

# Modern Slavery Statement 2020/2021

COMPETITIVE FOODS AUSTRALIA PTY LTD

## Introduction

This is the second Modern Slavery Statement (“Statement”) for Competitive Foods Australia Pty Ltd and its subsidiaries (“CFA” or the “Group”), and it is in line with the requirement of the Modern Slavery Act 2018 (Cth) (“Modern Slavery Act”).

The purpose of this Statement is to outline our approach to ensuring that CFA has robust frameworks and processes in place to minimise the risk of modern slavery in our business operations and supply chain as well as to address the risks identified in the Statement for FY2020.

CFA is one of the most diverse private companies operating in Australia and New Zealand, including an iconic network of owned and franchised Quick Service Restaurants (“QSR”), world class multi location/multi product food manufacturing, high quality food sales and marketing, cold storage, protein procurement and a significant real estate portfolio.

CFA recognises that slavery and human trafficking can occur in many forms, as considered in the Act. This can include slavery, servitude, human trafficking, forced labour, child labour and deceptive recruiting for labour or services.

CFA is fully committed to operating responsibly and establishing and adhering to the highest ethical standards. CFA will not tolerate any forms of slavery or human trafficking in our business.

## REPORTING ENTITIES

This Statement covers the activities of CFA and its controlled entities. For the purpose of this Statement, our key operating entities and operations are as follows:

	<b>Country of Incorporation and Principle place of business</b>	<b>Operations</b>
<b>Competitive Foods Australia Pty Ltd</b>	Australia	Parent company of CFA Group, providing strategic, financial, legal and risk, taxation and governance support.
<b>Hungry Jack's</b> Hungry Jack's Australia Pty Ltd	Australia	Holds Master Franchise Agreement with Burger King, supports the operations of 77 QSR franchisee stores.
Hungry Jack's Pty Ltd	Australia	Operates 370 owned and/or operated QSR restaurants across Australia.
<b>Comgroup</b> Comgroup Supplies Pty Ltd	Australia	Meat processor- located in Brisbane (2) factories.
Comgroup New Zealand Limited	New Zealand	Meat processor.
<b>Markwell Foods</b> Markwell Pacific Marketing Pty Ltd	Australia	Full service sales and marketing frozen food company.
Seabest Pty Ltd	Australia	Cold store operation.
Markwell New Zealand Limited	New Zealand	New Zealand parent company.
Shore Mariner Limited	New Zealand	Sales and marketing of cooked and non-cooked food products.

## REPORTING ENTITIES

	<b>Country of Incorporation and Principle place of business</b>	<b>Operations</b>
<b>Selden Pty Ltd</b>	Australia	Owns and rents retail premises.
<b>Sindrella Pty Ltd</b>	Australia	Owns and rents retail premises.
<b>Beak House Pty Ltd</b>	Australia	Owns and rents retail premises.
<b>Consolidated Food Company Pty Ltd</b>	Australia	Consolidated Food Co (CFC) combines market intelligence, expertise and centralised global buying power to finance and deliver meat products for a range of QSR operators in multiple geographies.
<b>PM Fresh Pty Ltd</b>	Australia	Manufacture and distribution of prepared salads, vegetable sauces and soups.

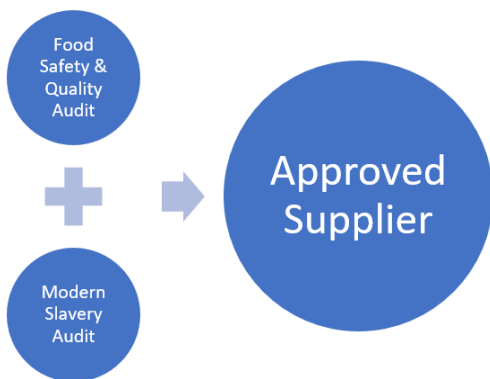
## Our Structure, Operations and Supply Chain

CFA's Board is responsible for overseeing performance and operations of the Group, sets the Group's values and governance framework and monitors culture and compliance within a set of policies including a code of conduct that exists at each operating business level. The Board is assisted by the CEOs and management teams who are tasked with managing compliance and risk for each operating business and are responsible for ensuring that all laws are adhered to including the Modern Slavery Act. During FY2020, the Board introduced the Modern Slavery Working Group to assist in discharging its responsibilities for anti-slavery initiatives across the Group.

### CFA APPROACH

The supply chain of the Group comprises the major food & packaging suppliers critical for the operation of food related businesses, supported by a network of Australian based distribution services. The supply chain includes a variety of overseas sourced products including packaging, cleaning products, food related products and ingredients, and staff uniforms, most of which are manufactured in China or South East Asia.

CFA have established the following governance framework in respect to approving suppliers:



In simple terms, all permanent suppliers undertake the audit process which includes:

- (a) a safety and quality audit, and
- (b) a Modern Slavery review.

The Modern Slavery review commenced in FY2020 and has been rolled out across the Group's supply chain for all operating businesses. Passing these reviews will ensure the supplier is on the "Approved Supplier Program". As part of this program, our suppliers will be assessed annually for compliance with the Modern Slavery Act and some suppliers could also be subjected to independent audits.

Non-conformance identified during this review/audit process will need to be resolved (to the satisfaction of CFA) within set timeframes depending on the criticality of the breach. During the time taken to address non-conformances such suppliers may be placed on suspension or be terminated and removed off the Approved Supplier list if non-conformance is unlikely to be remedied.

## CFA POLICIES AND PROCEDURES

CFA's major subsidiaries already have policies in place that are intended to promote ethical and legally compliant business conduct. These policies contribute to CFA's commitment to prevent violations of human rights such as modern forms of slavery in its business and supply chain. Such policies include our Code of Business Ethics and Conduct for Suppliers, and associated policies such as a whistle-blower policy which are designed to protect the rights of our employees and suppliers.

More generally, key policies and procedures in place to support and protect employees and promote ethical sourcing include:

- (c) Operating Company Code of Conduct;
- (d) Operating Company Anti-Discrimination Policy;
- (e) Operating Company Bullying and Harassment Policy;
- (f) Operating Company Ethics and Integrity Policy;
- (g) Operating Company Whistle-blowers' Policy; and
- (h) Ethical Sourcing Policies which are in place across all CFA's major businesses.

## ADDRESSING THE RISK OF MODERN SLAVERY PRACTICES

In 2020 and 2021, CFA took a targeted risk-based approach to our modern slavery practices across our operations and supply chains. More specifically, CFA has:

- Facilitated a Modern Slavery Working Group comprising staff from various disciplines including procurement, finance, operations, HR, safety, finance, risk and legal;
- Completed assessment of all core suppliers identified as at high risk in FY2020. For core suppliers unwilling and/or unable to complete questionnaire, a follow up process was initiated and a remediation process for non-compliant core suppliers was established which did result in termination of 2 core suppliers within the CFA supplier network;
- Rolled out SEDEX across CFA and have mapped our inherent supply chain risks;
- Prior to engaging SEDEX, we had genuine engagement with our supply chains issuing a total of 102 core supplier questionnaires;
- Commenced the rollout of our CFA Whistleblowing policy and service beyond the existing Hungry Jack's retail service;
- Continued to update our supplier Codes of Conduct, contract terms and purchase orders to include provisions requiring compliance with modern slavery legislation. These are now incorporated in new supplier contracts and all supplier contract renewals;
- Continued to raise awareness amongst key internal Group stakeholders to ensure that those charged with supply chain management are aware of our revised policies etc. and act accordingly to ensure a low risk of occurrences of modern slavery exists in our operations and network;

**SEDEX rollout**

In October 2021, CFA partnered with SEDEX to further understand potential risks of modern slavery in our supply chains. Some CFA business units are already SEDEX members having previously signed up as suppliers.

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 over 60,000 members across 180 countries.

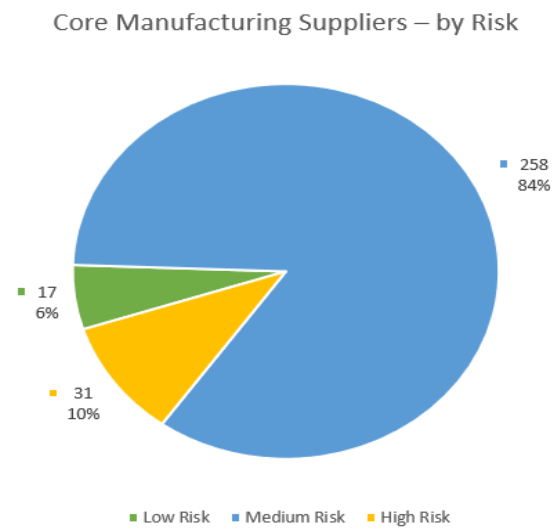
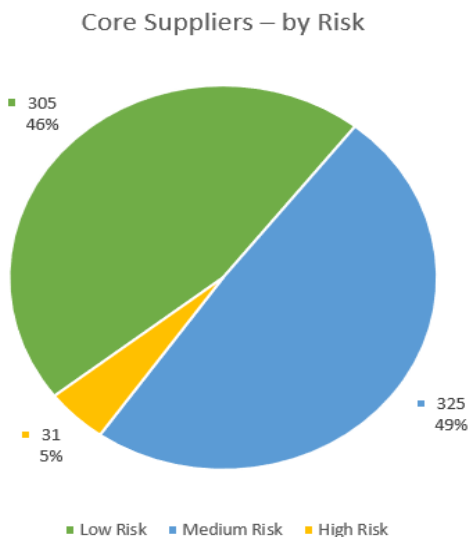
Given the infancy of the rollout, CFA have not yet directly approached our core suppliers to invite them to join SEDEX although 12% of our current core suppliers are current/former SEDEX members. We will invite core suppliers in the first half of FY2022 and non-core within FY2023

CFA have completed a pre-screen mapping of the inherent risk score of 661 core suppliers across our network.

The inherent risk score is on a scale of 0 – 10 with a score closer to zero being low risk and closer to 10 being extreme risk. The inherent risk score maps country risk, sector risk and commodity risk for areas such as forced labour, health & safety, wages & working hours, energy, waste & pollution.

Key CFA statistics from this group of core suppliers include:

- CFA’s overall inherent risk score is 4.8 out of 10 for our core suppliers
- CFA’s overall inherent risk score is 5.0 out of 10 for our core manufacturing suppliers
- 81% (or 550) of our core supply chain is domiciled in Australia/New Zealand
- 46% (or 306) of our core supply chain is in the manufacturing sector
- 95% (or 630) of our core supply chain is considered low or medium risk
- The remaining 5% (or 31) of high-risk core suppliers are in the manufacturing sector in Asia where wages and working hours as well as energy, waste and pollution are considered higher risk



Prior to the SEDEX implementation, CFA undertook an internal review of the potential risk of modern slavery practices across its operations and supply chains.

Core suppliers that were identified as potentially posing heightened risk included:

- (i) global suppliers operating in jurisdictions without the same robust employee care regimes that exist in Australia and New Zealand; and
- (j) suppliers which operate in industries with a larger representation of vulnerable workforces based on demographics (age, immigration status, low wage, unskilled etc.).

The core suppliers with the highest risk rating within each operating business were sent a CFA questionnaire to gain assurance of their compliance with the Modern Slavery Act. Below is a summary of our FY2021 responses:

#### Highest Risk Core Supplier Summary \*

Reporting Entity	Core Supplier Questionnaires Issued	Responses Received	Follow up in progress	Core Supplier Responses Received Deemed Unsatisfactory
Comgroup	34	34	1	0
Hungry Jack's	25	20	5	0
Consolidated Foods	2	2	0	0
Markwell	41	30	11	2 **
<b>Total</b>	<b>102</b>	<b>86</b>	<b>17</b>	<b>2</b>

\* The above table reflects CFA analysis of high-risk core suppliers so will not exactly match the SEDEX analysis

\*\* The unsatisfactory responses resulted in Markwell ceasing to do business with those 2 core suppliers

Pleasingly, the above self-assessment of our CFA core supplier database prior to the implementation of SEDEX, has not been in vain as the majority of the core suppliers we considered medium or high risk were also considered medium or high risk in the SEDEX inherent risk supplier matching process.

Going forward, CFA will undertake a continuous assessment of its operations and supply chain via SEDEX to ensure improved transparency and to further understand our potential risk of modern slavery within our network.



### CFA Whistle-blower

Some CFA business units already have an existing Whistleblowing policy and service (namely our retail arm Hungry Jack's) however CFA has undertaken to ensure the entire CFA network has the ability for both internal and external stakeholders (e.g. suppliers) to submit Whistleblowing notifications.

We have engaged an independent company (ER Strategies) to help us develop and manage our non-retail CFA Whistleblowing policy and online form/hotline.

The non-retail CFA Whistleblowing process will be rolled out in the first half of FY2022 which will include an embedded training plan for senior management on dealing with notifications and a broader awareness campaign internally and externally on our external websites and supplier engagement portals.

### FUTURE COMMITMENTS

CFA recognises the ongoing commitment and consultation required to reduce the risk and impact of modern slavery in our business and supply chain.

During FY2022, CFA's priorities include:

- SEDEX phase 2 rollout which will include approaching our core suppliers with the importance of membership, potential workshop, a targeted supplier questionnaire and potential sample audits of suppliers (if applicable);
- Assessment of core suppliers identified as medium to high risk in FY2021;
- Embed the CFA Whistleblowing policy, hotline and online form including relevant training and education across the CFA network;
- Further in-depth and Group-wide stakeholder engagement & education beyond the senior leadership team on the topic;
- Continue to review and update our suite of risk-related policies and governance control measures.

In future years, we envisage CFA priorities to include:

- Engagement with our non-core suppliers e.g. equipment, development, cleaning & maintenance, IT, professional services etc to invite them to join SEDEX;
- Additional stakeholder engagement via refresher training for employees and suppliers;
- Continue to review and update our suite of risk-related policies and governance control measures.

## BUSINESS UNIT REVIEW

A summary of our operating businesses, their supply chain and the assessed risk in the context of Modern Slavery is outlined below:

### **Hungry Jack's Australia Pty Ltd "HJA" and Hungry Jack's Pty Ltd "HJPL"**

These entities own and/or operate 370 company QSR within HJPL's operations and support a further 77 Franchisee QSR's under HJA.

HJA's and HJPL's operations in Australia require the support of various internal departments, primarily located at HJPL's Restaurant Support Centre, including development, operations, food innovation, marketing, supply chain, legal, finance, human resources and information technology.

As a party to the Master Franchise Agreement with Burger King (owned by Restaurant Brands International Inc (NYSE:QSR), HJPL and HJA have access to and generally must comply with their global policies, processes and ethical supply chain standards.

The QSR industry sector has an inherently higher level of perceived risk of modern slavery due to a vulnerable workforce. This reflects a significant portion of the work force being unskilled, under 18 years of age, or on temporary working visas.

To mitigate this risk HJPL:

- Has entered into an Enterprise Bargaining Agreement with its employees which is reflective of the Fast Food Award.
- Operates under a strong employee governance structure with strict policies, procedures and training processes to ensure that all of our employees are treated appropriately, paid fairly and are provided suitable working conditions.
- Is subject to external and internal audits to ensure that our pay and conditions of employment are in accordance with our agreements, standards and legislation.

HJPL is in the process of upgrading its rostering, time and attendance system which will further enhance its employee governance.

## SUPPLY CHAIN OVERVIEW

The HJPL supply chain includes the following products and services:

- (a) **Core suppliers** that provide product and services to our restaurants include:
  - food and beverage suppliers;
  - packaging;
  - distribution partners and delivery aggregators;
  - cleaning chemical supplies;
  - suppliers of equipment used in our restaurants; and
  - uniform providers.
- (b) **Non-core suppliers** include:

- development and construction suppliers;
- accommodation providers;
- marketing agencies;
- information technology;
- professional services providers of legal and financial services;
- human resources; and
- sanitary, pest control and maintenance services.

HJPL sources its products from established Australian and International suppliers that are subjected to a comprehensive supplier approval process that requires them to have a minimum standard of social responsibility and good manufacturing/quality control practices to the standard of Global Food Safety Initiative Accreditation.

Hungry Jack's suppliers are periodically assessed by an independent auditor and must go through the Hungry Jack's/Burger King global audit process which includes a food safety/quality audit and a modern slavery audit.

Based on the above, we have assessed the risk of modern slavery in HJPL's supply chain as low.

HJA franchisees do not comprise part of HJPL operations and supply chain for purposes of this Statement, however HJPL have undertaken due diligence which supports our view that the risk of modern slavery events being present in the franchisee network is low.

### **Comgroup Supplies Pty Ltd (Australia) ("CGS") and Comgroup Supplies New Zealand ("CGSNZ")**

CGS is one of the most diverse and experienced food manufacturing organisations in Australia and New Zealand. The operations are focused on the conversion of meat and ingredients into raw and cooked finished goods for retail and foodservice customers worldwide.

CGS operates from two sites in Brisbane, Australia with CGSNZ operating from a facility in Pukekoe, NZ.

Due to the nature of the food manufacturing industry there is a perceived risk of modern slavery due to the high number of unskilled and migrant labour within the workforce.

In response to this CGS and CGSNZ ensure that all employees are paid in accordance with the Meat Industry Award 2020 in Australia and in New Zealand employees are all paid above the minimum wage. Employees pay and conditions are subject to external and internal audit on an annual basis to ensure compliance with our agreements, and legislation.

Both CGS and CGSNZ operate under a strong employee governance structure with strict policies, procedures and training processes to ensure that all of our employees are treated appropriately, paid fairly and are provided suitable working conditions.

### **SUPPLY CHAIN OVERVIEW**

CGS and CGSNZ's supply chain includes the following products and services:

(a) **Core Suppliers** include:

- protein (90% by dollar value) – beef, chicken, pork;
- ingredients – bread crumbs, batter, spices, additives, etc.;
- packaging - cardboard boxes, plastic liners, labels, pallets, etc.;
- labour hire for production work-force (in addition to employed staff) and
- freight Providers; Australian/NZ land freight, and both Australian and international shipping.

(b) **Non-core suppliers** include:

- information technology;
- manufacturing equipment and spare parts;
- building improvements;
- professional services providers of legal and financial services;
- human resources;
- sanitary, pest control and maintenance services; and
- cleaning chemical supplies.

99% plus of CGS and CGSNZ supplies are sourced domestically in Australia or New Zealand.

CGS and CGSNZ source from highly reputable suppliers which are subject to rigorous quality audits and site visits to ensure compliance with global requirements of its customer base and regulators. These audits now include a Modern Slavery component to specifically ensure obligations are met.

The above coupled with the stringent requirements for sourcing and continual audits as required by our major QSR customers mitigates risk and provides integrity of its supply chain operations.

Accordingly, CGS and CGSNZ operations and supply chain are assessed as having low to medium risk of Modern Slavery.

## **Markwell Foods**

Markwell Foods includes the operations of Markwell Pacific Marketing Pty Ltd (“MPM”), Seabest Pty Ltd and Shore Mariner Limited. The businesses are focused on the purchase and import of frozen food products into both Australia & New Zealand from a wide range of approved suppliers, located both locally and globally. The products are then sold and are supported by sales and marketing expertise through all major distributors which provide large scale, efficient delivery of Markwell Foods products to thousands of outlets every day including restaurants, cafes, hotels, supermarkets, route outlets and other foodservice customers. As part of its cold chain management, Seabest also operates a cold store in Queensland under the trading name of Markwell Cold Storage. The storage and distribution component within the rest of Australia and New Zealand is handled through various 3rd party service providers, except for storage in Queensland which is handled at Markwell Food’s own facility.

## **SUPPLY CHAIN OVERVIEW**

Markwell Foods supply chain includes the following products and services:

(a) **Core suppliers** include:

- seafood (raw and value added);
- potatoes (french fries);
- dairy (cheese appetiser products);
- vegetables;
- berries; and
- meat (processed / value added).

(b) **Non-core suppliers** include:

- information technology;
- professional services providers of legal and financial services and
- human resources.

Approximately 20% of products are sourced from Australian suppliers. There are some imported products which are sourced from locations deemed as high-risk in terms of modern slavery based on geographical locations.

Markwell Foods has assessed the risk of modern slavery in its supply chain as low to medium based on the following:

- In order to meet our requirements, suppliers are of a scale and sophistication to meet the demands of Markwell Food's customer base. The majority of products come from large multi-nationals who have well developed governance structures in place who recognise the risks of Modern Slavery.
- Markwell Foods has typically held long-standing "partner" relationships with its core suppliers and has worked over the years to ensure quality, integrity and trust in the supply chain.
- All domestic and international suppliers of Markwell Foods are subject to the same stringent approval process which typically includes site visits and commitment to quality assurance programs and ongoing audits required to meet the standards of the end user customer base, being large Australian retailers, restaurants etc. These audits now specifically assess compliance with the Modern Slavery Act.

Markwell Foods has for many years operated a Supplier Approval process requiring both existing suppliers and potential new suppliers to complete updated annual declarations. From 2021, our new Supplier Approval process was modified to include specific declaration requirements in relation to Modern Slavery compliance as part of the process. Going forward, Markwell Foods will continue to assess and work with suppliers via SEDEX to ensure compliance with the Modern Slavery Act is continuously improved.

**PMFresh Pty Ltd (PMF)**

PMF manufactures and distributes prepared salads (wet and leafy), vegetable sauces and soups with operations across four sites at Homebush, Colmslie, Broadmeadows and O'Connor.

Due to the nature of the food manufacturing industry there is a perceived risk of modern slavery due to the high number of unskilled and migrant labour within the workforce.

In response to this PMF ensures that all employees are paid in accordance with either (i) Enterprise Bargaining Agreements based on the Food, Beverage and Tobacco Industry Award in the Victorian and Queensland operations, and (ii) with the Food, Beverage and Tobacco Industry Award in NSW and Western Australia. Employees pay and conditions are subject to external and internal audit on an annual basis to ensure compliance with our agreements, and legislation.

The PMF operations has strong employee governance structure with strict policies, procedures and training processes to ensure that all of our employees are treated appropriately, paid fairly and are provided suitable working conditions.

## SUPPLY CHAIN OVERVIEW

The supply chain covers the following products and services acquired in the food manufacturing process.

(a) **Core suppliers** include:

- produce
- ingredients (non-produce)
- packaging
- consumables (food-contact)
- cleaning chemicals & processing aids
- service providers including transport
- labour hire for production work force (in addition to employed staff).

(b) **Non-core suppliers** include:

- information technology;
- manufacturing equipment and spare parts;
- building Improvements;
- professional services providers of legal and financial services;
- human resources and
- sanitary, pest control and maintenance services.

The supply chains for the food and agriculture sector have an inherently higher risk of modern slavery due to the demographic of the workforce and the nature of the work necessary in the production, processing, packaging and transport of the products. As eighty percent (80%) of PMF's sales comes from Australia's two largest retailers, Coles and Woolworths, the company is required to ensure not only high food quality but also that the product is delivered in an ethical way. Accordingly, PMF has developed, in conjunction with the major retailers, a rigorous supply-chain governance framework comprising of policies, procedures, training and controls/ audits in respect to the selection, appointment, onboarding and management of suppliers.

PMF as a supplier to the large retail chains has joined SEDEX as a supplier and has itself undertaken SMETA audits in order to be a certified supplier.

Based on these mitigating factors we have rated the presence of any modern slavery in PMF's supply chain as being Low - Medium.

## Consolidated Food Company Pty Ltd (CFC)

Consolidated Food Co (CFC) combines market intelligence, expertise and centralised global buying power to finance and deliver meat products for a range of large QSR operators in multiple global geographies.

CFC develops good working relationships with its core suppliers and engages closely with them on a regular basis. Accordingly, the risk of Modern Slavery within CFC operations is assessed as low to medium.

### SUPPLY CHAIN OVERVIEW

#### (a) Core Suppliers include:

##### Packers

- Packers are well-established abattoirs/meat processors which supply the raw meat product.
- CFC currently sources from around 30 packers and over 50 packer facilities located globally including Australia, New Zealand, USA, Canada, Ireland and Brazil.
- Each packer and packer facility are quality audited and approved by the QSR operator.

##### Grinders

- Grinders process the raw meat product into finished goods for distribution through the relevant QSR supply chain.
- CFC currently delivers into around 15 grinders located globally including Australia, USA, Canada, Ireland, Philippines and Malaysia.

##### Cold Storage Facilities

- Store perishable products at controlled temperatures
- Provide services including short to longer term storage, inventory management, goods handling, customs inspection.
- Located in USA and Canada.

#### (b) Non-core suppliers include:

- Information technology.
- Professional services providers of legal and financial services; human resources.

CFC only deals with suppliers who are pre-approved and conform to the stringent qualifications dictated by its multinational supply chain QSR customers including Burger King Corporation and Taco Bell which are heavily focused on and enforce an ethical supply chain.

The food supply industry is well established and well-regulated in the jurisdictions from which we source product. Accordingly, CFC has rated suppliers in these geographies as being of low to medium risk of modern slavery. Where suppliers have been rated as medium risk we have sought, and received, confirmation from the parties that active measures and controls are in place to mitigate risk of modern slavery.

## CONSULTATION PROCESS AND APPROVAL

The Board recognises the risk of modern slavery and is committed to identifying and addressing these risks in both its operations and supply chain.

This Statement has been prepared by CFA in consultation with each reporting entity and it has been approved by the Board of CFA on 24 December 2021 on behalf of all reporting entities. This Statement is made in accordance with section 14 of the Modern Slavery Act 2018 (Cth). It represents the joint Modern Slavery statement on modern slavery for the financial year ended 30 June 2021.



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Paul Cowper  
Director  
24 December 2021.