



**FY23**

# MODERN SLAVERY STATEMENT

This statement is made in accordance with the Modern Slavery Act 2018 (Cth) reporting on the financial year commencing 1 July 2022 to 30 June 2023. It covers all activities undertaken by Guzman y Gomez (Holdings) Ltd and its subsidiaries<sup>1</sup> (collectively the GYG Group).

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<sup>1</sup> As at 30 June 2023, GYG's Australian subsidiaries are Guzman y Gomez Franchising Pty Ltd, Guzman y Gomez Restaurant Group Pty Ltd, Guzman y Gomez Leasing Pty Ltd, Guzman y Gomez Pty Ltd; and its American subsidiaries are Guzman y Gomez Corp, Guzman y Gomez Naperville LLC and Guzman y Gomez Willowbrook LLC.

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CRITERION	REFERENCE IN THIS STATEMENT
Identify the reporting entity	Title (p 0)
Describe the reporting entity’s structure, operations and supply chain	About GYG (p 2-4)
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)	Collaboration and governance (p 5)
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Risk assessment (p 6)
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	Actions taken in FY23 (p 11)
Describe how the reporting entity assesses the effectiveness of these actions	Measuring the effectiveness of our actions (p 13)
Provide any other relevant information	Future initiatives (p 14)

# CEO MESSAGE

**Guzman y Gomez (GYG) is on a mission to re-invent fast-food and change the way the world eats. We have always taken pride in our social responsibility to serve fresh, clean food using only the best quality ingredients from our suppliers.**

At GYG we will never compromise on our people or our food. This ethos has been with us since day one. We will always ensure that we are putting people first and this includes our GYG team, franchise partners, our suppliers and their staff. Across the full GYG network we are committed to the rightful treatment of people.

We source only the best ingredients, equipment, packaging and products locally and globally. We believe in the sustainable construction of our restaurants which then bring GYG's fresh fast food and Mexican culture to life. Across our entire supply chain, we conduct due diligence processes which assess suppliers and ensure we do what we can to minimise the risk of supporting modern slavery both locally and globally.

Modern Slavery can only be ended through collaboration and education. This year GYG focused on increasing awareness of modern slavery as an issue to our GYG internal networks and suppliers and what we can do as a business to minimise the risk to all people.

I am proud to publish our third Modern Slavery statement. As we continue to do our due diligence to understand risk factors to our business, Guzman y Gomez will refine our approach and goals.

This statement was approved by the Board of Guzman y Gomez.



**Steven Marks**  
Guzman y Gomez, Founder and co-CEO



# ABOUT GYG

The GYG Group operates a Mexican fast-food chain under the name “Guzman y Gomez Mexican Kitchen”, founded and headquartered in Sydney, Australia.

In FY23, we grew to 194 restaurants across Australia, Singapore, Japan and the United States of America (USA). Our restaurants are a combination of corporate owned (58 restaurants) and franchise (136 restaurants).




**Australia** 171  
**Singapore** 16

**Japan** 4  
**USA** 3

  
194 restaurants

  
3,600+ direct employees  
6,800+ Indirect employees

  
38m+ transactions

  
26 net new  
restaurants in  
the year

  
500+ active  
suppliers



# OUR OPERATIONS

**GYG operates within corporate run restaurants as well as franchised restaurants through a licensing agreement. All restaurants receive fresh ingredients throughout operations and prepare menu items fresh every day.**

Our restaurant crew are vital to our operations and receive extensive training to ensure the right procedures are followed. The restaurants are all supported by head office teams including finance, sustainability, supply chain, people experience, operations, marketing, technology, real estate and legal.

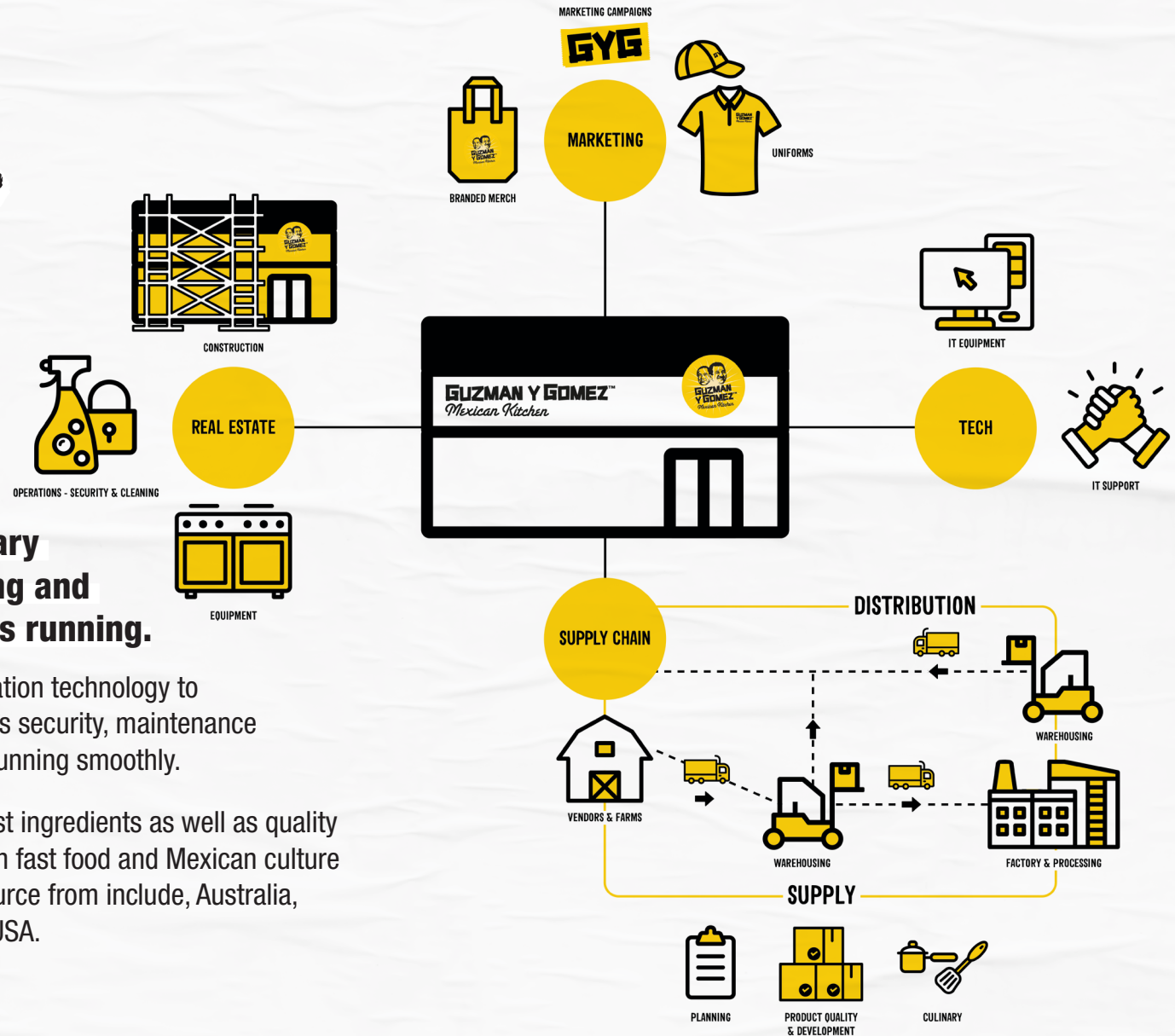
Across Australia and the USA we directly employ 3,600 people and have 6,800 people working in our franchise restaurants.

# OUR SUPPLY CHAIN

**Our supply network includes primary producing, processing, warehousing and distributing to keep our restaurants running.**

It also includes construction, design and information technology to create the great spaces we operate in, as well as security, maintenance and cleaning to make sure the restaurants are running smoothly.

We source from a variety of suppliers for the best ingredients as well as quality restaurant construction and design to bring fresh fast food and Mexican culture to our restaurants. The primary countries we source from include, Australia, New Zealand, Mexico, China, Malaysia and the USA.





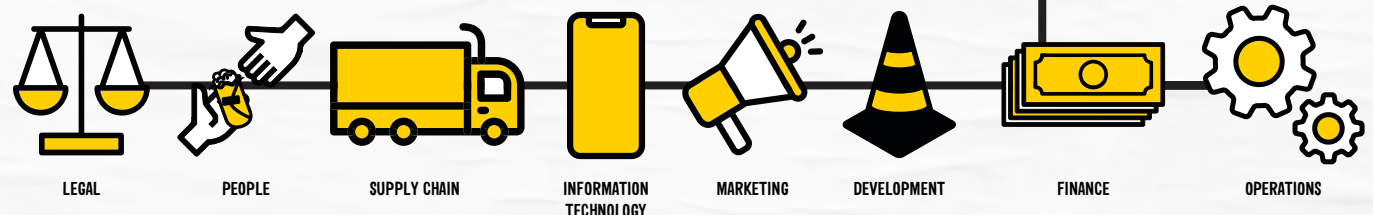
# COLLABORATION & GOVERNANCE

**Through the Modern Slavery Working Group, collaboration was expanded throughout our business including with our franchisees and key suppliers.**

During the year, opportunities were explored for new supplier onboarding software and in-restaurant e-auditing capabilities with relevant suppliers. Representatives from GYG also participate in the National Retail Association's Sustainability and ESG committees where modern slavery is a topic of discussion.

The working group meets every 4-6 weeks to update on progress and seek support and input for key initiatives. The Steering Committee meets every quarter to approve any policies or processes designed by the working group and

assess the effectiveness of the actions being implemented. The Board also meet quarterly and are provided with updates on progress as well as a dashboard with key metrics tracked.





# RISK ASSESSMENT



## At GYG, we support progress in eradicating modern slavery in all its forms

We support the UN Guiding Principles on Business and Human Rights and respect internationally recognised human rights. Continuing our work from FY22, we broadened our risk assessment in FY23.

Continuing from prior year assessments, we continue to monitor identified risks and put processes in place to mitigate the risk to people throughout our supply chain.

# MODERN SLAVERY RISK FACTORS



## Vulnerable Populations

Migrant workers,  
base-skilled workers



## High-Risk Business Models

Labour hire and outsourcing,  
franchising, seasonality,  
aggressive pricing



## High-Risk Geographies

Conflict, weak rule of law,  
corruption, displacement, state  
failure to protect human rights



## High-Risk Categories



Services procurement, goods not  
for resale, raw materials

# DIRECT RISKS

**KEY**





-  Vulnerable Populations
-  High-Risk Business Models
-  High-Risk Geographies
-  High-Risk Categories







Through our risk assessment, we assessed our operations across the four risk factors and identified both direct and indirect risks of modern slavery as set out on the following pages.

CATEGORY	RISK FACTOR	INHERENT RISK
<b>Branded and unbranded goods not for re-sale</b>	   	Company merchandise can be sourced from high-risk geographies with weak labour laws, lack of freedom of association or a living wage. This creates reputational risk if items manufactured are found to be associated with modern slavery practices.
<b>Cleaning</b>	  	Cleaning services are also performed through base-skilled labour and tend to employ vulnerable populations. Cleaning companies often have high-risk business models to remain competitive.
<b>Contracting and IT services</b>	  	The use of contractors and sub-contractors to provide services, increases the risk of modern slavery as the agency may take advantage of the person being hired by paying them less than agreed with GYG or not ensuring safe working conditions.
<b>IT equipment</b>	  	The raw materials sourced for the manufacturing of IT Equipment are primarily from high-risk geographies.
<b>Security</b>	  	Security services are performed through base-skilled labour, often obtained through sub-contracting arrangements, increasing the risk of modern slavery.

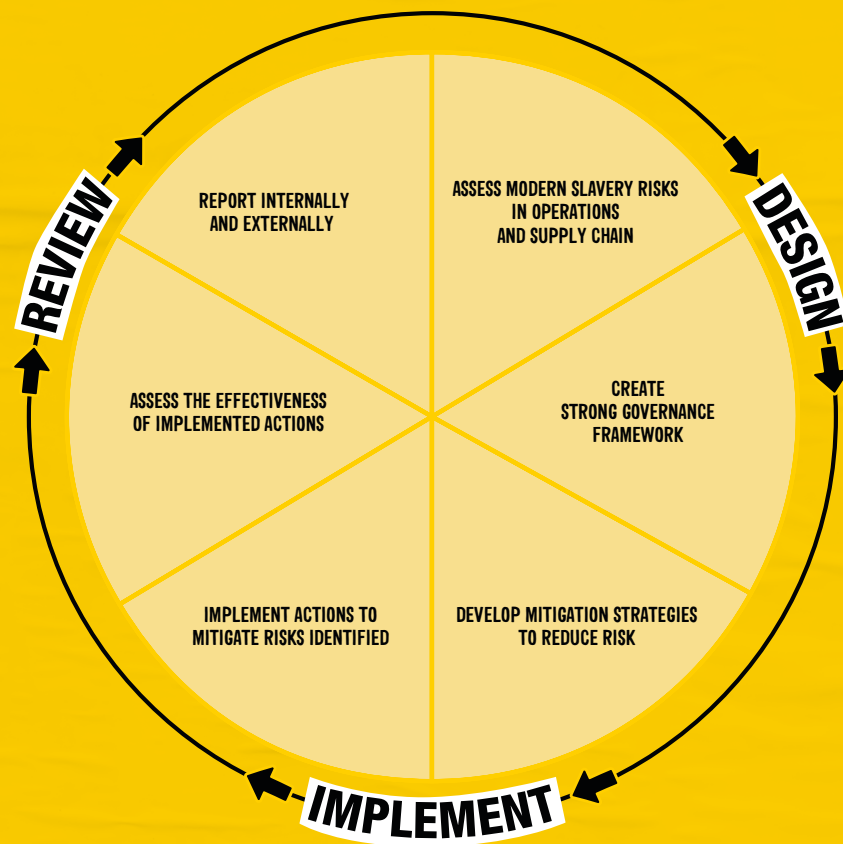


# INDIRECT RISKS THROUGH OUR SUPPLY CHAIN

CATEGORY	RISK FACTOR	INHERENT RISK	WHAT DOES THIS MEAN FOR US?
<b>Base-skilled processing and packaging labour</b>		Processing and packaging of products of uses base-skilled labour and sometimes seasonal migrant labour, depending on the product, creating an increased risk of modern slavery.	GYG deals with reputable suppliers with relevant certifications and has access to all manufacturing and packing facilities to verify compliance with our policies should the need arise.
<b>Cleaning</b>		Cleaning services are also performed through base-skilled labour and tend to employ vulnerable populations. Cleaning companies often have high-risk business models to remain competitive.	GYG sources cleaning services from a variety of suppliers.
<b>Coffee and cocoa</b>		Coffee and cocoa are sourced from regions where there are known associations with child labour.	Coffee and cocoa used in products on our menu are sourced from areas with modern slavery risk.
<b>Construction labour</b>		Construction provides often seasonal work, base-skilled labour and third-party labour hire, heightening the risk of modern slavery. Often migrant labour is exploited through this type of employment.	GYG engages with construction contractors via a third-party for all new restaurants.

CATEGORY	RISK FACTOR	INHERENT RISK	WHAT DOES THIS MEAN FOR US?
<b>Construction materials: bricks, cement, ceramics, glass, paint, piping, rubber, steel, tiles, timber</b>		Many of the materials used in construction come from regions with increased risk of modern slavery.	All construction materials used in our restaurants are sourced through construction contractors.
<b>Direct sourced seasonal fruit and vegetables</b>		The seasonality and short-term nature of the work required to pick fruit and vegetables attracts migrant workers who may be exploited if they do not know their rights in Australia.	GYG uses a third-party supplier who sources directly from farms as well as from fruit and vegetable wholesale markets in each metropolitan area around Australia.
<b>Franchisees</b>		Franchising creates an opportunity for alternative processes that are out of the direct control of GYG.	All franchisees operate under the Master Franchise Agreement that require them to operate to the high standards set by GYG. The majority of franchisees are not large enough to reach the Act's reporting threshold of \$100 million annual consolidated revenue. One major franchisee does publish modern slavery statements in compliance with the Modern Slavery Act 2018 (Cth), providing information on their detailed approach to reducing the risk of modern slavery in their operations and supply chain.
<b>Manufactured products: HVAC, electrical</b>		Producing more intricate electrical products requires multiple components. This leads to cascading and inter-related supply chains in their procurement.	GYG purchases HVAC and other electrical products from Australian suppliers.
<b>Ports, truck drivers</b>		Ports and delivery services can lead to subcontracting arrangements increasing modern slavery risk.	GYG uses a third-party warehouse to distribute products to our restaurants.
<b>Security equipment installation and maintenance</b>		Security, installation and maintenance services are performed through base-skilled labour, often obtained through sub-contracting arrangements, increasing the risk of modern slavery.	Security and equipment installation and maintenance contracts are coordinated through a third-party provider with strict due diligence procedures for corporate restaurants.

# ACTIONS TAKEN IN FY23



**In FY23, GYG’s Modern Slavery Working Group collectively worked to implement actions to mitigate risks and, where necessary, obtained approval from GYG’s Modern Slavery Steering Committee to ensure a robust approach.**

In FY23, we undertook the following actions to meet our commitments and make progress from prior years:

## DESIGN

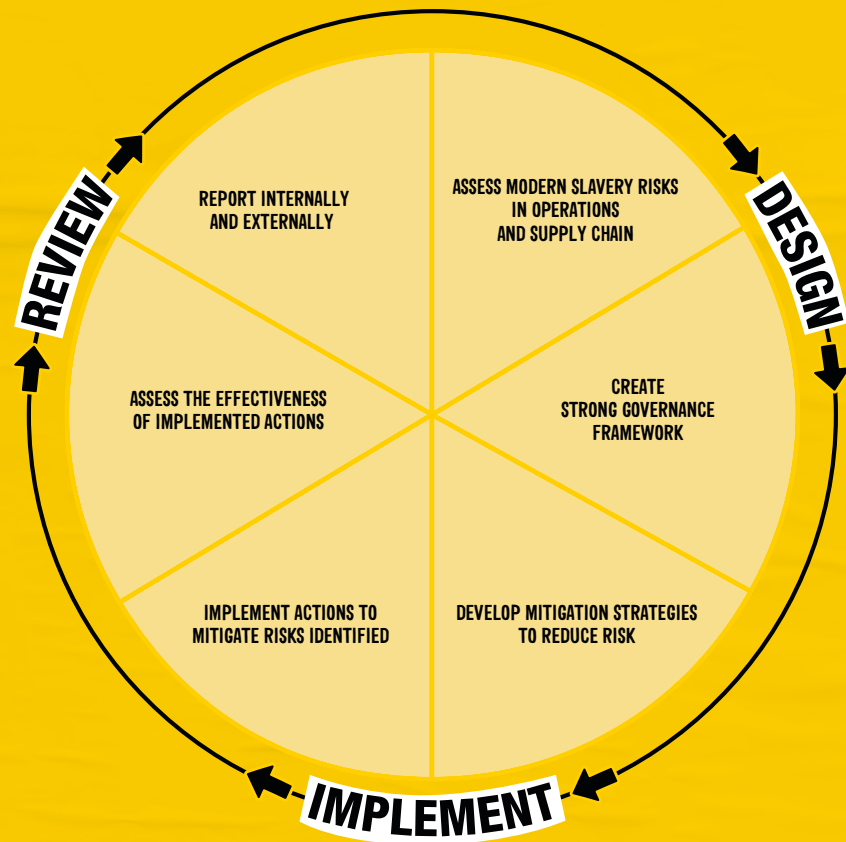
- Updated GYG’s Modern Slavery Policy to align to our strengthened commitment to incorporating human rights into broader business decisions.
- The Modern Slavery Working Group and Modern Slavery Steering Committee met 7 and 3 times respectively throughout the year to broaden GYG’s approach.

## IMPLEMENT

- Continued to incorporate modern slavery contract clauses into new and renewed contracts.
- Developed supplier due diligence questionnaire for all suppliers to complete, starting with those assessed as high risk.
- Sent due diligence questionnaire to suppliers identified as high risk across the property, food, beverage and agriculture sectors.
- As of 30 June 2023, 16 of the 25 high risk suppliers completed the due diligence questionnaire.
- Reviewed responses received and followed up and facilitated improvements where required.
- Developed and delivered tailored training to franchisees, providing information on risks that may be connected to their business as well as questions to ask and key things to consider.



# ACTIONS TAKEN IN FY23



## IMPLEMENT (cont.)

- Continued the development of our national child employment framework through the enhancement of state-based guidance.
- Developed tailored training for teams with heightened risk of modern slavery including, marketing, IT, supply chain and property.
- Progressed the development of an internal guidance note to support teams to identify risks

and to conduct and assess supplier discussions.

- Updated GYG's time and attendance system to automatically restrict the working hours for minor employees, which blocks a roster when the working hours are in breach of the limitations imposed in each State and Territory.
- Developed a coffee blend using Rainforest Alliance certified beans.

## REVIEW

- Published the second GYG Modern Slavery Statement in December 2022.
- Key metrics are tracked and reported to the Board quarterly, including training attendance, contract clauses and due diligence questionnaire responses

# MEASURING THE EFFECTIVENESS OF OUR ACTIONS

**The actions implemented across GYG to date have been monitored to understand if they are fit for purpose.**

This enables us to make adjustments where actions are not leading to real change. Through our training sessions, which were delivered through facilitated sessions, we have created dialogue with our employees and franchisees, enabling them to consider the risk of modern slavery in their day-to-day work. Our supplier due diligence approach has initiated many conversations with suppliers on this important topic. This has resulted in broader considerations for some suppliers and has so far demonstrated a willingness for improved practices to reduce the risk to people. We also noted that no instances were raised through our whistleblower procedure, which we will review to consider any necessary changes that will encourage stakeholders to engage in the process.

During the year, we tracked key performance indicators (KPIs) to measure our effectiveness, these include the number of head office employees as well as franchisees attending sessions focused on modern slavery, contracts that include modern slavery clauses and response rate of due diligence questionnaires. Our performance for FY23 is outlined in the KPI dashboard below.

KPI DASHBOARD	FY22	FY23
Head Office employees who attended training	17%	32%
Franchisees who attended training	<1%	64%
Overall contacts with Modern Slavery clauses	1	7
Responses to due diligence questionnaire	n/a	16



# FUTURE INITIATIVES

**At GYG, we are continually looking for ways to improve, and will explore further actions and initiatives to support in FY24.**

As the legislation continues to evolve, we will ensure GYG's approach is in line with amendments to the Act and broader industry expectations. Specifically, we will focus on:

## DESIGN

- Broaden our risk assessment to identify risks for broader supply chain
- Continue to meet regularly with working group to identify opportunities for improvement

## IMPLEMENT

- Develop content for franchisee onboarding pack
- Continue to develop our national child employment framework
- Ongoing development and delivery of training for employees
- Continue to embed our supplier due diligence approach

## REVIEW

- Monitor the effectiveness of previous and new measures in place
- Continue to report regularly (quarterly) into the Board