



KFC WESTERN EUROPE ETHICAL SOURCING POLICY

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Version 05

Our vision

We acknowledge the responsibility we share with our suppliers to further improve the rights and welfare of workers and any community who produce products and ingredients for KFC.

Our ambition is to work with our suppliers to ensure best ethical business practice and we will therefore only work with those who share our values and uphold welfare legislation and internationally agreed standards on human rights and labour, most notably the Universal Declaration of Human Rights as a minimum. The required standards we set out here are consistent with the internationally agreed conventions and recommendations of: the eight core International Labour Organisation (ILO) conventions and recommendations on workers' rights; the United Nations Guiding Principles on Human Rights; the Ethical Trading Initiative (ETI) Base Code; the ETI Base Code Guidance on Modern Slavery; and local legislation in the Western European KFC markets such as the UK Modern Slavery Act

Scope of the Policy

All suppliers to KFC Western Europe must comply with the Ethical Sourcing Policy [the Policy] wherever they are based. The Policy sets out the minimum, not maximum, defined ethical and social standards required as part of supplier agreements to supply KFC. We are committed to partnering with our suppliers to deliver continuous improvement to further drive up standards and the Policy should not be used to prevent any suppliers from exceeding these standards.

Implementation of the Policy

As part of their contract with KFC, suppliers are expected to establish management systems for delivering compliance and to maintain records demonstrating this. Suppliers must take appropriate steps to ensure that: the Policy is communicated to all relevant employees; there is regular engagement with relevant management teams about the need for compliance; appropriate training on the Policy is provided to key employees; processes and systems are in place to provide means for workers to report or discuss noncompliance confidentially.

KFC expects any non-compliance to be reported by our supplier so that we can work together to create a time-measured plan to correct the situation as quickly as possible. However, we recognise that local socio-economic and cultural factors might impact the implementation of the Policy and where such complexities exist, we require suppliers to engage with us immediately in order for both parties to develop the most appropriate programme to ensure compliance.

Our focus is on where we can make a difference and have greatest impact. As such, KFC expects their direct suppliers to provide due diligence records of the controls that they have in place within their own supply chains who are in any way involved in the production of KFC products. These records must meet the requirements of the Policy throughout. Suppliers are also required to permit KFC representatives (including third party auditors) access to supplier documentation, management and workers to determine compliance and progress against the Policy.

KFC aims to be transparent with our stakeholders on our ethical performance and would encourage our suppliers to do likewise.

The UK Modern Slavery Act 2015 requires companies to provide information on their steps to eliminate human trafficking and slavery in their supply chain as well as anti-slavery risk management and actions. For those companies who have a turnover of over £36 million, they are required to publish a Modern Slavery statement for each financial year. This statement must comply with all government guidelines, as set out in section 54 of the Modern Slavery Act, and it has to be signed, dated, and published. The Policy is an integral part of this requirement.

We also require our suppliers to comply with the French Law on the Corporate Duty of Vigilance and the German Supply Chain Due Diligence Act.

1. Supplier Requirements

Human rights

We require our suppliers to treat workers fairly, honestly and have respect for their basic human rights and wellbeing. All suppliers to KFC must comply with applicable national laws in the countries in which they operate and where the provisions of the law and the Policy address the same subject, the provision which affords the greater protection should be applied.

We support the Ethical Trading Initiative (ETI) Base Code of Conduct which promotes and improves the implementation of corporate codes of practice which cover supply chain working conditions. This sets out the labour standards we expect our suppliers to meet. It covers fair terms of trading, child protection, worker health and safety, equal opportunities, freedom of association, freedom of employment, hours of work, and wages.

Labour Standards

As a minimum, we expect all suppliers to uphold internationally agreed standards of labour, comply with applicable national laws, and work to continually improve their workplace and employment standards. The Policy applies to all employees including contractors, temporary workers and other non-permanent staff, including agency workers.

Health & Safety

We expect suppliers to provide employees with a safe and hygienic working environment including regular and recorded health and safety training, with responsibility for health and safety assigned to a senior management representative. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work. Suppliers should, as far as is reasonably practicable, minimise the causes of hazards inherent in the working environment. We encourage our suppliers to continually seek to improve health and safety standards to prevent accidents and injuries to their employees.

Anti-Bribery

Suppliers are expected to have in place clear, publicly available commitments to work against corruption and bribery in all its forms. We expect all suppliers to KFC to comply with all applicable local and international laws (including EU import legislation), and to meet or exceed relevant regulations and industry standards. Where standards differ, the standard which offers the greater degree of protection and ethical standard will apply. Suppliers will at all times comply with the UK Bribery Act and the US Foreign Corrupt Practices Act and not act in any way that would put KFC in breach of these laws or any other anti-bribery laws.

Bribery and improper payment

KFC will not condone, under any circumstances, the offering or receiving of bribes or any other forms of improper payment, including what are known as 'facilitating payments.' Even the appearance of a breach of anti-bribery or anti-corruption laws will not be tolerated by KFC.

Gifts and entertainment

The giving and receiving of gifts have a role to play in establishing and building long term business relationships. However, they should never create improper influence or obligate the recipient. Suppliers must note that KFC employees should not provide or accept excessive or inappropriate entertainment and

must only ever offer or accept occasionally. Every KFC employee is obligated to record all such events and seek authority before the giving or receiving of any gifts or entertainment.

Conflicts of Interest

KFC employees and suppliers should avoid situations where any conflict of interest may occur and are obligated to inform KFC when and if such a conflict may represent any risk to either business.

Competition, anti-trust

All KFC suppliers must comply with all anti-trust and competition laws which apply to our business.

Monitoring and SEDEX

SEDEX is an ethical data exchange which ensures that ethical standards are monitored and measured, and best practice is shared across the industry.

We require all suppliers supplying KFC in Western Europe to register with SEDEX and to follow those steps :

SEDEX platform	
Scope	All factories that are supplying food and packaging products to KFC Western Europe All slaughterhouses for poultry suppliers Marketing Desk / Agent's supplier
Company and sites registered on SEDEX and give KFC WE full access rights	Yes
Self-Assessment Questionnaire (SAQ) completion 100%	Yes
Review of the SAQ	Annually

We can potentially accept alternative ethical scheme registration, but only recognizing AMFORI-BSCI or Ecovadis organisation. In that case, a specific request should be sent to KFC Western Europe Sustainability team.

Summary

The Supplier must:

- Meet all internationally agreed standards on human rights and labour, comply with applicable national laws, and work to continually improve workplace and employment standards. It must comply with its obligations under Modern Slavery / Due Diligence laws
- Purchase and maintain up to date membership through Sedex annually, and provide KFC transparency of all applicable risk assessments and audits.
- Provide Employment that is freely chosen, there is no forced or bonded labour and employees are free to leave their employer after reasonable notice. Have in place policies, systems, risk assessment, training and measurement to ensure no forced labour or slavery exists.
- 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.
- Maintain a safe and hygienic working environment with regular training and adequate steps taken to prevent accidents and injury and provide access to protective equipment and safety training to mitigate known hazards or potential risks.
- Child labour shall not be used, and no one under 15 shall be employed (or higher if stipulated by local labour law).

- Comply with all applicable wages, benefits and hour laws and regulations, including those relating to minimum national legal standards or industry benchmark standards, overtime (which should be on a voluntary basis) 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.
- No recruitment fees or related costs (e.g. for training, uniforms) should be charged to or borne by workers.
- Treat employees fairly and not discriminate in hiring, compensation, access to training, promotion, termination or retirement based on gender, race, religion, disability, age, sexual orientation, caste, union membership or political affiliation, marital status, social ethnic or national origin.
- Treat all employees with dignity and respect, not ever harass, abuse or threaten any employee through physical abuse, discipline, threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation or coercion.
- Have in place a clear public commitment to working against bribery and corruption in all its forms, comply with all applicable local and international laws, including EU import legislation, UK Bribery Act and US Foreign Corrupt Practices Act.
- Take appropriate steps to ensure that: The Policy is communicated to all relevant employees, suppliers, contractors and agents; there is regular engagement with relevant management teams about the need for compliance; and appropriate training on the Policy is provided to key employees.
- Ensure workers have knowledge of their rights and the ethical standards required to protect the provisions of the Policy and are able to report any issues confidentially and without detriment to a designated person/committee.
- Report any non-compliance to the Policy to KFC immediately
- Maintain on site all documentation that may be needed to demonstrate compliance with the Policy and allow KFC to engage in monitoring activities to confirm compliance.
- Annually undertake reasonable steps to assess and investigate its labour practices, and those of its Personnel, their subcontractors, and third-party suppliers, to ensure that there is no Modern Slavery used anywhere in its operations or supply chain, or in the operations or supply chain of any of its Personnel and their subcontractors and direct suppliers;
- Put in place reasonable processes, procedures and compliance systems to ensure that it can comply with its obligations under this clause and to prevent Modern Slavery occurring in its operations and supply chain;
- Take all reasonable actions and investigations to continue to comply with its obligations under this clause

The Supplier acknowledges that all costs of compliance (including membership costs of Sedex) are for the Supplier's own account.

2. KFC Implementation Commitments

KFC are committed to ensuring that the requirements of this Policy are fully implemented by undertaking the following:

- Provide appropriate training on this Policy to all key employees
- Communicate this policy to all direct suppliers and make it publicly available.
- Undertake a supply chain risk assessment to identify and prioritise suppliers and products with higher social, ethical and environmental risk across all purchasing categories.
- Commence active supplier engagement in higher risk areas to understand their compliance status and issues that will act as a barrier to mitigation and to promote and support their compliance with this Policy.
- Develop and communicate to our employees, our suppliers and within our public reporting, our strategy for future development and monitoring of supplier compliance with this Policy.
- Review and revise this Policy on an annual basis.
- Report on progress in improving social, ethical and environmental standards both internally and externally.