

KENTUCKY FRIED CHICKEN (GREAT BRITAIN) LIMITED MODERN SLAVERY STATEMENT 2017/2018.

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by KFC and other relevant group companies ("KFC") from May to December 2017 and January to December 2018 to prevent modern slavery and human trafficking in its business and supply chains.

Our previous Modern Slavery Statement can be found here: [2016/2017 Statement](#)

Our Organisation

KFC was introduced to Britain in 1965, when our first restaurant opened in Preston. There are now around 950 KFCs in the UK and Ireland and over 27,500 team members employed by the business. KFC started with one cook who created a soon-to-be world-famous recipe more than 70 years ago, a list of secret herbs and spices scratched out on the back of the door to his kitchen. That cook was Colonel Harland Sanders, of course, and now KFC is the world's most popular chicken restaurant chain. There are over 21,000 KFC outlets in more than 130 countries and territories around the world. KFC is operated on a part equity, part franchised model and as of December 2018 98% of KFC restaurants are franchise operated.

KFC is part of Yum! Brands, Inc. ("Yum! Brands"). Yum! Brands based in Louisville, Kentucky has over 43,500 restaurants in more than 135 countries and territories. In 2018, Yum! Brands was recognized as part of the inaugural Bloomberg Gender-Equality Index and ranked among the top 100 Best Corporate Citizens by Corporate Responsibility Magazine. In 2017, Yum! Brands was named to the Dow Jones Sustainability North America Index.

At KFC, we're determined not to tolerate the presence of modern slavery of any kind within our business or our supply chain. We have a corporate and personal responsibility to look for the risks, however small.

Our Business

KFC is committed to conducting its business with the highest degree of integrity. We assure the quality of our products and wellbeing of the people working in our restaurants and supply chain by maintaining a close stable relationship with our franchisees and our suppliers; managing performance and continuous improvement of quality, service, cost, innovation and risk management. We understand that modern slavery - whether slavery, servitude, trafficking or forced labour, is a continual and growing global issue that can be found especially in the agri-food sector in which we operate.

As a business we ensure that we comply with all applicable wages, benefits and hour laws and regulations, including those relating to minimum national legal standards or industry benchmark standards, overtime and maximum hours, pay fair wages in line with the norms for the industry and market and not require anyone to work excessive hours, particularly where this might impact personal health or safety; overtime shall be voluntary

Each and every one of our employees has a duty to report any practice they're worried about so that we can take steps to stop it happening, wherever it may exist in our operations and supply chain. We know that this can be personally challenging so we've provided and publicise a completely confidential helpline called "Speak Up" to encourage our employees to whistle-blow in safety. KFC employees are expected to report any suspicions or wrong doing in this way and management are expected to act upon such concerns. Within each department, KFC is able to clearly and quickly identify who is able to respond to such concerns and who is responsible for ensuring compliance with modern slavery practices.

Our Policies and Our Supply Chain

"Core Suppliers" means suppliers of items that form part of our menu offering across Western Europe: Chicken, Fries, Buns, Tortillas, Beverages, Seasonings, Sauces and Packaging; this represents 80% of our food and packaging suppliers.

"Non-Core Suppliers" means suppliers of limited time offer products and products specific to each of the markets in Western Europe.

At KFC we have a range of policies that together constitute KFC's Modern Slavery Policy. These policies include our Supplier Code of Conduct, our Sourcing Code of Practice and our Anti-Bribery Policy.

We offer a number of education programmes, such as apprenticeships, so we also have a Safeguarding Policy and Safeguarding Officer, whose role is to safeguard our minors and vulnerable adults against any inappropriate behaviour.

Employees are subject to a Business Conduct & Ethics Policy, including the Business Code of Conduct. This includes conduct in relation to:

- Bribery
- Fair treatment of customers and suppliers
- Gifts and conflict of interest
- Honesty
- Harassment
- Bullying
- Corruption

KFC has an annual compliance training programme in relation to anti-bribery and the Business Code of Conduct. We are proud of our training standards, and we are currently assessing our compliance training programme to see if there are any further improvements we can make.

We know that our employees are crucial to helping ensure that modern slavery is removed from our operations and supply chain. We also believe that this should extend to our supply chain, which is why all of our Core and Non-Core suppliers are contractually obliged to comply with our policies.

Since our last statement in 2017 we have issued the Sourcing Code of Practice to all of our Core Suppliers. Our Sourcing Code of Practice requires as a minimum, a high standard of compliance with internationally agreed standards of labour, applicable national laws and a commitment to work to continually improve workplace and employment standards. It sets out defined social, ethical and environmental standards we require suppliers to follow as part of their agreement to supply KFC. The Sourcing Code of Practice also extends to all employees of those suppliers including contractors, temporary workers and other non-permanent staff, including any agency workers.

All Core suppliers to KFC must comply with the Sourcing Code of Practice wherever they are based. KFC will only work with suppliers that share KFC's values and uphold internationally agreed standards on human rights and labour.

As part of their contract with KFC, suppliers are expected to establish management systems for delivering compliance and to maintain records demonstrating this. KFC expects suppliers to maintain written records that all sub-contractors and companies in their own supply chain which are in any way involved with KFC products, are provided with the Sourcing Code of Practice and confirm, in turn, their compliance.

KFC works with its suppliers to ensure that they provide employment that is freely chosen and that they have in place policies, systems, risk assessment, training and measurement to ensure no forced labour or slavery exists. We also require that they allow employees the freedom to associate, organise and join a trade union (or collective bargaining group acting for them) in a lawful and peaceful manner without penalty or interference. We also factor this into our pricing strategy to ensure that suppliers and franchisees are not incentivised to use cheaper slave or bonded labour.

Ultimately, by working with our suppliers, our goal is to find ways to make a positive difference across our supply chain, from the grower or farmer right up to the team members in our restaurants. This is an ambitious and complex goal but we believe that through robust policies and procedures and strong supplier relationships we can drive a high standard of labour practices.

The KFC Foundation

The KFC Foundation (previously known as the Add Hope Foundation) was established in September 2015 and has since made grant payments in excess of £3 million. The KFC Foundation makes grants to support charities to give young people a safe social space, mentoring, work programmes and social skills. This aligns strongly with our business values, expertise and team member and guest demographics. We currently support fifteen regional charities who were voted for by our restaurant teams. The charities that are supported by the Foundation are small grass roots charities, who in many cases, work with the most vulnerable young people in their community. They share our passion for nurturing and developing young people to help them reach their full potential. In 2019 we established a partnership with Comic Relief, who also share our values and have been supporting organisations in the UK to bring about social change for over thirty years. We are working with them to fund a number of projects here in the UK that provide safe

social spaces, mentoring and work and social skills, with an aim to raise £3million over the next three years.

Due Diligence, Risk Assessment and Management

We recognise the importance of being fully aware of the ethical and social practices and any associated risks in our supply chain. To ensure this, we undertake independent and third party audits of suppliers' sites and thorough self-assessment questionnaires. We also require all suppliers and any raw material producers supplying Core Products to KFC in Western Europe to register with SEDEX and complete the required risk assessment tools and audits. SEDEX is an ethical data exchange which ensures that ethical standards are monitored and measured, and best practice is shared across the industry. This allows us to focus on the areas of greatest risk and greatest potential benefit, and to work co-operatively with our suppliers to mitigate the risk and maximise the benefits.

All of our Core Suppliers are required to register with SEDEX and complete Self-Assessment Questionnaires ("SAQs"). We then use SEDEX to review the SAQs to enable us to make a risk assessment of suppliers. This risk assessment tool provides a modern slavery risk rating for each supplier facility that we then use to determine whether we need to carry out any third party audits. Third party audits provide us with a neutral, unbiased and factual report that we then use in conjunction with the SAQs to provide a big picture review of the supplier.

The SAQs collect data across four key pillars:

- Labour Standards: includes questions on wages, working hours, children and young employees, freedom of association, non-discrimination, forced labour and human rights. This forms the basis of the data used for the modern slavery risk assessment rating.
- Health & Safety: includes questions on management, training, emergency and fire safety, and worker health.
- Environment: includes questions on environmental management, waste, raw materials, water, energy and pollution.
- Business Ethics: includes questions on bribery and corruption.

The risk assessment tool helps us to prioritise those suppliers who need to make further improvements so we can help them to provide better working rights and conditions as appropriate.

While we are confident that our internal centralised human resources processes for recruitment minimises the risk of modern slavery or human trafficking taking place within KFC itself, our supply chain relies on our suppliers' good ethical business practices. Open communication with our suppliers is critical for identifying and resolving any supply chain issues so that together we can respond rapidly and fully to ethical issues.

Our supply chain teams have a duty to report any suspicions of poor supplier ethical behaviours immediately.

KFC has processes for the sourcing and management of our suppliers in order to minimise risk to our brand, the environment and the communities that our restaurants and supply chains impact. We carefully select our Core Suppliers, developing long term relationships with them that gives us the confidence that a

global brand like KFC demands in its supply chain. We are aware that parts of our supply chain are predominately resourced with a seasonal, low paid, unskilled workforce and that these industries can be at risk from the exploitation of workers and modern slavery. Whilst we are confident that our sourcing practices minimise this risk, particularly in relation to our Core Suppliers, we know that risk can only be reduced if we are continually vigilant and demanding on our supply chain. In any instances where we feel there is unacceptable risk, we will contact our suppliers in writing, reminding them of our values and ethical standards, and reiterating the expectations we have when working with them. We contractually reserve the right to audit our Core and Non-Core Suppliers if the need arises.

All of our Core Suppliers are contractually obliged to be able to trace food and paper products all the way back through the supply chain to the raw material origins. This can often be a complex matrix of multiple tiers of suppliers and facilities but we are confident that our Core and Non-Core Suppliers can trace their products all the way back through every facility employing a work force. We expect our Core and Non-Core Suppliers to have full details of each facility within their supply chain and provide us with the details should we wish to engage a third party to perform an ethical audit.

Where a supplier is found to be involved in modern slavery this would be considered a material breach of contract with KFC. KFC would notify the supplier of this finding with a view to investigating the concern. The supplier would be expected to conduct a self assessment of their business practices and submit the self assessment results to KFC for approval. Depending on the self assessment results, the supplier may be recommended for an independent third party audit. If the supplier is using modern slavery and forced labour, the supplier would then be expected to create a plan to eradicate such conduct and instead move to ethical standards of labour. KFC would then work with the supplier to provide support to achieving the objectives of the plan. As a last resort, if the supplier continued to use unethical standards despite any intervention from KFC, KFC would not continue the commercial relationship with the supplier.

Our Previous Commitments and Achievements

In 2017, we committed to:

•Issue and implement the Sourcing Code of Practice

We have issued and implemented the Sourcing Code of Practice to all of our Core Suppliers.

•Commence the mapping of our Core and Non- Core Suppliers

We have completed mapping for all of our Core Suppliers and commenced mapping for our Non-Core Suppliers.

•Complete the SEDEX risk assessments on all our Core Suppliers

We have completed SEDEX risk assessments on all of our Core Suppliers.

•Ensure that we have no high risk suppliers within our Core Suppliers

Through our compliance tools and processes, we can confirm that all of our Core Suppliers are low risk.

•Have a clear roadmap to 100% low risk Core Suppliers

We have achieved 100% low risk Core Suppliers and a clear roadmap to maintain this.

•Complete risk assessments on Non- Core categories in our supply chain that we consider to be high risk

We have completed risk assessments on our Non-Core categories in our supply chain that we consider to be

high risk.

What Comes Next

In 2019, we will:

- Consider a process to identify 'next steps' for KFC's modern slavery compliance programme.
- Incorporate modern slavery awareness training in our compliance training programme.
- Extend the use of SEDEX to all of our Non-Core Suppliers.
- Review our current levels of effectiveness to increase stakeholder engagement and awareness of modern slavery.
- Assess our salary benchmarking practices in restaurant roles to ensure that we are paying fair according to the location of the role.

This statement has been approved by the board of directors of Kentucky Fried Chicken (Great Britain) Limited.

Signed



Paula MacKenzie

General Manager, Kentucky Fried Chicken (Great Britain) Limited

March 2019

[This statement sets out the steps taken by Kentucky Fried Chicken (Great Britain) Limited and its subsidiary company KFC Advertising Limited both of which fall within the scope of section 54(2) of the Modern Slavery Act 2015 and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.]

HELP

Contact Us

FAQS

[Take our survey](#)

DISCOVER KFC

[Nutrition](#)

[Halal](#)

[Jobs at KFC](#)

[Franchise](#)

[Developments](#)

LEGAL

[Privacy](#)

[Your KFC Data Explained](#)

[Gender Pay Gap Report](#)

[Terms & Conditions](#)

[Tax Strategy](#)

[Modern Slavery Act](#)

GET THE APP



FOLLOW US



©2019 KFC. ALL RIGHTS RESERVED.