 doughnut factories and supply approximate 1,000 doughnut cabinets nationally each day with fresh doughnuts. We employ approximately 1,000 people in Australia under a mix of full time, part time and casual employment.
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#### 2. Our structure, operations and supply chain

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- 2.1. Krispy Kreme is part of a global business whereby the parent company Krispy Kreme Doughnut Corporation owns and operates the Krispy Kreme brand in over 30 countries via a mix of equity ownership and franchised markets.
- 2.2. Krispy Kreme is an iconic US brand with nearly 85 years of heritage. The core of the business is the manufacture and sale of doughnuts via a mix of channels including retail stores, ecommerce and a delivered daily fresh supply model distributed into a variety of adjacent channels (P&C, grocery).
- 2.3. Krispy Kreme has two entities which it controls, being Krispy Kreme Australia Pty Limited ACN 099 478 663 (**Krispy Kreme Australia**), which is a wholly owned subsidiary of Krispy Kreme, and Krispy Kreme New Zealand Limited, a company incorporated in New Zealand which is a wholly owned subsidiary of Krispy Kreme Australia.
- 2.4. **Krispy Kreme Australia:** owns and operates a national business (excluding the South Australian and the Northern Territory markets) of 33 stores, 3 doughnut factories and supply approximately 1,000 doughnut cabinets. Since being acquired by Krispy Kreme Doughnut Corporation in 2018 and becoming a wholly owned subsidiary (excluding senior management interest), our franchise agreement was terminated and we now operate under the governance of a wholly owned subsidiary, with a separate Board to the parent company.
- 2.5. **Krispy Kreme New Zealand:** owns and operates a national business of 5 stores, 1 doughnut factory and approximately 100 doughnut cabinets.
- 2.6. Our parent company grants access to the Krispy Kreme brand's intellectual property such as recipe and trademarks. We also receive support with respect to core elements of our operations via a collaborative working relationship (innovation, network development and design, IT, strategic support). Krispy Kreme pays a royalty fee to the US parent in consideration for these services.
- 2.7. Our supply chain is largely coordinated and managed by a local team. The US parent company provides support with core elements associated with our supply chain such as the doughnut mix, including but not limited to the approval of a local doughnut mix manufacturer and support with respect to compliance to global recipe and other QA issues.
- 2.8. Our local supply chain team manages the relationship with each supplier, and but for the long term doughnut mix supply manufacturing agreement, the US parent company has oversight in the selection of the suppliers used.
- 2.9. Our parent company Krispy Kreme Doughnut Corporation is in compliance with the California Transparency in Supply Chains Act (S.B. 657).

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2.10. Our supply chain includes the following products and is best categorised into Core and Non-core groupings.

2.11. Core:

- Doughnut mix
- Sugar
- Shortening
- Packaging
- Icings and Fillings

2.12. Non-Core:

- Icings and fillings used in limited time offer promotions (which are sourced locally and abroad for promotions lasting between 1 and 2 months)
- Beverage
- Consumables
- Uniform
- Equipment
- Services

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### 3. **Modern Slavery Risks Operations**

3.1. Krispy Kreme operates under a Group global risk management framework which involves the identification of risks that require management and developing controls and mitigation plans to manage the risk. The risk register is reviewed quarterly by the Executive Management team and presented at each Board Meeting.

3.2. During 2021 we conducted a review of the risk of modern slavery practices within our operations and supply chain and considered areas that may be caused or contributed to by Krispy Kreme. We did not engage with any new supply partners or supply jurisdictions in 2021 that materially changed the risk profile of our supply chain.

3.3. We acknowledge there is an inherent risk of employment of vulnerable workers due to the nature of our industry and risks associated with wage compliance. We recognise that team members working in our stores, doughnut factories and support office must be treated fairly and with respect, of working age and be working on their own free will and paid in accordance with the applicable legislation, award and /or enterprise agreement.

3.4. In Australia, all of our store and doughnut facility employees are employed under a valid and up to date Enterprise Agreement and we have put in place processes and

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controls to manage risks associated with wage compliance. A small number of our support office employees are employed under the Clerks Award with the majority of support office employees on individual employment contracts. Consequently, we believe that there is a low risk of modern slavery in our stores, doughnut factories and support centre.

3.5. In addition we have a number of relevant policies and procedures in place to protect our employees, including:

- National Enterprise Agreement 2020
- Krispy Kreme Code of Conduct
- Diversity Policy
- Whistle-blower Policy

### Supply Chain

3.6. The supply chain for the food and beverage sector has a higher risk of modern slavery due to the nature of the work in the production, processing, packaging and transport of input products. The global reach of the Krispy Kreme supply chain also adds further risk and complexity.

The supply chain review to assess risks that relate to modern slavery has focused on the Core supply categories.

3.7. Our risk assessment considered the associated sector, geographic, product and services risk.

3.8. Our supply chain is predominantly located in Australia with 85% of suppliers by value located in Australia. Outside of Australia our next 2 largest geographic markets are China and the USA.

3.9. Given the stability of our supply chain from 2020 to 2021 in terms of ingredients, supply items and the consistency of supplier base, our risk assessment of the majority of our suppliers continues to be considered a low risk.

3.10. That being said, certain geographies and industries where we do access materials and labour operate with a higher risk. These included Indonesia and China for the supply of shortening (palm oil exposure) and cardboard packaging respectively.

3.11. We continue to work closely with our supply partners with exposure to these industries and geographies to understand the risk and key steps taken to mitigate.

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Despite best intentions, given the disruption to operations and supply chain in 2021 due to the Global Pandemic the progress against key objectives such as supplier audits was limited. A reduction in restrictions and a re-opening of visitor access to supply locations will support greater progress in this areas in 2022.

- 3.12. We are continuing to evaluate the option of becoming a signatory to an ethical trade organisation such as SEDEX and will consider this as an avenue for risk mitigation and process improvement during the course of 2022.
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#### **4. Actions to address risks of Modern Slavery practices**

##### **Policies, Procedures and Practices**

4.1. Given the limited opportunity to engage via supplier audits due to pandemic restrictions, during the reporting period we focused on building a baseline of policies and procedures for us to manage risks associated with modern slavery. These policies and procedures include:

- Internal design of annual internal modern slavery audits;
- Internal procedures to educate relevant Krispy Kreme staff on understanding the risks of modern slavery and establishing an avenue to report suspected modern slavery practices internally.

##### **Supplier terms & due diligence**

4.2. We are in the process of reviewing our supplier terms to include provisions requiring compliance with modern slavery legislation. Given the focus on supply chain continuity in 2021 and managing the supply bottlenecks exposed by the pandemic, updating our terms and conditions with suppliers was not an elevate priority. This is particularly true given the lower risk nature of the majority of our suppliers.

4.3. For our local supply chain partners, we continued to engage with them on a proactive basis and will increase the focus on site audits in the coming reporting period.

##### **Education and Awareness**

4.4. Relevant upskilling of targeted employees was conducted in 2021, with a focus on the supply chain team given the nature of their role in our business.

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## 5. Measuring effectiveness of actions

5.1. This being our second reporting period and the limited progress made with respect to supplier site audits due to visitor and travel restrictions associated with the pandemic, we have a limited ability to assess the progress of our initiatives to date.

5.2. In 2022 we will up the focus on tracking the following measures:

- Number of training sessions completed and percentage of relevant staff educated on the risks associated with modern slavery and how it applies to Krispy Kreme;
- Completion of policy changes;
- Suppliers assessed and site visits undertaken; and
- Decision on whether to become a signatory to SEDEX.

In 2022 we will continue to include a reporting framework into the Audit and Risk committee so that we can track progress against key initiatives and metrics and elevate Board focus on these risks.

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## 6. Consultation among entities included in this report

6.1. Krispy Kreme shares the same directors with the entities it owns and controls.

6.2. We have engaged with our US based parent company on the Australian modern slavery legislation to develop an aligned view of risk and mitigation.

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## 7. Conclusion & Future Focus

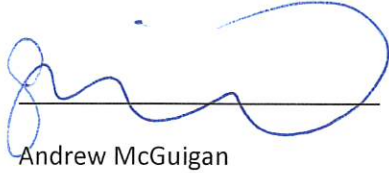
This is an ongoing commitment by Krispy Kreme to gain visibility into the risks of modern slavery in our operations and supply chain and to embed processes which not only mitigate but strengthen our controls.

Over the next 12-months we will continue on this journey by:

- Continuing to highlight this as a material risk to Krispy Kreme by engaging with the Board
- Upweight governance, policies and training programs to improve awareness and controls
- Engage with our suppliers through site visits and audit processes to gain better visibility to our supply chain and mitigate potential risks early

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- Align processes with our US listed parent company to elevate risk mitigation in this area.

This statement was approved by the Board of Krispy Kreme Holdings Pty Limited.



Andrew McGuigan

Director