



2024

KFC Western Europe Sourcing Code of Practice

For supply of Food & Packaging to KFC Western Europe

Our vision on responsibility and performance

KFC aims to be a responsible and trusted food company with a safe, sustainable, and ethical supply chain. Our supply partners share our values and enables us to deliver on our ambition of, “Trust in Every Bite”.

Working with our Supply Partners, our goal is not only to minimise negative impacts across our full value chain, but also to find ways to make a positive contribution across our value chain, from farm to fork. This is an ambitious and complex goal, and we believe that only through strong supplier relationships, robust policies, and procedures will we continue to deliver on this goal.

Our commitment to a safe, ethical, responsible, high-performing, sustainable and transparent supply chain remains a constant through a clear vision definition, enabled through policies governing how we source products and service. We do recognise that in a complex macro environment that these policies to achieve specific standards as defined in our Code, has to evolve over time.

Scope of the Sourcing Code of Practice

All suppliers to KFC must comply with the Sourcing Code of Practice **[The Code]**.

The Code sets out the minimum defined social, ethical, product, and environmental standards we require suppliers to follow, as part of their agreement to supply KFC. We are mutually committed with supply partners to continuously improve these minimum standards, and **[The Code]** should not prevent any partners from exceeding on these standards.

The Code is governed by the four regional sourcing policies:

- KFC Ethical Sourcing Policy
- KFC Sustainable Sourcing Policy
- KFC Farm Animal Welfare Policy
- KFC Product Integrity Policy

The Code applies to all KFC suppliers. The KFC WE understand the market units as KFC UK&I, KFC France, and KFC WEBU Western European Business Unit (Germany, Spain, Netherlands and Italy), and its satellite markets. We recognise that this list can expand over time.

Suppliers of branded goods are expected to have noted the requirements of **[The Code]**, and to have established similar arrangements in their own supply chain. These should be sharable with KFC on request.

Implementation of The Code

As part of their contract with KFC, suppliers must establish management systems, to report on compliance to KFC policies, and to maintain referenceable records demonstrating such. Suppliers must take appropriate steps to ensure that:

- **[The Code]** is communicated to all relevant employees.
- There is regular engagement with management teams to reiterate the importance of compliance.
- Appropriate training on **[The Code]** is provided and available to employees.
- Processes and systems are in place, for workers to report non-compliance in a confidential manner.
- Permit KFC representatives (including third party auditors) access to supplier documentation, management and workers to determine compliance and progress against the Code.

KFC expects any non-compliance, and/or reduction in performance in relation to **[The Code]**, to be reported to KFC in reasonable time, as well as a time-bound remedial plan. KFC endeavour to work with Supply partners in a reasonable manner, where required to remediate any non-compliance with expediency. We recognise that local socio-economic and cultural factors might impact the

implementation of **[The Code]**. Where such complexities exist, we require suppliers to engage with KFC, to co-develop and agree, an appropriate programme to ensure compliance.

Yum! Code of Conduct

Yum! the parent company of KFC has very clear requirements for the behaviour of all employees, contractors, agents, agencies and suppliers and has documented these in a Code of Conduct.

Yum! Supplier Code of Conduct can be found under this link : [Yum Supplier code of conduct](#) and below in **annex 1**.

This is a non-negotiable part of the relationship between KFC and its Supply Partners. Any breach of the Code of Conduct by an employee, agent, contractor or supplier of our supplier would be considered a material breach of our contractual agreement and could in some circumstances result in immediate termination.

KFC Anti-Bribery Policy

KFC is committed to conducting its business with the highest degree of integrity. This commitment includes a zero tolerance approach towards all forms of bribery and corruption. It is compulsory that all contractors, agents, suppliers, advisors and franchisees of KFC comply with this Anti-Bribery Policy.

This full Anti-Bribery Policy can be found in **annex 2**.

ANNEX 1 : Yum! Supplier Code of Conduct



— YUM! BRANDS, INC. — SUPPLIER CODE OF CONDUCT





Yum! Brands, Inc. and each of its domestic and international subsidiaries (collectively, "we", "us" or "Yum") is committed to conducting its business in an ethical, legal and socially responsible manner that aligns with our organizational values. The purpose of this Yum Supplier Code of Conduct (the "Code") is to encourage legal, social and ethical business practices by Yum's suppliers and vendors and their respective suppliers, vendors, subcontractors, agents and employees (each, a "Supplier" and, collectively, the "Suppliers"). Yum expects Suppliers to provide products/services that comply with all applicable laws, rules and regulations in the state and/or country in which they operate as well as to adhere to all requirements set out in this Code. All references to "applicable laws and regulations" in this Code shall include local, federal and international codes, rules and regulations as well as applicable treaties and industry standards.

The Code sets forth our expectations and minimum standards for Suppliers. Yum expects its Suppliers to conduct audits and inspections in order to verify compliance with the Code. Yum may reach out to its Suppliers on a periodic basis to request a list of audits and inspections the Supplier undertook over a period of time. In addition, we reserve the right to conduct unannounced assessments, audits and inspections of Supplier operations (including on-site audits and inspections at any Supplier facilities). Violations of, or non-cooperation with Yum in its enforcement of, the Code may lead to disciplinary action, which may include, among other things, corrective action or termination of the Supplier relationship.

Suppliers must comply and ensure compliance with the following:

Quality and Food Safety

Suppliers must ensure that its quality management systems and processes include food safety and quality requirements that meet or exceed Yum's published standards. This starts with the ethical sourcing of materials and ends with the highest level of service and delivery of superior quality products to our distributors and restaurants.

Sustainability

Suppliers must ensure compliance with industry environmental, agricultural and animal welfare standards and practices, as applicable. Suppliers must demonstrate compliance with Yum's sustainability policies and positions, including with respect to palm oil, paper-based packaging sourcing, good antimicrobial stewardship, sustainable animal protein principles, and the other policies and positions outlined in its Global Citizenship and Sustainability Report.

Suppliers are also expected to develop appropriate environmental management systems that recognize the environmental impacts of their specific business processes and monitor and report performance against improvement targets. Suppliers are expected to be leaders in meeting or exceeding environmental standards and demonstrating year-over-year progress towards reducing the relative environmental footprint of their operations.

Waste and Emissions

Suppliers must have systems in place to ensure the safe handling, movement, storage, recycling, reuse and management of waste, air emissions and wastewater discharge. Any of these activities that have the potential to adversely impact human or environmental health must be appropriately managed, measured, controlled and handled before the release of any substance into the environment. Suppliers also must have systems in place to prevent or mitigate accidental spills and releases into the environment.

Brand Identity

Suppliers must follow public relations and branding protocol set forth by Yum and/or its subsidiaries. Suppliers must ensure they have written approval to use or reference any Yum branding, brand name, logo or visual brand elements in marketing, advertising, or sales activities. Approval may come in the form of written consent by a designated public relations representative or executive, and/or explicitly stated within the supplier's contract. If approved, the supplier is expected to follow and maintain all current brand guidelines. Suppliers are required to update any and all associated branding in a timely fashion on an as needed basis. Yum reserves the right to retract or decline use at any time.

Work Environment

- a) **Child Labor:** Suppliers must not utilize labor under the legal minimum age of employment and must follow all child labor laws applicable to the jurisdiction in which they operate. In addition, persons younger than eighteen (18) are not permitted to perform hazardous work under any circumstances.
- b) **Coercion and Harassment:** Suppliers must treat all workers with dignity and respect. Disrespectful, inappropriate behavior, unfair treatment or retaliation of any kind will never be tolerated. Actions such as corporal punishment, threats of violence and/or other forms of physical, sexual, psychological, verbal abuse and/or harassment will never be allowed or condoned.
- c) **Diversity and Nondiscrimination:** Yum is committed to diversity, equity and inclusion in the workplace and expects our suppliers to as well. Suppliers must not discriminate with regard to hiring and employment practices, including salary, benefits, advancement, discipline, termination or retirement on the basis of race, color, creed, religion, age, gender, genetic information, sexual orientation, gender identity and/or expression, national origin, nationality, citizenship, social or ethnic origin, marital status, pregnancy, disability, physical impairment, political affiliation, military or veteran status, or other legally protected status. We strongly encourage suppliers to support diverse businesses throughout their own supply chains where applicable.



- d) **Health and Safety:** Suppliers must provide workers with a safe and healthy workplace (and housing, if applicable) in compliance with all applicable laws and regulations. At a minimum, Suppliers must also ensure reasonable access to potable water, sanitary facilities, proper ventilation, adequate lighting and fire safety. In addition, Suppliers are responsible for general emergency preparedness and machine maintenance and evaluations in order to comply with applicable safety standards. All required permits, licenses and registrations must be obtained, maintained and kept up-to-date and made available to Yum upon request. Suppliers must satisfy their operational and reporting requirements to applicable legal and regulatory authorities.
- e) **Human rights:** Suppliers will use due diligence as a means to identify and prevent human rights risks, and must not use any forced or involuntary labor, whether prison, bonded, indentured or otherwise. Suppliers may be required to produce a "slavery and human trafficking statement" each financial year to ensure slavery, servitude or forced labor does not exist in any part of their business or supply chain. The statement must record Supplier's policies and demonstrate that due diligence, auditing, training, risk analysis, and appropriate key performance indicators are in place. This information will be made available to Yum as part of any audit or assessment process upon Yum's request.
- f) **Association:** Suppliers must respect the rights of workers to associate, organize and bargain collectively in a lawful and peaceful manner without penalty or interference.
- g) **Compensation:** Suppliers must comply with all applicable wage and hour laws and regulations, including those relating to minimum wages, overtime, maximum hours, commissions, bonuses, piece rates and other elements of compensation and provide legally mandated benefits.
- h) **Other Laws:** Suppliers must comply with all applicable laws and regulations. All references to "applicable laws and regulations" in this Code of Conduct shall include local and national codes, rules and regulations as well as applicable treaties and voluntary industry standards.
- i) **Anti-bribery:** Suppliers must have in place clear commitments to work against corruption and bribery in all its forms. Suppliers also must comply with all applicable anti-bribery local, federal and international laws and regulations (including, as applicable, the U.S. Foreign Corrupt Practices Act), and to meet or exceed relevant regulations and industry standards. Where standards differ, the standard which offers the greater degree of protection and ethical standard will apply. In no case may a Supplier take any action that would violate, or cause Yum to violate, any applicable law or regulation.
- j) **Monitoring and Compliance:** Yum and/or its agents and contractors have the right to engage in monitoring activities to confirm Suppliers' compliance with this Code. Monitoring activities may include, without limitation, unannounced on-site inspections of manufacturing facilities (including those of any subcontractors) and Supplier-provided housing, and reviews of Suppliers' books and records and private interviews and/or confidential surveys with Suppliers' workers. Suppliers must maintain on site or readily available all documentation that may be needed to demonstrate compliance with this Code.
- k) **Subcontractors:** In the event that a Supplier desires to utilize subcontractors for the manufacture, processing or development of products for Yum, that Supplier must obtain Yum's consent prior to utilizing such subcontractors and such subcontracts are subject to the provisions of the Code.
- l) **Publication:** Suppliers must take appropriate steps to ensure that the provisions of this Code are communicated to its employees, subcontractors and agents, including the prominent posting of a copy of these provisions in the local language and in a place readily accessible to its employees at all times. Suppliers must have a policy in place protecting employees from any form of retaliation for making a good faith report of any violation of this Code.

ANNEX 2 : KFC Anti-Bribery Policy

KFC is committed to conducting its business with the highest degree of integrity. This commitment includes a zero tolerance approach towards all forms of bribery and corruption. It is compulsory that all contractors, agents, suppliers, advisors and franchisees of KFC comply with this Anti-Bribery Policy.

This Policy is arranged as follows:

- What is a bribe?
- Why compliance with this Policy is essential
- Focus on high risk areas:
- Facilitation payments
- Gifts, hospitality and favours
- Government Officials
- Contracts
- Business partners
- Application of Policy to franchisees
- How to raise a concern
- Summary

1. What is a bribe?

In this Policy, bribery is defined as:

- a. offering, promising or giving a financial or other advantage as an inducement for the improper performance of a function or activity; or
- b. requesting, agreeing to receive or accepting a financial or other advantage as an inducement for the improper performance of a function or activity.

It is often obvious that an activity would constitute a bribe but sometimes it can be less clear. To help you identify unacceptable types of behaviour Sections 5 to 8 of this Policy highlight potentially high risk areas to KFC's business.

Note that KFC businesses in different parts of the world may have different definitions of bribery depending on the laws of the countries in which they operate. KFC's contractors, agents, suppliers, advisors and franchisees are subject to the anti-bribery laws of all countries in which they operate.

2. Why compliance with this Policy is essential

Compliance with this Policy is essential because bribery is a criminal offence punishable by a fine and/or imprisonment. It is also contrary to KFC's and Yum! Brands Inc's standards of integrity and business practice.

Individuals who give or receive bribes will commit a criminal offence and they could be fined and/or imprisoned. Senior KFC officers could also be guilty of an offence if KFC is found guilty of giving or receiving a bribe in the UK and the senior KFC officer consented to the bribe.

Under the laws of many European countries bribes made by employees in the course of their employment or third parties acting on behalf of KFC could result in substantial fines for KFC.

3. Facilitation payments

Facilitation payments are small unofficial payments made to secure or expedite the performance of an action to which the person making the facilitation payment already has an entitlement.

Facilitation payments are usually encountered in the public sector but they can also occur in the private sector.

Facilitation payments are a clear example of bribery. As such, they are not tolerated by KFC in any form.

4. Gifts, hospitality and favours

In certain circumstances the giving or receipt of corporate gifts or hospitality could be perceived as bribery. As a general policy KFC does not believe that giving and receiving gifts is appropriate to the efficient conduct of its business. However, from time to time individuals or teams may receive gifts,

offers of hospitality or other favours from existing or potential suppliers or contractors, which may be accepted.

KFC absolutely prohibits any giving or receiving of gifts, hospitality or other favours that could influence or be perceived to be capable of influencing a contract or other material transaction or obtaining an improper advantage.

Set out below are examples of what may constitute a gift, hospitality or other favour. These examples are not exhaustive.

Gift – a bottle of wine, perfume, tickets to a sporting event or the theatre for yourself or with your partner (excluding hospitality events).

Hospitality – a lunch, dinner, invitation to a sporting event in the company of the supplier/business contact.

Other Favour – use of a supplier/business contact's holiday property.

5. Government Officials

The offering of any gift, hospitality (including meals, travel and entertainment), donation, sponsorship, engagement, employment and any other interactions with government officials and/or their relatives is subject to a strict approval process. KFC absolutely prohibits anything that is offered, provided or authorised for a government official if it is intended to obtain an improper advantage.

6. Contracts

KFC places the utmost importance on a fair and transparent system for the selection and management of suppliers, agents and contractors. This is essential not only to comply with its own standards of integrity and business practice but also to avoid any perception of bribery or malpractice.

7. Business partners

Any third party which acts on behalf of KFC anywhere in the world must adhere to the terms of this Policy. This is because KFC may be held responsible for bribes given by the third party in connection with KFC's business.

It is therefore essential that this Policy is communicated to employees of any agents or other third parties operating on behalf of KFC or which has authority to act on KFC's behalf.

8. Franchisees

KFC is not responsible for the actions of its franchisees providing that the franchisee is not performing services for or on behalf of KFC. However, KFC's International Franchise Agreement requires franchisees to comply with the law. If a franchisee gives or receives a bribe it will be breaking the law and hence it will be in breach of KFC's International Franchise Agreement.

9. How to raise a concern

If you have any questions regarding this Policy or you believe you may know of a potential infringement of this Policy you have a duty to raise your concerns to KFC. Your concern will be kept confidential and if appropriate a thorough investigation will be carried out. Please be assured that no contractor, supplier, agent, advisor or franchisee of KFC will face less favourable treatment as a result of complying with their obligations under this Policy.

10. Summary

KFC's zero tolerance approach to bribery reflects our high standards of business conduct and integrity. KFC expects every contractor, supplier, agent, advisor and franchisee to represent these high standards in all their business dealings. Please therefore ensure that you understand and adhere to all the terms of this Policy. In this way we will enhance the KFC's reputation as a responsible corporate citizen.