

*positive*



**IMPACT**

**COLLINS FOODS LIMITED SUSTAINABILITY REPORT 2021**



**COLLINS FOODS LIMITED**  
ACN 151 420 781

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**RESTAURANTS**  
*done* **BETTER.**

→ Our Vision →  
**THE WORLD'S TOP**  
*Restaurant*  
**OPERATOR.**

**WE CREATE UNMATCHED  
EXPERIENCES FOR OUR  
CUSTOMERS & PEOPLE.**





# LETTER OF INTRODUCTION



## We are pleased to present Collins Foods' inaugural Sustainability Report

Consistent with our vision to be the 'World's Top Restaurant Operator' and our ongoing pursuit of sustainable growth, environmental, social and corporate governance (ESG) and sustainability practices have been at the core of Collins Foods' organisation for many years. The ESG initiatives already implemented, and those we are continuing to develop and invest in, help Collins Foods operate in an ethical, legal, sustainable and socially responsible way — for the benefit of the communities we serve, our shareholders, our employees and suppliers, our customers, and our planet.

Our new Positive Impact Strategy outlines our wholehearted commitment and is structured around three key pillars: People and Communities, Planet, and Governance, with three primary goals to be achieved by 2026:

- establish Collins Foods Giving as best-in-class signature program with 75% plus enrolment
- reduce our carbon footprint by achieving a 25% reduction in greenhouse gas emissions
- increase diversion of waste from landfill by 25%.

### People and communities

As an employer of over 15,000 people, we consider Collins Foods' people the company's greatest asset.

Most brands say this, but we believe our track-record speaks for itself. We are committed to a strong safety culture and providing a safe and healthy workplace across all brands and restaurant support centres. We continue to invest in numerous 'people' initiatives that are making a positive difference to our culture, our employee experience offering, and our reputation as an employer, with inclusion, diversity and training as key focus areas. Wage compliance is also of critical importance. Our workforce is diverse with a 51% female profile and no gender pay gap, and we seek to continuously improve the diversity of our employees.

### COLLINS FOODS GIVING

Set up in 2008 and donating \$5.8 million since that time, Collins Foods Giving offers our employees the opportunity to give back to Australians in need through a weekly donation from pre-tax salary to one of our charity partners. Demonstrating the company's commitment to the program, we match donations up to \$150,000 each year.

With a participation rate currently at 30% of employees, we are targeting a lift to best-in-class 75% plus enrolment by 2026.

### OTHER INITIATIVES AND OPPORTUNITIES

We are working with our franchisors to take action across a range of areas including modern slavery and supply chain standards, responsible marketing, and support for the KFC Youth Foundation. Please see the 'People and Communities' section in the report for more information.

### Planet

We acknowledge the importance of playing a part in tackling climate change and pollution.

### ENERGY CONSUMPTION AND CARBON FOOTPRINT

'Going solar' is our next major commitment, and we have already made a flying start. In FY22 we aim to install solar power systems in 100-plus more of our existing KFC and Taco Bell restaurants. Converting to renewable energy is the single most effective step we can take in reducing Collins Foods' carbon footprint.

### INCREASING DIVERSION OF WASTE FROM LANDFILL

Collins Foods believes Quick Service Restaurant (QSR) operators have a responsibility to reduce their contribution to general waste. For our KFC Australia operations, all paper-based packaging was fibre-based from 2020 and sourced from responsibly managed forests and recycled sources. In KFC Australia and Taco Bell, all plastic straws have been removed and both brands are transitioning away from single use plastics.

### OTHER INITIATIVES AND OPPORTUNITIES

Other environmental initiatives are underway across the business, including expanding greenhouse gas reduction measures, planning greener builds for new construction projects, and improving water management through rainwater capture and other initiatives. Our key programs and future commitments are outlined in the report.

### Governance

Collins Foods' board and management support high standards of corporate governance, recognising that good governance not only protects and enhances stakeholder interests but is important to our ongoing success.

Maintaining ethical standards in all of our business activities is a foundation belief. Collins Foods' Group Code of Conduct and our Supply Chain Code of Conduct describe the standards of behaviour that give effect to Collins Foods' values considered to be essential to our continued success in the short, medium and long term.

As an ASX-listed corporation, we respect and support the integrity of the market where investors trade in Collins Foods' shares (ASX: CKF) and from which we access capital. An overview of Collins Foods' corporate governance practices is set out in our corporate governance statement available at [www.collinsfoods.com](http://www.collinsfoods.com).

We seek continuous improvement to maintain best-practice governance standards.

### The future outlook

We are looking forward to enhancing our Sustainability Report in coming years so we can share our success stories and our future plans.

As a starting point, this inaugural report builds understanding of how Collins Foods undertakes its business, and highlights the genuine commitments we have made and continue to make as we grow the business in an ethical and sustainable manner and make a positive impact.

Robert Kaye SC  
Chairman

Drew O'Malley  
Managing Director & CEO

# OUR POSITIVE IMPACT

Creating

**UNMATCHED  
PEOPLE  
EXPERIENCES**

Making a

**POSITIVE  
IMPACT**

Being

**BRILLIANT  
AT THE BASICS**

OUR PILLARS

**People and  
communities**

**Planet**

**Governance**

OUR PRIMARY GOALS

Establish **Collins Foods Giving** as a best-in-class signature program by 2026 with

**75%+  
ENROLMENT**

Reduce our carbon footprint by achieving a

**25% REDUCTION**  
in **greenhouse gas emissions**  
by 2026

Increase **diversion of  
waste** from landfill by

**25%** by 2026

Commitment to  
**CONTINUOUS  
IMPROVEMENT**  
in **best-practice  
governance standards**  
in all our business  
activities

INITIATIVES & OPPORTUNITIES

- Safety management system that underpins strong safety culture FY21: LTIFR 14.20
- Collins Foods Giving employee participation rate in FY21: 31%
- Collins Family Fund: new program launched in 2020
- Equitable employee profile: FY21: 50% female and 50% male workforce, no GPG\*
- Employing young Australians: 518 traineeships with 285 completed in FY21
- Expansion of participation in food recovery programs to include KFC restaurants in Tasmania and Western Australia

\* Gender Pay Gap

- Renewable energy: 100+ additional solar panel systems over the next year
- Reducing Scope 1 greenhouse gases (GhG) despite increasing restaurants: FY21: 471 CO<sub>2</sub>-e (tonnes)
- Reducing energy consumption of restaurant network: FY21: 1,177GJ\* consumed
- Reduce waste to landfill by diverting, reusing, recycling or upcycling waste. FY21: total waste 9,609 tonnes
- Opportunity: water management

\* gigajoules

- We expect our people and those who conduct business with us to act with integrity, ethically and with openness, honesty and fairness
- Food safety management system underpins strong food safety culture

SECTION 1:

# ABOUT COLLINS FOODS

## At Collins Foods, Restaurants are Done Better.

With 319 restaurants trading in both Australia and Europe, our vision is to be the World's Top Restaurant Operator.

We are an ASX200-listed entity proudly employing over 15,000 KFC and Taco Bell employees. Together, we create unmatched experiences for our customers and our people.

With over half a century of experience, we are proud of our successful history and aim to continue our amazing journey into the future.

Six core values underpin everything we do. These values are helping us towards our vision to be the World's Top Restaurant Operator and our mission around Restaurants Done Better.



We are deeply committed to the wellbeing, development and safety of our people, and treat them as our family.



We are passionate about our customers. We work together to create unrivalled experiences.



'Being Brilliant at the Basics' is in our DNA — we are fanatical about driving performance and getting it right every time.



This is our company. We treat it like our own and take complete accountability for results.



Life is too short to stick with the status quo. We think big and take bold moves to make sure we are better tomorrow than today.



Our people, our communities, and our planet deserve our wholehearted commitment. We want our growth to be sustainable.



## SECTION 2:

# OUR POSITIVE IMPACT STRATEGY AND MATERIALITY

## This is Collins Foods' inaugural Sustainability Report.

We have a diverse group of key stakeholders — our people, franchisors, customers, investors, suppliers, charity partners, government, and regulators. This diversity is also reflected in consideration of material factors for our organisation, with the board and executive noting relevant elements from the Sustainability Accounting Standards Board (SASB) for food retailers, distributors and restaurants. Key risks incorporated in our existing risk management framework were also overlaid, resulting in the identification of the environmental, social and governance issues considered by the executive to be relevant for Collins Foods.

Our sustainability strategy combines these factors into three pillars:

- People and communities — creating unmatched people experiences and supporting our local communities
- Planet — making a positive impact
- Governance — commitment to continuous improvement in best-practice governance standards in all our business activities and 'Being Brilliant at the Basics'.

From these factors, Collins Foods has chosen three main aspirations as our focus:

- **Establish Collins Foods Giving as a best-in-class signature program with 75% plus enrolment by 2026**
- **Reduce our carbon footprint by achieving a 25% reduction in greenhouse gas emissions by 2026**
- **Increase diversion of waste from landfill by 25% by 2026.**

Because this is our inaugural Sustainability Report, we are pleased to include data and initiatives from the past two or three financial years, to demonstrate our progress on key strategic commitments. Figures for either two or three years of measurement are incorporated as relevant, depending on when the initiative and dataset were established.

## MATERIALITY FACTORS RELEVANT TO COLLINS FOODS

### PILLAR

## People and communities



## Planet



## Governance



FOCUS		MATERIALITY FACTORS	INITIATIVES
	<i>Creating</i> <b>UNMATCHED PEOPLE EXPERIENCES</b>	<b>Workplace health and safety</b>  <b>Diversity and inclusion</b>  <b>Labour practices</b>	Leverage safety management system to reduce Lost Time Injury Frequency Rate (LTIFR)  Work with third-party provider to support people with disability  Increase diversity in geographies and consideration of individuals who identify as LGBTIQ+  Regular review and test of employee life cycle
	<i>Supporting</i> <b>OUR LOCAL COMMUNITIES</b>	<b>Collins Foods Giving — workplace giving program</b>  <b>Collins Family Fund</b>  <b>Food recovery</b>	Establish Collins Foods Giving as a best-in-class signature program by 2026 with 75% plus enrolment  A new program launched in 2020 to support our employees in times of need  Increase number of restaurants participating in food recovery programs to include restaurants in Tasmania and Western Australia
	<b>Making a SUSTAINABILITY</b>	<b>Energy management</b>  <b>Waste management</b>  <b>Animal welfare</b>  <b>Supply chain management</b>	Reduce our carbon footprint by achieving a 25% reduction in greenhouse gas emissions by 2026  Increase diversion of waste from landfill by 25% by 2026  Provide input to our franchisors to be a good steward of the animals raised for food throughout our supply chains  Expand modern slavery due diligence by requesting high-risk non-core suppliers to complete due diligence questionnaires on modern slavery practices
	<b>Maintaining ETHICS AND INTEGRITY IN DECISION-MAKING</b>	<b>Ethics and integrity</b>  <b>Legal and regulatory environment management</b>  <b>Critical incident risk management</b>  <b>Privacy and data security</b>	Inclusion of serious social misconduct termination event in Supplier Code of Conduct  Proactive issue of questionnaire to all above restaurant employees supporting operation of Group Code of Conduct and Group Securities Trading Policy  WHS workshops and mock trials  Third-party facilitated crisis management simulations  Adoption of National Institute of Standards and Technology Cyber Security Framework  Multi-factor authentication enabled
	<i>Delivering responsible and uncompromising food</i> <b>BY 'BEING BRILLIANT AT THE BASICS'</b>	<b>Product quality and safety</b>  <b>Customer welfare</b>  <b>Selling practices and product labelling</b>	Hazard Analysis and Critical Control Points (HACCP) food safety program  Guest Experience Surveys administered and audited by independent third party  No direct marketing to children under 15 years old

## SECTION 3:

# PEOPLE AND COMMUNITIES

## At Collins Foods, we are deeply committed to the wellbeing, development and safety of our people.

With over 15,000 employees across Australia and Europe, we consider them our greatest asset and treat them as our family. Not only do we want to create unmatched experiences for our customers, we also want to create unmatched experiences for our people. We are aiming for a sustained culture of belonging where our people feel welcomed, accepted, safe, included, supported, and encouraged.

Supporting employee mental health and overall wellness continues to be a strong focus with the compounding impact of COVID-19, which also saw initiatives implemented to support our employees. Increases in restaurant staffing have been critical, as well as implementation of 'Wellness @ Collins' programs and the formalisation of a company-wide psychosocial risk management assessment. With a rise in negative social responses to COVID-19, we are supporting our teams with increased training in managing difficult customers, particularly in high-risk areas. We are also partnering with our franchisors to develop a bespoke program supporting team members who may be experiencing distress and this will be implemented across all brands in the early part of FY22. Our ongoing Employee Assistance Program is offered to both employees and their immediate families who may need support or professional advice, with a dedicated Manager Support line providing managers with advice in the moment or as needed.

### Safety and wellbeing

Our commitment to a strong safety culture and providing a safe and healthy workplace across all brands and restaurant support centres is a foundation of our business.

The workplace health and safety (WHS) strategy sets out responsibilities for WHS across the entire organisation — driving a broad range of key organisational and operational activities, improving WHS management, and supporting the achievement of our vision of *sustaining safe, healthy and productive workplaces*. Building on existing regimes and reviewed every two years by Collins Foods' board and executive management, it aims for continuous improvement of WHS management while meeting legal obligations, business and customer needs, client requirements and stakeholder expectations.

The Collins Safety Management System (SMS) is also a critical tool for our business practice and underpins the WHS strategy. The board has direct oversight of the SMS through regular reports, briefings, workshops, new director induction, and visiting our restaurants.

Ground-up and transparent discussions around WHS issues are facilitated by our WHS consultation framework. Embedding a culture of openness where people can talk about their safety concerns without fear of being penalised or stigmatised was integral to its development, and this approach now supports greater accountability and encourages reporting and addressing of safety issues at all levels of the business.

The consultation framework and the implementation of the SMS have led to significant improvements in the safety culture at Collins Foods. This is most evident in the reduction in lost-time injuries, which decreased from 18.41 to 14.20 between 2019 and 2021.

We have worked hard to  
**DECREASE**  
our LTIFR from 20.66 in 2017-18



Year	LOST TIME INJURY FREQUENCY RATE (LTIFR)*
2021	14.20
2020	13.20
2019	18.41

\* LTIFR = (number of compensable lost-time injuries/total hours worked) x 1,000,000.

### Culture and diversity

When we grow and acquire new restaurants and employees, we also invest time and effort to support a smooth integration from a cultural point of view. In a business centred on delivering great customer service, we see this as a critical success factor — and a potential risk if it is not done well. Our aim is to ensure our people understand our values and our standards and how important their contribution is to Collins Foods' success. The implementation of contemporary people practices, reward and recognition programs, and talent management strategies are all part of our approach, as is the allocation of appropriate resourcing levels.

We continually review the frequency of our communication with both restaurant teams and restaurant support centre employees, and have adjusted our communication approach and frequency as needed in response to the COVID-19 pandemic. Employee feedback confirmed the majority of our employees felt supported and well-informed by us during this unprecedented and challenging time.



## Creating UNMATCHED PEOPLE EXPERIENCES



Our commitment to listening to our people is genuine, and we value our diverse workforce. The Collins Foods' culture and diversity strategy and related initiatives took direction from a 2019 employee survey. The survey helped us understand employees' views on working within our brands and in the restaurant support centre, and the key qualities that align to brand-specific cultures and our cultural journey to date. These are now key elements of our strategic approach, with specific programs developed and progressed by our Diversity and Inclusion Council. The Council was established in 2018 and is made up of representatives from across the organisation.

As an ASX200-listed entity, we are able to provide our people with career progression including above restaurant or corporate roles. We also take care to provide equal opportunity for our workforce. Profile and gender equality indicators from our full Workplace Gender and Equality (WGEA) Report for the past three WGEA reporting periods demonstrate our commitment.

We have a stable

## GENDER BALANCE

and no gender pay gap



Financial year	Workplace profile	Promotions	Movement in overall gender pay gap for women
2021	50% female: 50% male	60.1% female: 39.9% male	No gender pay gap
2020	51% female: 49% male	59.3% female: 40.7% male	No gender pay gap
2019	51.4% female: 48.58% male	68% female: 32% male	No gender pay gap

The gender composition of the organisation remains stable and balanced overall. The number of female promotions was lower in the 2020 reporting year, closing the gap on the variance experienced in the prior year.

The number and proportion of women employed by Collins Foods has also been stable.

Number of women	2020 actual		2019 actual	
	No.	%	No.	%
Employees in the whole organisation	7,346	49.8	6,564	51.4
In senior executive positions	3	50.0	2	33.0
On the board	2	33.0	2	33.0

Diversity goes hand-in-hand with inclusion. Inclusive workplace environments incorporate new and different ways of thinking, interacting and working so all individuals are able to contribute. This philosophy is reflected in our efforts to champion employment of people with disability, and we are particularly proud of our progress.

In partnership with a third-party provider, we have been seeking to better understand and improve the safety and support needed by employees with disability when performing their duties, with the goal to become an employer of choice for people with a disability. This partnership looks at the development of leaders' and teams' skills to increase awareness and understanding, and we are now becoming a disability-confident workforce. As of the end of FY2021, Collins Foods employs 44 people with disability.

Most of the Collins Foods' workforce are under the age of 25 and for many, Collins Foods is their first employer. In FY21, we implemented an online program to support the personal wellbeing of our young workforce, with focus areas in financial literacy, budget management, health and wellness and career development options.

Traineeships are an important and continuing focus for us during FY21, with 518 young Australians participating in our traineeship program nationally. Traineeships are a learning pathway that combine paid on-the-job training, and formal study at high school and/or a registered training organisation. A traineeship provides a nationally recognised qualification. We are proud that of the employees who have completed a traineeship, more than 70% stay longer than 12 months after their completion and more than 54% of employees who completed a traineeship in the past three years have chosen to remain employees.

**518** young people  
took part in our traineeship  
program in 2021



Financial year	Total traineeship sign-ups	Total traineeships completed
2021	518	290
2020	427	284

## Collins Foods Giving

At Collins Foods, our commitment to giving back to the communities we serve comes to life across a range of initiatives. We established the Collins Foods Giving Committee in 2008 to deliver on this commitment and raise awareness of the Collins Foods Giving program across Australia, and since then around \$5.8 million has been donated. The Committee is made up of representatives from across the organisation to plan activities and consider new opportunities.

The program, recognised by Workplace Giving Australia (WGA), provides our employees the opportunity to give back to everyday Australians in need through a weekly automatic donation from pre-tax salary. Collins Foods matches donations each year, up to the value of \$150,000.

In 2021

# \$912,000

was raised for our charity partners  
by our customers and employees

Year	Collins Foods Giving donations (rounded)	Customer and employee donations to KFC Youth Foundation (rounded)
2021	\$587,000	\$325,000
2020	\$482,000	\$329,000
2019	\$477,000	\$184,000

Every donation goes directly to one of the charity partners of the employee's choice. The Collins Foods Giving charity partners are:

- **Companion Animal Network Australia (CAN)** — providing shelter, care, adoption and rescue services for animals in need
- **Ardoch** — improving education outcomes for children in disadvantaged communities
- **Breast Cancer Network Australia** — providing support, information, treatment and care to Australians affected by breast cancer
- **Children's Hospital Foundation** — providing care for sick children and their families and funds for vital research and new equipment in Queensland and New South Wales
- **Youngcare** — improving the lives of young people with high-care needs.

To ensure we can continue to make a positive impact in our communities, we aim to **establish Collins Foods Giving as a best-in-class signature program with 75% plus enrolment by 2026**. The employee participation rate in Collins Foods Giving is currently 30% and we are working hard to continue promoting the program internally and engaging with our employees on areas for improvement.

In 2019, we joined our KFC Australia franchisor with the launch of its KFC Youth Foundation which supports its own charity partners.

## Collins Family Fund

The past 12 months during the COVID-19 pandemic have shown how unpredictable life can be, and when unexpected challenges arise, it can be difficult for families to get back on their feet. In April 2020, the COVID Relief Fund was established to support our teams and their families with any financial difficulties they may have been facing during the pandemic. The Fund has now transformed to a permanent initiative — The Collins Family Fund — through which financial support may be sought to help with day-to-day living expenses such as groceries, rent and fuel. To date nearly \$70,000 has been gifted to 84 employees and their families. Applications are treated in the strictest confidence and reviewed by a small committee nominated from our Diversity and Inclusion Council and Collins Foods Giving Committee.

## Food recovery

Working with our KFC franchisor, we donate cooked chicken to food recovery programs run by OzHarvest and Foodbank (depending on location of the restaurant). Five of our Northern Territory restaurants joined the Foodbank program in 2018 and have collectively donated over 10 tonnes of chicken. Our KFC Tasmania and Western Australian restaurants are due to join the program in 2021.





SECTION 4:

# PLANET

## Our planet deserves our wholehearted commitment.

Our planet deserves our wholehearted commitment. Part of that commitment for Collins Foods is our goal to **reduce our carbon footprint by achieving a 25% reduction in greenhouse gas emissions by 2026.**

Installation of solar power systems at our restaurants is one of the most effective steps we can take towards reducing our carbon footprint. Following encouraging solar trials at selected restaurants, we are investing in the installation of solar power systems at 109 KFC and Taco Bell restaurants over the coming year. Solar power will be considered for all new restaurant builds. At the end of the 2021 financial year, seven restaurants had solar panel systems installed that generated 161,137kwh or an average equivalent to 7.25% of energy consumed by these restaurants.

We are also taking steps to reduce our energy consumption. Over the past five years, we have transitioned all 267 of our Australian restaurants to LED lighting. All new restaurants have LED lighting installed as standard. LED lighting has several electric and maintenance advantages over older lighting technologies, including using 85% less energy than halogen or incandescent lights, longer usage life, no lead or mercury, and does not emit UV rays or infrared radiation.

Other energy initiatives on trial in our restaurants include the use of voltage optimisers (that manage energy consumption at premises) and low-flow exhaust hoods for back-of-house operations. The exhaust hoods assist with minimising the amount of heated air leaving back of house. As a result, the air-conditioned temperature in front of house remains stable and the air-conditioning energy use is improved. We are also working with our restaurant operations teams to raise awareness of energy management and consumption among employees.

The scope 1 and scope 2 greenhouse gas emissions (GhG) for KFC Australia and Taco Bell restaurants operated by Collins Foods are set out in the table below. Our KFC Australia franchisor reports and lodges the National Greenhouse and Energy Report with the regulator on behalf of all Australian KFC franchisees as they have control over the relevant supply chain.

KFC Australia is the only Quick Service Restaurant (QSR) system that reports carbon emissions for both company-owned and franchise restaurants to the National Greenhouse and Energy Reporting (NGER) scheme (established by the *National Greenhouse and Energy Reporting Act 2007* or *NGER Act*) and has been reporting on Collins Foods' behalf since the introduction of the Federal Government's reporting framework.

We continue to work with our franchisors and construction teams to design and build restaurants with sustainable credentials and learn lessons from our existing restaurants to continuously improve. As our restaurant network grows and new restaurants are built, we commit to planting trees to balance the effect of removing trees during construction.

Average energy  
consumption is down  
by an average of

**61GJ**

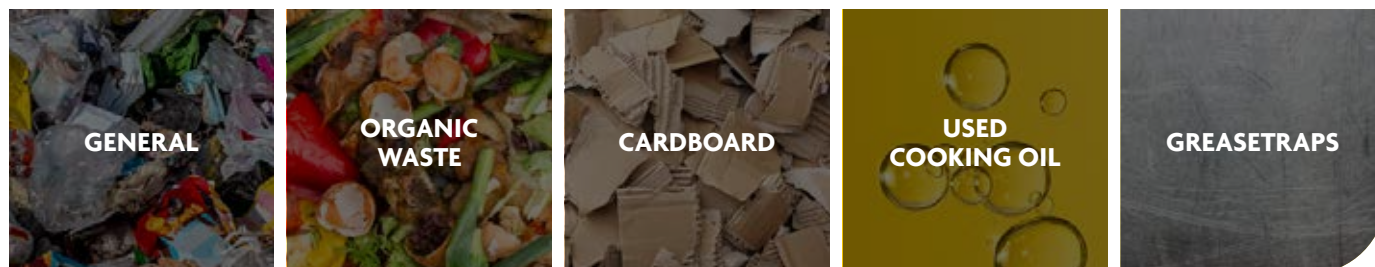


Collins Foods financial year	Total energy consumed (GJ)	Average energy consumed per restaurant (GJ)*	Scope 1 GhG CO <sub>2</sub> -e (tonnes)	Scope 2 GhG CO <sub>2</sub> -e (tonnes)	Total Scope 1 and 2 GhG CO <sub>2</sub> -e (tonnes)
2021 (sales: \$1.07b)	316,695	1,177 (269 restaurants)	471	62,570	63,042
2020 (sales: \$981m)	301,681	1,187 (254 restaurants)	531	59,214	59,746
2019 (sales: \$901m)	293,406	1,238 (237 restaurants)	407	58,090	58,497

\* = total energy consumed/number of restaurants by Collins Foods financial year (excludes Sizzler Australia).



## COLLINS FOODS WASTE CATEGORIES



### Divert, reuse, recycle or upcycle waste

We believe we have an obligation to reduce waste going to landfill. As the operator of KFC and Taco Bell, **Collins Foods is aiming to increase its diversion of waste from landfill by 25% by 2026.**

For our Australian KFC operations, all paper-based packaging is fibre-based and sourced from responsibly managed forests and recycled sources. In KFC Australia and Taco Bell, all plastic straws have been removed and replaced with paper straws and both brands are transitioning from single-use plastics. Where wooden cutlery is used, Forest Stewardship Council-certified utensils and packaging will be sourced.

The waste from our restaurants can be classified into five categories — general, organics, cardboard, used cooking oil, and greasetraps. Each has a different management approach and we work with our franchisors and third parties to find innovative ways to divert, reuse, recycle or upcycle waste.

### Total general waste

The amount of waste generated by our restaurants is an opportunity to make a difference. As a priority, we are working with our waste providers and franchisors to identify opportunities to divert more waste from landfill.

For example, our KFC Australia franchisor is trialling the upcycling of waste into curbs and car stops. KFC Australia's Social Impact report, available on its website, has full details. Over the past two financial years Collins Foods has achieved an average of 18.9% waste diversion from landfill.

We continue to work with our franchisors and third parties to identify and trial initiatives to reduce waste from front and back-of-house areas.

Year	Total waste (tonnes)	Average waste diversion from landfill per restaurant (%)
FY2021	9,609*	18.9

\* 230 KFC Australia and Taco Bell restaurants. Excludes food courts, restaurants serviced by the Sunshine Coast Council and Sizzler Australia

### Organic waste

We are aiming to divert more organic waste from landfill and are working with third-party providers to better understand viable solutions for our restaurants. The diversion of organics from landfill includes the cooked chicken donated to food recovery programs.

### Cardboard

Cardboard packaging generated from our back-of-house operations is recycled. In FY21, Collins Foods has recycled 1,727 metric tonnes of cardboard.

Year	Total recycled (tonnes)	Average recycled per restaurant (tonnes)
FY2021	1,727*	7.50

\* 230 KFC Australia and Taco Bell restaurants. Excludes food courts, restaurants serviced by the Sunshine Coast Council and Sizzler Australia

### Used cooking oil

Used cooking oil can be repurposed for some amazing things, including stockfeed and bio-lubricants. Up to 95% of our restaurants' used cooking oil is upcycled with the majority going into biodiesel. Over the past three financial years, 2,426,000 litres (L) of cooking oil has been collected from Collins Foods' restaurants for upcycling.



Over three years, cooking oil use  
has decreased by around

**167,000L**

despite 32 new restaurant openings

Year	Total collected for upcycling (L)	Average collected for upcycling per restaurant (L)
FY2021	718,060*	2,669
FY2020	823,360**	3,241
FY2019	885,470***	3,736

\* 269 KFC Australia and Taco Bell restaurants. Excludes Sizzler Australia.

\*\* 254 KFC Australia and Taco Bell restaurants. Excludes Sizzler Australia.

\*\*\* 237 KFC Australia and Taco Bell restaurants. Excludes Sizzler Australia.

## Greasetraps

All our restaurants have greasetraps that prevent this waste entering civic sewerage systems. The fats, oils, grease and food solids that settle in the greasetraps are collected and upcycled into stockfeed. Over the past two financial years, 16,594,490 litres (L) of waste from greasetraps has been collected and upcycled.

Year	Total (L)	Average upcycled per restaurant (L)
FY2021	8,516,180*	31,650
FY2020	8,078,310**	31,800

\* 269 KFC Australia and Taco Bell restaurants. Excludes Sizzler Australia.

\*\* 254 KFC Australia and Taco Bell restaurants. Excludes Sizzler Australia.

## Water

Water is a precious resource. Water tank installations are considered for all our new restaurant builds and as a retro-fit in existing restaurants as an ongoing commitment. We also acknowledge there is more to be done to better understand how water is used in our restaurants and supply chains. Our KFC Australia franchisor is supporting this effort by initiating trials to better understand water consumption in our restaurants and by our Australian suppliers. Currently, the water harvested from the tanks is used for garden irrigation and to wash-down outside the restaurants, when required.

## Supply chain

KFC and Taco Bell are subsidiaries of Yum! Brands Inc. As a franchised business for KFC and Taco Bell, Collins Foods' franchisors provide us with marketing, development, food innovation, supply chain and information technology services in exchange for service fees.

Core items for KFC Australia's restaurant supply chain are co-ordinated by our franchisor. Collins Foods holds the administration relationship with each supplier and has oversight in the selection of core suppliers used.

Core suppliers for Taco Bell are managed in partnership with our Taco Bell franchisor. In Europe, core suppliers are managed by the franchisor. Collins Foods does not transact directly with core suppliers. Information on our supply chains' structure and operations can be found in our [modern slavery statement](#) and KFC Australia's modern slavery statement.

## Animal welfare

Taco Bell sources all proteins from reputable local suppliers in Australia approved under the Yum! Approved Supplier Audit Standards. The *Wholesome Animal Food Program* makes up part of these standards. The chicken raw material used in Taco Bell is sourced from one of the suppliers that also supplies to KFC Australia.

Our KFC Australia franchisor is committed to animal welfare. All the chickens are raised in large barns which allow flocks to be raised comfortably. All chicken-meat suppliers are required to be members of the Australian Chicken Meat Federation and strictly follow the Model Code of Practice for the Welfare of Animals, Domestic Poultry. In addition, our KFC Australia franchisor has a code of conduct for suppliers, which features animal welfare standards and is also part of its relevant supplier contracts.

Antibiotics are used to some degree in chicken flocks in Australia, but they are used judiciously and in response to specific diagnosed conditions and under veterinary guidance, which supports animal welfare. The use of any antibiotics in animals must be approved by the federal authority, Australian Pesticides and Veterinary Medicines Authority (APVMA). The chicken industry undertakes a National Residue Survey annually, which is carried out by the Department of Agriculture, Fisheries and Forestry. The survey conducts regular independent checks for residues of antibiotics in chicken meat in Australia. This testing has consistently shown that Australian chicken meat does not contain residues of antibiotics. Food and animal welfare safety is paramount and stringent food safety and animal welfare processes are in place between suppliers and our KFC Australia franchisor. As part of these processes, our KFC Australia franchisor requires suppliers — who are the best in the industry — to pass audits that include monitoring the use of antibiotics in flocks and their welfare.

# GOVERNANCE

## Ethics and integrity

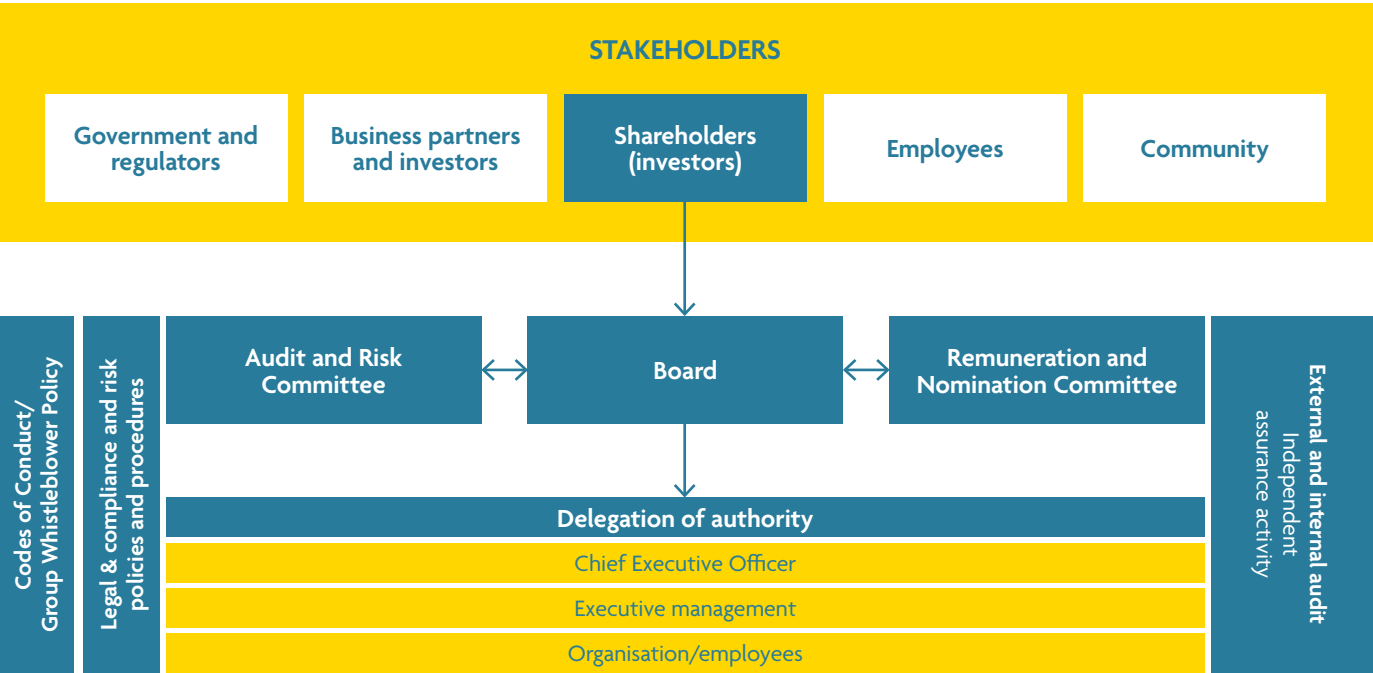
**Collins Foods’ board and management adopts high standards of corporate governance, recognising this not only protects and enhances stakeholder interests but is also critical to our ongoing success.**

We are committed to maintaining ethical standards in our business activities.

Our *Group Code of Conduct* and our *Supply Chain Code of Conduct* describe the standards of behaviour that give effect to Collins Foods’ values considered to be essential to our continued success in the short, medium and long term.

We expect our employees to conduct themselves with openness, honesty, fairness and integrity, and in the best interests of the group in all business transactions and dealings with others — including their colleagues, shareholders, joint venture partners, suppliers, creditors, financiers, the financial markets, governments, and the general public. As an ASX-listed corporation, we respect and support the integrity of the market where investors trade in Collins Foods’ shares and from which we access capital.

An overview of Collins Foods’ corporate governance practices is set out in our corporate governance statement, published at [www.collinsfoods.com](http://www.collinsfoods.com). Other corporate governance framework policies relate to whistleblowers, securities trading, how and when we communicate externally with our stakeholders (continuous disclosure), remuneration, risk management, modern slavery, diversity and inclusion (including our annual workplace gender equality report), the protection of personal information, and the amount of tax paid by Collins Foods. These are also published at [www.collinsfoods.com](http://www.collinsfoods.com).





# Maintaining ETHICS AND INTEGRITY IN DECISION-MAKING



## Food quality and safety

Being the 'World's Top Restaurant Operator' means achieving operational excellence. And at Collins Foods, this means 'Being Brilliant at the Basics' is in our DNA — we are fanatical about driving performance and getting it right every time.

Central to this is serving our customers food that is safe, and we work closely with our franchisors to ensure food safety.

The Collins Foods' food safety system and crisis management plans were put to the test during the COVID-19 pandemic, but thanks to our best-practice approach to food safety, we could keep serving our customers safe and tasty meals. We are also extremely proud of the flexibility and adaptability of our restaurant teams during the pandemic, including how they reinforced our standards — safety, health and hygiene, illness exclusion, and cleaning and sanitation. These practices meant our customer-facing operations had to adapt, particularly with the closure of dining rooms leading to an increase in contactless drive-thru and delivery channels.

Our food safety culture is founded on the belief that food safety is everyone's responsibility. This is supported operationally through robust internal food safety and sanitation practices, internal and third-party audit programs, customer complaint processes, supplier partner selection protocols, and communication policy and protocols.

We use an A-D scale grading system for our restaurants. In FY21, 97.7% of Collins Foods' restaurants inspected achieved an above-'B' grade categorisation by external environmental health officers from the 90+ local council jurisdictions within which Collins Foods operates. In addition to assessments and inspections carried out by our internal quality assurance team, our franchisors engage independent third-party auditors and receive Hazard Analysis Critical Control Point (HACCP) certification.

One of the ways Collins Foods measures the effectiveness of our food safety program is by performance in regulatory audits shown below.

In 2021, we achieved

**97.7%**

audit compliance



### REGULATORY AUDIT COMPLIANCE YEAR ON YEAR RESULTS



Our teams are passionate about high restaurant standards and work diligently to implement corrective actions to address any non-conformances raised during audits in a timely manner, as well as improving restaurants rated below 'B' grade categorisation. Establishing strong and trustworthy relationships with local regulators is key.

## Selling practices and product labelling

KFC allergen and nutritional statements and validation are managed by our franchisor and in partnership with our franchisor for Taco Bell. Product nutritional information is displayed on our menu panels and the KFC Australia website. We are working towards including nutritional information on our Taco Bell menu panels.

In 2008, KFC decided it would no longer advertise children's meals or target advertising campaigns directly at children. This commitment included removing all toys from children's meal offers. KFC Australia was among the first to join the Quick Service Restaurant Initiative for Responsible Children's Advertising and Marketing to Children — an initiative developed by the Australian Food and Grocery Council (AFGN) and the Australian Association of National Advertisers (AANA). Strict guidelines are in place about when and where KFC is advertised. Responsible marketing to children is a global and local initiative of our franchisor.

# APPENDIX

Further information on the materiality factors addressed in this Collins Foods' Sustainability Report is available from the following sources.

Location	Reference
<b>Collins Foods Limited website</b>	<p>Corporate Governance Statement  <a href="https://www.collinsfoods.com/wp-content/uploads/2020/07/20200722-Corporate-Governance-Statement-2020.pdf">https://www.collinsfoods.com/wp-content/uploads/2020/07/20200722-Corporate-Governance-Statement-2020.pdf</a></p> <p>Workplace Gender Equality Report  <a href="https://www.collinsfoods.com/wp-content/uploads/2020/08/Final-PUBLIC-WGEA-Report-2019-2020.pdf">https://www.collinsfoods.com/wp-content/uploads/2020/08/Final-PUBLIC-WGEA-Report-2019-2020.pdf</a></p> <p>Diversity and Inclusion Policy  <a href="https://www.collinsfoods.com/wp-content/uploads/2019/10/Diversity-and-Inclusion-Policy-CFL-POL-CG-005-v3.pdf">https://www.collinsfoods.com/wp-content/uploads/2019/10/Diversity-and-Inclusion-Policy-CFL-POL-CG-005-v3.pdf</a></p> <p>Group Code of Conduct  <a href="https://www.collinsfoods.com/wp-content/uploads/2019/04/Group-Code-of-Conduct-March-2019-CFL-COD-CG-001-v2.pdf">https://www.collinsfoods.com/wp-content/uploads/2019/04/Group-Code-of-Conduct-March-2019-CFL-COD-CG-001-v2.pdf</a></p> <p>Group Communications Policy  <a href="https://www.collinsfoods.com/wp-content/uploads/2020/09/Group-Communications-Policy-August-2020-CFL-POL-CG-004-v2.pdf">https://www.collinsfoods.com/wp-content/uploads/2020/09/Group-Communications-Policy-August-2020-CFL-POL-CG-004-v2.pdf</a></p> <p>Group Continuous Disclosure Policy  <a href="https://www.collinsfoods.com/wp-content/uploads/2020/09/Group-Continuous-Disclosure-Policy-August-2020-CFL-POL-CG-006-v3.pdf">https://www.collinsfoods.com/wp-content/uploads/2020/09/Group-Continuous-Disclosure-Policy-August-2020-CFL-POL-CG-006-v3.pdf</a></p> <p>Group Disclosure Guidelines  <a href="https://www.collinsfoods.com/wp-content/uploads/2020/09/Group-Disclosure-Guidelines-August-2020-CFL-GUI-CG-001-v4.pdf">https://www.collinsfoods.com/wp-content/uploads/2020/09/Group-Disclosure-Guidelines-August-2020-CFL-GUI-CG-001-v4.pdf</a></p> <p>Group Risk Management Policy  <a href="https://www.collinsfoods.com/wp-content/uploads/2021/05/Group-Risk-Management-Policy-Feb-2021-CFL-POL-CG-001-v4.pdf">https://www.collinsfoods.com/wp-content/uploads/2021/05/Group-Risk-Management-Policy-Feb-2021-CFL-POL-CG-001-v4.pdf</a></p> <p>Group Securities Trading Policy  <a href="https://www.collinsfoods.com/wp-content/uploads/2020/05/Group-Securities-Trading-Policy-March-2020-CFL-POL-CG-003-v4.pdf">https://www.collinsfoods.com/wp-content/uploads/2020/05/Group-Securities-Trading-Policy-March-2020-CFL-POL-CG-003-v4.pdf</a></p> <p>Group Whistleblowers Policy  <a href="https://www.collinsfoods.com/wp-content/uploads/2021/03/Group-Whistleblowers-Policy-February-2021-CFL-POL-CG-007-v5.pdf">https://www.collinsfoods.com/wp-content/uploads/2021/03/Group-Whistleblowers-Policy-February-2021-CFL-POL-CG-007-v5.pdf</a></p> <p>Remuneration Policy  <a href="https://www.collinsfoods.com/wp-content/uploads/2019/10/Remuneration-Policy-CFL-POL-CG-008-v2.pdf">https://www.collinsfoods.com/wp-content/uploads/2019/10/Remuneration-Policy-CFL-POL-CG-008-v2.pdf</a></p> <p>Tax Transparency Code report  <a href="https://www.collinsfoods.com/wp-content/uploads/2020/12/Tax-Transparency-Code-Letter-FY2020-signed.pdf">https://www.collinsfoods.com/wp-content/uploads/2020/12/Tax-Transparency-Code-Letter-FY2020-signed.pdf</a></p> <p>Modern Slavery Statement  <a href="https://www.collinsfoods.com/wp-content/uploads/2020/12/Modern-Slavery-Statement-2020.pdf">https://www.collinsfoods.com/wp-content/uploads/2020/12/Modern-Slavery-Statement-2020.pdf</a></p>
<b>KFC Australia website</b>	<p>Modern Slavery Statement</p> <p>Social Impact report</p>







COLLINS FOODS LIMITED