



## Modern Slavery Statement 2022

### Advanced Fresh Concepts Pty Ltd ACN 605 455 936 - Modern Slavery Statement

This statement is made under the *Modern Slavery Act 2018* (Cth) (**Act**). It sets out the actions taken by Advanced Fresh Concepts Pty Ltd ACN 605 455 936 ("**AFC**", "**us**" or "**we**"), an entity incorporated in Australia, to address modern slavery risks in our operations and supply chain during our financial year ending 31 March 2022.

As one of Australia's largest sushi franchise business, we appreciate our responsibility to operate within the spirit and letter of the law and to maintain high ethical standards wherever we conduct business. AFC does not condone or tolerate efforts or activities to achieve results through illegal or unethical dealings anywhere in the world.

AFC's suppliers know that AFC is concerned not only with results, but also with how those results are achieved. We expect all our suppliers to conduct their businesses with the same high standards. We will actively seek business relationships with suppliers who share our values and promote the application of these high standards among those with whom they do business.

### **AFC's structure, operations, and supply chains**

AFC has over 180 franchisees that operate 210 locations in five (5) states and two (2) territories across Australia. AFC's reputation is built on providing convenient, restaurant quality sushi and Asian meal solutions at affordable prices, using the highest quality ingredients (**Products**).

Advanced Fresh Concepts Corporation ("**AFCC**") is an American company founded in 1986 operating over 4,000 independently owned and operated food service counter locations in retail establishments throughout the United States, Canada and Australia.

AFCC wholly owns AFC (the Australian entity), Advanced Fresh Concepts Franchise Corporation ("**AFCFC**") and Advanced Fresh Concepts Distribution Corporation ("**AFCDC**"). AFCFC and AFCDC are both American entities. For the purpose of this statement, we have referred to AFCC and its controlled entities AFC, AFCFC and AFCDC as the 'AFC Group'.

Although the AFC Group is recognised globally for pioneering its sushi bar program across a wide range of market segments, AFC (the Australian entity) does not own or control any other Australian companies and is the only reporting entity covered in this statement.

AFC is represented by the brands Sushi Izu and Sunrise Sushi in Australia. Sushi Izu is exclusive to sushi bar operations inside Woolworths Supermarkets and Metro locations. Sunrise Sushi represents AFC products sold through its wholesale operations.

In the 2022 financial year, AFC directly employed approximately 100 people in various head office support roles, throughout our wholesale operations and within our sushi bar operations across Australia. AFC's franchisees employed more than 500 people across Australia during that same period.

AFC's largest category of spend during financial year 2022 was on seafood. The supply chain of products and services that contribute to our operations include:

- a. Core suppliers of:
  - Food



## Modern Slavery Statement 2022

- Packaging
- Operating supplies
- Kitchenware
- Uniforms
- b. Service providers of:
  - Equipment
  - Information technology
  - Print and marketing services

### The risks of Modern Slavery Practices in our operations and supply chains

In seeking to identify the modern slavery risks in our operations and supply chain, AFC looked at risks that may cause, contribute to, or be directly linked to modern slavery, in the following manner:

- a) operations may directly result in modern slavery practices;
- b) operations and/or actions in our supply chains contribute to modern slavery; and
- c) operations, products or services are connected to modern slavery through the activities of another entity, including business partners.

### Our operations (and those of our franchisees)

We have assessed our operated and franchised sites in Australia as low-risk of modern slavery based on their jurisdictional location and operating practices<sup>1</sup>. All franchisees in the AFC network are required to carry out a mandatory 10-day training program when they are on-boarded. Through this program, franchisees are provided with a broad range of training which includes:

- **Workplace Obligations and Responsibilities** – the purpose of this training is to assist our franchisees to understand and meet their workplace obligations. We issue our franchisees with a USB drive that contains industry award, industry pay guide, Fair Work Handbook, and other workplace documents; and
- **Woolworths Code of Conduct** and **Supermarket Rules** – these documents outline guiding principles on how to conduct yourself whilst working alongside Woolworths Group team members and in a retail setting among customers.

AFC engages a third-party industry body to conduct a sample of surveillance workplace audits at various intervals throughout the year. The results of these audits are shared with AFC at the completion of the audit, at which time AFC will consult our franchise partner(s) to remedy any identified compliance issues immediately.

We have assessed the risk of modern slavery occurring in our own operations and workplace as low given our high regard towards compliance with respect to legal frameworks that regulate employment practices, and the fact that we do not use third party labour hire in our operations. Our employees are all located in Australia and subject to Australian employment contracts, are all paid in accordance with market conditions in which they work, and we have in place processes to ensure that employees are legally entitled to work, including that they are of legal working age.

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<sup>1</sup> <https://www.globallslaveryindex.org/>, Walk Free Foundation



## Modern Slavery Statement 2022

### Supply chain

We recognise the inherent risk of exposure to the threat of modern slavery and labour exploitation within food and agriculture supply chains, from production and processing to packaging and transportation.

AFC realises its obligation to responsibly source food ingredients, packaging, and other operating supplies that we use in our operations, both locally and abroad, through our supply chain partners across Australia. Over 55% of our annual spend on ingredients is sourced from local Australian suppliers. This includes key ingredients such as Tasmanian Salmon, Chicken, Produce, Rice, and Beef are all sourced locally.

The following table outlines the top 10 countries based on spend from which AFC sources products and the risks identified with sourcing products from each of those countries based on the Global Modern Slavery Index<sup>2</sup>:

Rank	Country	% of Spend	Prevalence of people living in modern slavery	Estimated Proportion living in modern slavery	Government response rating	Overall weight average	Risk Score
1	Australia	56.0%	15,000	0.6/1000	BBB	4.3	1
2	Malaysia	9.5%	212,000	6.9/1000	CCC	39.2	2
3	China	7.8%	3,864,000	2.8/1000	CC	50.6	3
4	Taiwan	7.3%	12,000	0.5/1000	CCC	20.3	1
5	Japan	5.9%	37,000	0.3/1000	CCC	13.8	1
6	Thailand	4.8%	610,000	8.9/1000	B	51.1	3
7	Vietnam	3.9%	421,000	4.5/1000	B	41.5	3
8	USA	1.6%	403,000	1.3/1000	BBB	15.9	1
9	Indonesia	1.4%	1,220,000	4.7/1000	BB	50.5	3
10	Netherlands	0.6%	30,000	1.8/1000	A	6.1	1

Risk Legend		
1	0-20	Very Low Risk
2	21-40	Low Risk
3	41-60	Medium Risk
4	51-80	High Risk
5	81-100	Very High Risk

We will continue to consider and implement further measures in our next reporting period to assess products imported through suppliers that have been classified as a medium-risk. These measures

<sup>2</sup> <https://www.globallslaveryindex.org/>, Walk Free Foundation



## Modern Slavery Statement 2022

may include discussions with manufacturers of certain imported products to conduct third party SEDEX Members Ethical Trade Audit, or similar certified ethical audits.

As of financial year 2022, AFC ceased buying any ingredients imported from countries considered high-risk.

### **The actions AFC takes to assess and address these risks**

There are several actions we have taken or intend to take in the next reporting period to assess and address the risks of modern slavery throughout our operations and supply chain.

#### **1. *Employee education and compliance***

AFC has and will continue to provide employees and management with specific training related to identifying and reporting human trafficking and slavery for those employees and contractors linked directly to supply chain management.

AFC expects all employees to comply with all applicable laws and regulations in the conduct of our business activities. This extends to laws regarding modern slavery or human trafficking in the respective countries in which we do business.

AFC has employee policies and procedures in place with respect to the hiring of employees, to ensure that slavery, forced labour or human trafficking is not occurring in AFC's hiring process or employment relationships.

#### **2. Woolworths Code of Conduct and Supermarket Rules**

Our Sushi Izu franchisees are required to adhere to these documents, ensuring that they meet Woolworths' standards and conduct requirements.

#### **3. *Partnering with suppliers and customers***

AFC has started and continues active dialogue with its suppliers and clients regarding the way in which it can address and reduce the risk of modern slavery.

#### **4. *Managing supplier contracts***

As a new standard, AFC seeks to include in its **Supply Agreement** with each supplier language mandating that suppliers be in full compliance with all applicable governmental, legal, regulatory, and professional requirements. Suppliers will also be required to comply with AFC's standards relating to modern slavery.

#### ***Due diligence***

AFC conducts due diligence on all of its suppliers before they are introduced to the supply network. AFC is currently evaluating a procedure to audit suppliers to ensure compliance with the relevant legislation and AFC's standards in relation to modern slavery. Further to this, AFC will seek to address modern slavery risks and concerns relating to its direct suppliers and its indirect suppliers. AFC will initially focus on its direct suppliers and implement a number of actions which can be then expand to its indirect suppliers.



## **Modern Slavery Statement 2022**

### **5. Modern Slavery Committee**

AFC continue to implement new actions to address modern slavery in its operations and supply chains. AFC will further this by establishing a Modern Slavery Committee in our new reporting period. The modern slavery committee will comprise of senior leaders of the organisation from various departments, as well as an external consultant or consultants (**Committee**).

The role of the Committee, in addition to the preparation of AFC's modern slavery statement, will be to identify and address any modern slavery risks in AFC's operations and supply chain (i.e., remediate any incidents if, and when they arise) and to identify means to reduce or mitigate the risk of modern slavery, develop programs, practices and procedures to enhance AFC's response to modern slavery.

### **6. Reporting concerns**

To address individual concerns, we have a complaints and grievance procedure at every operation. This allows community members and other interested stakeholders, such as our suppliers, to raise issues directly with our operations anonymously.

AFC continues to make a consistent effort to respond and resolve complaints and grievances as soon as possible. We record complaints and grievances in our Communities and Society document. This enables AFC to keep accurate records of any reported grievances and ensure they are addressed appropriately.

### **How we assess the effectiveness of our actions to address the risks of Modern Slavery**

The assessment of the effectiveness of our modern slavery actions is addressed by the way of monitoring any reported incidences and assessing trends in reported grievances. This enables AFC to implement relevant remediation actions where necessary to ensure compliance and governance across all operations. AFC encourages all employees to report any suspected activities or incidents relating to illegal practices, including modern slavery. AFC ensures that the contact details to report are easily accessible to all employees.

### **Process of consultation with our related entities**

AFC, the entity giving this statement, has consulted with the relevant stakeholders of the organisation to ensure they are aware of AFC's obligations under the Act and the activities outlined in this statement.

The AFC Group will continue to collaborate with internal and external stakeholders to enhance our ability to identify and address modern slavery risks if and when they arise.

This statement was approved by the Board of AFC (which is the only reporting entity covered by this statement).

### **Updates since the end of financial year 2022**

Since the end of the reporting period, AFC has advanced its practices in this space (and continues to do so). Further details of these activities will be outlined in AFC's modern slavery statement for financial year 2023, and include:



## Modern Slavery Statement 2022

- Online Modern Slavery Course: all AFC staff members are now required to complete an online Modern Slavery course upon commencement of their employment.
- AFC is in the process of developing:
  - a **Supplier Code of Conduct**; and
  - a **Modern Slavery Checklist** for each of our suppliers to complete when they are on-boarded or as part of our auditing process to identify modern slavery risks.
  - ***Our Code of Business Conduct and Ethics***

### **AFC's next reporting period**

AFC plans to establish a Code of Business Conduct and Ethics (**Code**) in which they will share with employees and suppliers to ensure all relevant stakeholders are made aware of the organisations expected behaviour. The Code will demonstrate the standards in which employees and third parties are required to uphold.

AFC will closely monitor compliance with the Code and take appropriate remedial action where necessary. The Code, along with others things, will specifically prohibit any breach of human rights or modern slavery or any other form of mental or physical coercion.

The Code will continue to be monitored and updated from time to time to ensure that we approach our social, ethical, and environmental responsibilities in an appropriate, contemporaneous, and agile manner.

This statement was approved by the Board of AFC.

Signed,

A handwritten signature in blue ink, appearing to read 'J Seiler', is written over a large, stylized blue loop that serves as a signature flourish.

**Jeffery Seiler**

**Director**, Advanced Fresh Concepts Pty Ltd ACN 605 455 936