



MODERN SLAVERY ACT 2018 MODERN SLAVERY STATEMENT FY20

NANDO'S AUSTRALIA PTY LTD and NANDO'S PERI-PERI AUSTRALIA PTY LTD
1 March 2019 to 23 February 2020

1. Nando's Introduction

This Modern Slavery Statement is provided as a joint statement under section 14(1) of the *Modern Slavery Act 2018 (Act)* for the period from 1 March 2019 to 23 February 2020 (**Statement**) for Nando's Australia Pty Ltd ACN 079 066 407 (**Nando's Australia**) and Nando's Peri-Peri Australia Pty Ltd ACN 627 885 956 (**NPPA**) (together **Nando's**).

Nando's forms part of a broader global business structure (described further in point 2 below) and we therefore operate on the South African financial year which, for the previous financial year ran from 25 February 2019 to 23 February 2020 (**Reporting Period**). Consequently, this Statement is being lodged by 21 August 2020 pursuant to Section 14(2)(f)(i) of the Act, being 6 months after the end of Nando's Reporting Period.

At Nando's we aim to ensure that, within our own business and across our supply chain, all business partners operate with respect for, amongst other things, human rights. To help achieve this, we have 5 core values and 8 core behaviours (described in detail below) that act as a guide on what it means to be part of Nando's known as our compass (**Compass**).

Core Values

- *Pride* – loving our PERi-PERi chicken and working together to succeed
- *Passion* – being positive and enthusiastic and loving what we do
- *Courage* – speaking up for what we believe in and loving a challenge
- *Integrity* – taking responsibility and keeping our word
- *Family* – listening to, supporting and respecting each other and welcoming everyone

Core Behaviours

- Never compromising on quality
- Making work fun
- Treating everyone fairly
- Showing appreciation
- Supporting the team
- Sharing knowledge
- Helping others to be their best
- Making customers happy

2. Nando's Structure, Operations and Supply Chains

2.1. Structure

Nando's Australia is a private limited (by shares) liability company incorporated in Victoria, Australia with its central support office located at 40 Mollison Street, Abbotsford VIC 3067.



NPPA is a private limited (by share) liability company incorporated in Victoria, Australia with its central support office located at Level 3, 223 Liverpool Street, Darlinghurst NSW 2010.

Nando's is part of a larger group that operates both corporate and franchised Nando's branded restaurants in South Africa, the United Kingdom, Ireland, New Zealand, Malaysia and Singapore. Further information on the global operation of the brand can be found [here](#).

The ultimate parent holding company of both Nando's Australia and NPPA is Nando's Group Holdings Limited (**NGHL**). NGHL has numerous other subsidiary companies in the group, including Nando's New Zealand Limited (4995100) which is responsible for operating the Nando's network in New Zealand which Nando's Australia exercises direct day-to-day control over.

Nando's employs approximately 1,512 full-time equivalent employees (including full-time, part-time and some casual employees) directly in Australia across both Nando's Australia and NPPA. Also, although the full-time equivalent employees in our franchise network is difficult to quantify given Nando's does not employ them directly (and are made up of numerous full-time, part-time and casual employees), we estimate that there are approximately a further 1,000 employees employed directly by our franchisees to work within Nando's franchised restaurants.

2.2. Operation

Nando's Australia operates primarily in the fast-moving consumer goods retail food industry, operating a chain of 190 fast-casual dining restaurants across Australia specialising in the retail sale of afro Portuguese flame-grilled chicken basted with Peri-Peri chilli sauce and served with various sides and accompaniments. Of the 190 restaurants operating under the Nando's brand in Australia, 67 are independent businesses operated by Nando's franchisees under franchise agreements with Nando's and 123 are operated by Nando's directly as corporate restaurants.

NPPA operates primarily in the wholesale industry, importing and selling Nando's branded PERi-PERi products for retail sale both directly from Nando's restaurants and through various supermarket supply chains, including Coles and Woolworths.

2.3. Supply Chain

Most of Nando's direct supply chain spend is with suppliers in Australia, however we do procure some goods, particularly the Peri-Peri chilli bastings and sauces, from Southern African suppliers.

Nando's Australia

In FY20, Nando's Australia engaged with more than 700 suppliers to provide goods or services directly and indirectly into our restaurants. For completion, this relates to the 123 restaurants operated by Nando's directly as corporate restaurants as in some instances Nando's franchisees may engage their own suppliers. Of the total suppliers used, we have 20 key suppliers that provide products and services directly into our restaurants and accounts for approximately 46% of our total supplier and procurement spend. In addition, a further 298 suppliers provide products and services indirectly into our restaurants which accounts for a further 14% of our total supplier and procurement spend. Therefore, approximately 60% of Nando's total supplier and procurement spend occurs with approximately 318 suppliers despite us having engaged with more than 700 suppliers in FY20. The classification of direct and indirect supply is described in Section 4 below.



Our largest category of supplier spend is on food, drink and packaging direct into restaurant. These products are then produced into Nando's meals at our restaurants and sold directly to customers for dine-in or off premise consumption. Our second largest category of supplier spend is on products and services indirect to the general restaurant operations with purchases like shopfitting, furniture, small wares, crockery, uniforms, point of sale, logistics, repairs and maintenance, waste and cleaning and security. Our remaining supplier and procurement spend is on indirect overhead costs like professional services, utilities, rent, information technology, conferences and recruitment.

When reviewing the core known 47 suppliers that provided products and services directly or indirectly into our restaurants, we identified that:

- 1 operates only in NSW with a consolidated revenue over \$50 million;
- 15 have a consolidated revenue over \$100 million;
- 19 do not manufacture or acquire goods outside of Australia or have employees or contractors based outside of Australia;
- 10 do manufacture or acquire goods outside of Australia or have employees or contractors based outside of Australia.

The classification of known and unknown suppliers is described in point 4 below.

For those suppliers who fit the last category of the above, as they do manufacture or acquire goods outside of Australia or have employees or contractors based outside of Australia, 1 of these suppliers provides products or services directly into our restaurant and 9 provide products or services indirectly into our restaurants through countries like South Africa, Poland and China.

Therefore, a large portion of our supplier and procurement spend is with suppliers based in countries, like Australia, that have a lower risk of experiencing modern slavery practices, as identified by the Global Slavery Index (**GSI**). However, there are some suppliers that fall in a higher vulnerability to modern slavery category, such as parts of South Africa and China. Whilst geography is only one factor used in assessing the overall risk of a supplier, it has been an important starting point for the business to understand its level of risk and mitigation strategies.

NPPA

In FY20, NPPA engaged with 39 suppliers to provide goods or services. Of the total suppliers used, 1 supplier is in the NGHL network, Nando's Grocery International Ltd (UK) and accounts for 79% of procurement and supplier spend. Of the remaining suppliers, each individually accounts for between only 1-6% of total procurement and supplier spend with the largest supplier of this group in the United Kingdom and largely managed directly from a global perspective by NGHL.

Our largest category of supplier spend therefore is on food products imported directly into Australia for suppliers that form part of the NGHL group. These products are then delivered to restaurants in the Nando's Australia group or authorised distributors. Our remaining supplier and procurement spend is largely on suppliers providing indirect overheads costs like logistics, packaging and marketing activities.

When reviewing our top 10 suppliers by spend we identified that they all operate out of either the UK or Australia, both having been identified as having a lower risk of experiencing modern slavery practices, as identified by the GSI. Like Nando's Australia, geography is only one factor used to assess the overall risk of a supplier, however this has been the starting point for the business to understand its supply chain.

3. Risks of Modern Slavery Practices in Nando's Operations and Supply Chains

Nando's is a diverse business with a relatively large workforce and supplier base. On scale alone, this naturally raises risks of modern slavery practices potentially being caused, contributed to or being directly linked to our operations and supply chains.

When the Act was introduced, Nando's went through a rigorous process of completing a detailed scoping and risk assessment exercise to gain further insight into the risks of modern slavery practices occurring in our operations and supply chains. To complete this exercise, Nando's established an internal project team comprising of representatives from the legal, risk, procurement, people and culture and training functions of the business for both Nando's Australia and NPPA with the aim of specifically addressing risks of modern slavery practices in its business and supply chain (**Project Team**).

Ultimately the process that the Project Team went through, which was supported by direct oversight from Nando's leadership team, highlighted that we are most at risk of either contributing to, or being directly linked to, modern slavery practices in our supply chains, rather than causing modern slavery practices directly ourselves. This is because, whilst Nando's has a relatively large workforce, these employees are all employed in Australia directly by Nando's and are not within the highest-risk sectors and industries identified by the GSI, like the fishing industry and cocoa agriculture. In addition, Nando's has a strong Compass to guide its operations and employment practices with a robust internal grievance and external whistleblowing process allowing any employees, suppliers or stakeholders to raise concerns and grievances directly with us, or anonymously. This gives Nando's the ability to closely manage and monitor any modern slavery practices or risks it could otherwise cause directly and is therefore not its highest risk area.

Conversely, Nando's identified that its largest risks are in situations where it may inadvertently contribute to modern slavery practices occurring, for example if suppliers in its supply chain act in a way that attempts to find the cheapest labour to source products or turns a blind eye to workers being exploited to achieve their own internal cost targets and delivery timeframes. Similarly, the risk of Nando's being directly linked to modern slavery practices occurring was also identified as a possibility, for example if we are connected to entities in our supply chain that we have no direct visibility over, like our suppliers' contractors or subcontractors.

Importantly, through the scoping and risk assessment exercises, the Project Team identified that the highest and most immediate risk of modern slavery practices occurring in our supply chain is based on the geographic location of some of our key suppliers. For example, a few of our suppliers are based in parts of Southern Africa and China, both of which are known countries to have a higher risk of modern slavery practices occurring, as identified by the GSI.

In addition to the geographical risk highlighted above, the Project Team identified that the second most immediate risk of modern slavery practices occurring in our supply chain is that it's not always possible for us to have clear visibility over our entire end to end supply chain. For example, of the 700 suppliers that Nando's Australia engaged with last financial year, about 500 of these suppliers were not frequent or contracted suppliers of ours and may have been, for example, once off local repairs and maintenance contractors. Furthermore, while Nando's Australia has strong relationships with its core suppliers providing products and services directly in our restaurants, we don't have visibility over their individual supply chains, including their agents, contractors and subcontractors.

Finally, given the nature of our business and the products and services we generally acquire, we identified that the 2 most salient human rights risks are:



- Labour rights (human rights) including forced or compulsory labour, wages and benefits, work hours and child labour; and
- Health and safety.

Therefore, Nando's focus in FY20 was on mapping and understanding its supply chain in more detail to help close the risk knowledge gaps identified above, and for the Project Team (supported by the leadership team) to put the necessary foundations in place to implement a detailed and thorough risk assessment program and subsequent mitigation strategies moving forward.

4. Actions Taken by Nando's to Assess and Address Risks of Modern Slavery Practices

Scoping

As described above, as an initial step when the Act was introduced, Nando's established the Project Team who, with the support of Nando's leadership team, completed a detailed scoping and risk assessment exercise to gain further insight into the risks of modern slavery practices occurring in our operations and supply chains.

Like many businesses, Nando's has quite a complex operation and supply chain involving hundreds of other entities. Consequently, it wasn't feasible for us to immediately assess and act on every area of our business and every supplier in our supply chain that may be at risk of modern slavery practices. We therefore chose to focus on the areas within our business and supply chain where these modern slavery practices risks were likely to be most significant with the intention to cascade this down to other lower risk areas of our business in coming years.

As part of the initial scoping exercise, Nando's Australia divided its directly paid suppliers in its supply chain into 3 categories of "direct" (those suppliers that supply products and services directly into our restaurants that are fundamental to our core business, for example food and drink), "indirect into restaurant" (those suppliers that supply products and services indirectly into our restaurants as they are supplementary to our core business, for example small wares, crockery, cleaning and security) and "indirect overheads" (those suppliers that supply products and services indirectly that are not part of our core business but are necessary overheads to operate efficiently, for example insurance, staff recruitment, rent and utilities). Nando's then identified the highest risk areas within its business by undertaking the following process:

- first, we classified our direct suppliers as "known" (suppliers we transact with frequently);
- second, we segmented our indirect into restaurant supplier network into categories of "known" (suppliers that account for 80% of Nando's spend in this area) and "unknown" (those suppliers that we transacted with only once or a few times and therefore fall outside of the 80% spend referred to above, for example one off local repair and maintenance contractors); and
- third, we added any Nando's defined "high-risk" suppliers based on the type of supply (i.e. Nando's branded material) or known risk categories (i.e. geographical location) to the category of "known" suppliers.

As part of the initial scoping exercise, NPPA followed a similar approach to the above, however were able to simplify the second step into only 2 categories, "direct" (those suppliers that supply products and services directly to NPPA that are fundamental to its core business, for example the bottled sauces and marinades) and "indirect" (those suppliers that supply products and services indirectly that are not part of the core business but are necessary overheads to operate efficiently, for example insurance and merchant fees).



Once the above classifications had been completed, the Project Team determined that its key focus areas should naturally initially be on its highest procurement spend areas of “direct” and “indirect into restaurant”, and those products that carried Nando’s intellectual property, being 47 suppliers in total. This decision was reached as we felt we would have the highest bargaining power and ability to address any modern slavery risks identified in this group of suppliers, especially where the supply relationships were governed by formal supply agreements, codes of conduct and terms of trade then would otherwise be the case with our lower spend once-off or infrequent suppliers.

Once this decision had been reached by the Project Team, and ratified by the leadership team, we prepared a questionnaire for the remaining 47 suppliers to answer online. The aim of the questionnaire was to give us a better understanding of each suppliers’ business and help prioritise our internal risk assessments. For example, the questionnaire asked questions about their:

- consolidated revenue (to understand whether they were already required to submit their own modern slavery statement under either the Act or the *Modern Slavery Act 2018 (NSW) (NSW Act)*);
- business type (to understand whether they were in an industry or sector that had been flagged as a high-risk industry or sector by the GSI); and
- geographical location in terms of both the goods they manufactured or acquired and the employees and contractors it engaged (to understand whether they were in a geographical location that had been flagged as a high-risk location by the GSI).

We then excluded the suppliers that fell into the following categories from the first round of internal risk assessments to prioritise and focus on the highest risk areas:

- the suppliers that only operate in NSW with a consolidated revenue over \$50 million (as they are already required to report under the NSW Act and should reasonably have applied their minds to the risks of modern slavery practices occurring in their business and supply chain);
- the suppliers with a consolidated revenue over \$100 million (as they are already required to report under Act and should reasonably have applied their minds to the risks of modern slavery practices occurring in their business and supply chain); and
- the suppliers that do not manufacture or acquire goods outside of Australia and do not have employees or contractors based outside of Australia (as they don’t satisfy the geographical risk category that we identified earlier as being the most prevalent and urgent risk for us to address in our initial scoping exercise).

Based on the above criteria, there were 10 suppliers remaining in the list for Nando’s Australia (as NPPA had no suppliers falling outside the exclusion criteria above) which we then used to conduct detailed risk assessments. These risk assessments were undertaken by the Project Team and included identifying the likely key risks of modern slavery practices impacting that supplier, the likelihood of the identified risks occurring, what the consequences of those risks occurring would likely be, the resulting overall risk rating for the supplier, the current risk controls we have in place for the supplier and the recommended additional risk controls to be implemented. This risk matrix was presented to the leadership team for ratification before the relevant departments within the business then started actioning any of the additional recommended risk controls.

It is important to note however that by completing the above scoping exercise, we are not suggesting that we have disregarded the risks of other suppliers in our supply chain, or the risks that are not based primarily on geographical location. Instead, we intend to use this scoping exercise as a priority framework to review the other suppliers in our supply chain, the other risk



areas not driven by geographical location and the risks that are purely internal to our own business in the future as part of our overall risk mitigation plan to constantly address the risk of modern slavery practices occurring in our operation and supply chain.

Procurement

Nando's has used the introduction of the Act as an opportunity to dedicate resources towards reviewing and updating our internal process for identifying, mitigating and accounting for potential adverse human rights in our operation and supply chain, including modern slavery. As our supply chain is one of our highest risk areas for potential modern slavery risks occurring, we devoted a significant amount of time and resources in FY20 into deepening our understanding of the specific types of human rights risks associated with different types of products, source countries and sectors that we interact with to run our business. These investigations led us to make numerous important changes within our business.

Firstly, to help us proactively make more informed procurement and supplier decisions moving forward, we updated our supplier screening process for new and renewing suppliers to include questions addressing modern slavery risks. Based on our scoping exercise, we felt that this was an important first step to ensure that as we're bringing on new suppliers, and renewing existing suppliers, we're adequately addressing these risks at the initial engagement stage. Therefore, rather than constantly completing the scoping activity highlighted above for our supply chain, we will instead end up in a position where we have a complete risk matrix for all our suppliers, expressly incorporating and addressing modern slavery risks, which we will then review and update periodically as part of our ongoing review and mitigation approach.

Secondly, we refreshed and updated our Business Partner Code of Compliance (**Code**) which explains what we stand for as a business and the standards of behaviour we expect of our suppliers, which now expressly incorporates and addresses modern slavery risks. In addition, the Code sets out the minimum standards of behaviour that we expect our suppliers to meet in the areas of labour and human rights, health and safety, environment and business integrity. We expect our suppliers to read and understand the Code and ensure that their business and supply chain partners similarly meet the standards outlined in the Code by communicating the requirements to their related entities, suppliers and subcontractors who support them in supplying goods and services to us.

Thirdly, the questionnaire we used in the scoping exercise identified that many of our key suppliers already have processes in place for managing their own modern slavery risks and are open to working with us to meet our minimum standards. This has involved us updating supplier contracts which now expressly includes modern slavery risk reviews and reporting as a key performance indicator under the contract. Importantly, where our suppliers are unable to satisfy us that they have appropriate modern slavery risk management controls in place, or are unwilling to share this information with us, we may now take further action, for example attempting to engage with a senior manager of the supplier, implementing a remediation plan or suspending the contract. Ultimately, our goal is to work with our suppliers to assess whether they are meeting our standards and where we identify concerns about supplier performance, we engage with the supplier, seeking constructive dialogue and remediation of non-compliance with our standards.

Fourthly, we conducted an internal review of our supplier contract template, which we subsequently updated to include, amongst other things, a broader focus on specific social, environmental and ethical requirements in line with Nando's Compass and values, which essentially require our suppliers to be "good corporate citizens". These obligations have also been



attached to key performance indicators within the supplier contracts which will form part of ongoing review meetings and discussions between the parties.

Finally, we have built into our procurement practices that a suppliers' ability to meet or exceed the standards detailed in the Code will be considered by us when making procurement decisions. This will happen regardless of whether the Code has been formally incorporated into a contract with the supplier and is instead a tool that we will now use in our review process to ensure our standards and best practice requirements are met.

Board Involvement

We believe that involvement from the leadership team in any project is fundamental to its ultimate success by "leading from the top down". Accordingly, we have now expressly introduced modern slavery risks into our risk matrix portfolio that is discussed and addressed at periodic board meetings. The clear expectation from the board is that each area of the business is responsible for identifying and assessing their own operations and supply chain for human rights (and other) risk and to implement appropriate controls with support from our risk team.

Employment

At Nando's we rely on a highly diverse workforce and engage people with broad and varied skillsets ranging from retail restaurant employees through to technical experts, generally hired by Nando's directly. As a result, we have group of individuals employed in our People & Culture team dedicated to implementing a national employment framework that complies with all local laws as a minimum and covers core employment conditions such as minimum wages, hours of work and leave entitlements.

5. How Nando's Assesses the Effectiveness of Actions

We did not identify any instances of modern slavery in our audit program this year. However, the audit program expressly incorporating modern slavery risks, and the refreshed Code, are still in their infancy. We are committed to continuing to complete these risk assessments and ongoing business reviews and address any instances of modern slavery identified during these audits, or any practice that is inconsistent with our Code both through the Project Team with oversight from our leadership team and board.

To help ensure the effectiveness of our commitments, we have implemented a mandatory staff training e-learning module. We believe that training is an essential component of our risk management, governance and compliance framework and ensures that all employees are aware of their obligations under our compliance policies and have access to further information about these when required. This mandatory training occurs at both the induction stage for new employees and within periodic refresher training periods to ensure continued understanding and reinforcement with our employees. As part of our training governance framework we also monitor, report and manage mandatory training completion rates.

We also review and report on numerous internal metrics to ensure effectiveness, including:

- the per cent completion rates of employees completing compliance training on topics like code of conduct, ethical behaviour, whistleblowing and modern slavery;
- health and safety performance including our lost time injury frequency rate and total recordable injury rates;



- results of our annual employee engagement survey, conferences and employee forums, compared to previous years;
- the number of whistleblowing alerts opened, closed and that remain active each year; and
- the number of notifiable incidents relating to customer complaints and matters.

Importantly, the Project Team will continue to hold quarterly meetings to:

- review the outcomes of internal audits;
- continue expanding on the supplier group forming part of the internal risk assessments;
- monitor specific steps taken to address modern slavery risks;
- considering new or increased risks that may arise over time; and
- prepare the modern slavery statement required by the Act annually.

6. Process of Consultation

Nando's Australia and NPPA consulted frequently during the lead up to, and the preparation of, this Statement. The businesses, while separated geographically, still work closely together across many areas of its business, given they operate under the same brand "Nando's". Importantly, the NPPA Managing Director is a member of the Nando's Australia leadership team and therefore a participant in Nando's Australia board meetings and NPPA's Financial and Procurement Manager is a member of the Project Team.

In addition, all scoping exercises undertaken by Nando's Australia were similarly undertaken by NPPA, for example supplier mapping, supplier questionnaires and subsequent risk assessments.

7. Other Information

Future Steps

As mentioned earlier in the Statement, it wasn't possible to address all areas of our operation and supply chain in the first reporting period under the Act. However, we have already planned numerous steps that we will take in future reporting period, further detailed in this section.

Firstly, we intend to provide additional bespoke training for employees responsible for managing supplier compliance and procurement relating to our human rights obligations. This will involve more detailed training on human rights risks, including those related to modern slavery, as an expansion of the mandatory awareness module that has already been rolled out internally to our employees. After this training is complete, we are then planning to extend this more detailed training to employees who develop labour contracts and manage any other third parties.

Secondly, we will reconvene the project team to focus on reviewing and refreshing our internal suite of policy documents, including our code of conduct, ethical behaviour, health and safety, discrimination and bullying, anti-bribery and anti-corruption, human rights and privacy. These updates will then form part of further mandatory training, both at induction and refresher stages.

Thirdly, we intend to take further steps to refine our understanding of our suppliers' human rights performance by:

- continuing to meet with our suppliers and discuss key performance indicators;
- undertaking and reviewing supplier audits;

- where required, mitigating and remediating identified risks; and
- developing a standardised approach to actioning the results using remediation, contract variation or terminations.

Grievance Process & Whistleblowing

As a business, we also encourage anyone to act if they have any concerns about unethical, illegal or improper behaviour related to Nando's. Our whistleblowing policy is supported by a confidential and anonymous whistleblowing process that provides appropriate protections for our employees and suppliers to report their concerns. Our process is supported by an independent service provider specialising in handling sensitive reports and disclosures and our Disclosure Officers monitor disclosures, investigations, recommendations and where appropriate the implementation of actions.

In addition, our leadership team and board review the de-identified data and reports in periodic board meetings to help identify and spot any issues and trends that may be forming, with the aim of proactively addressing any concerns. The board also completes a review of the whistleblowing policy and process that sits behind our whistleblowing framework at least annually.

Global Operations

Finally, Nando's is part of a global business operation, including a national office in the United Kingdom that is already governed by legislation covering modern slavery risks. Therefore, the global business has already spent significant time giving thought to the ways modern slavery risks can be reduced within the global business, including submitting its own mandatory modern slavery statement under the UK legislation.

This global relationship has allowed the procurement teams across all jurisdictions to collaborate and share findings, especially where the suppliers of bespoke Nando's branded products like our marinades and sauces are often the same and has allowed our businesses to take a holistic approach to managing risks generally, including the risk of modern slavery practices.

This Statement is made pursuant to section 14(1) of the Act and constitutes the mandatory joint modern slavery statement of Nando's Australia Pty Ltd and Nando's Peri-Peri Australia Pty Ltd for the reporting period 1 March 2019 to 29 February 2020. This Statement has been approved by the leadership team and the board of Nando's Australia Pty Ltd and Nando's Peri-Peri Australia Pty Ltd.



Signed by Amanda Banfield
Chief Executive Officer

21 August 2020