

Subway® Statement on Modern Slavery & Human Trafficking

This statement addresses the Modern Slavery Act of the United Kingdom and the Transparency in Supply Chains Act of the U.S. State of California. It explains the approach Subway® has taken to ensure that modern slavery and human trafficking are not taking place in our supply chain or in any part of our business around the world. This statement constitutes our disclosure for 2017 and 2018.

Our Approach

Subway® recognizes that the eradication and prevention of modern slavery and human trafficking is a global challenge that businesses must address through their own operations, local and global supply chains, and business partners.

Integrity in our operations, products and supply chains is of the utmost importance. We are fully committed to working collaboratively across industries to seek eradication of modern slavery and human trafficking.

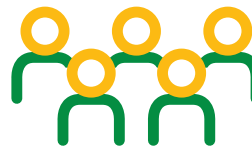
Our Business

The Subway® global franchise network operates within the Quick Service Restaurant (QSR) franchise industry and consists of over 44,000 restaurants in more than 100 countries owned by over 21,000 franchisees.

Founded in 1965, Subway® is recognized as one of the largest global QSR chains on a variety of measures, including number of locations, revenue, and countries of operation. Our 2,500+ restaurants in the UK and Ireland, and their supply chains, are within the scope of the UK Modern Slavery Act. Similarly, our 2,600+ restaurants in the U.S. state of California, along with their supply chains, are within the scope of the California Transparency in Supply Chains Act.



**Over 44,000
restaurants in more
than 100 countries**



**Over 21,000
Franchisees**

Our Supply Chain

Our ingredient and product supply chains are complex and global, encompassing thousands of suppliers and dozens of countries. Our menus and restaurant designs cover a wide range of agricultural and manufactured products that inherently carry different supplier performance risks.

Our purchasing process is operated by Franchisee-approved, independent purchasing organizations located in major regions across the globe. These IPCs (Independent Purchasing Cooperatives/Companies) work with Subway® offices worldwide to ensure suppliers meet quality standards, monitor for supply chain compliance and negotiate contract terms for purchased goods and services.

The IPC model was started by North American Subway® Franchisees in September 1996. Since then, the independent purchasing model has experienced global expansion and today enjoys a presence in Europe (IPCE), Latin America and the Caribbean (LACIPC), Asia Pacific (IPCA), and the Middle East & Africa (MEAIPC).

Our Policies and Contractual Agreements

Subway® has three major company policies and procedures designed to support responsible business practices and sourcing. All three address the roles and responsibilities of Subway® corporate, the IPC network and individual Franchisees in relation to preventing modern slavery and support this statement.



These company policies include our Supplier Code of Conduct, Employment Practices - Supply Chain Policy, and Franchise Agreement.

Subway® Supplier Code of Conduct

This policy requires vendors and their suppliers to comply with all laws relating to modern slavery and human trafficking in the countries in which they are operating. This policy strictly prohibits slave labor and any form of human trafficking.

In particular, the brand's policies on anti-bribery and corruption include a reporting process for any suspected violation of the Supplier Code of Conduct. **The Employment Practices Policy - Supply Chain** expands upon the supplier workplace expectations found within the Supplier Code of Conduct, covering:

- Freedom of Association and Collective Bargaining
- Child Labor
- Forced Labor and Abuse of Labor
- Workplace Discrimination
- Work Hours and Wages
- Safe and Healthy Workplaces

Franchise Agreement

As each Subway® restaurant is independently owned and operated, the Franchise Agreement requires the franchisee to operate his/her businesses in compliance with all existing and future relevant laws and government regulations. Subway® has the right to terminate the Franchise Agreement if a Franchisee violates employment law or damages the Subway® brand through his/her actions.

We continuously work to provide Franchisees with qualified and approved suppliers who comply with our Supplier Code of Conduct and Supply Chain Employment Practices Policy, which is a requirement of our supplier certification and contracting process. Both Supplier Code of Conduct and Employment Practices - Supply Chain Policy can be found at www.Subway.com. The Franchise Agreement is provided to potential Franchise owners as part of the application process.

Our Risk Assessment and Compliance Processes

While we are confident that our Franchise Agreement creates the proper framework to minimize the risk of modern slavery or human trafficking within Subway® restaurants, we have an additional compliance mechanism for our supply chain. This is managed and enforced by the regional IPCs.

The regional IPC organizations used by Subway® Franchisees have processes for the sourcing and management of suppliers in order to:

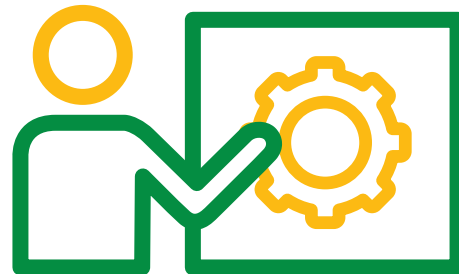
- Support the Subway® food quality and safety program, which includes supplier approval
- Enable our food to be affordable to customers
- Position Franchisees to be competitive and profitable through optimized costs and services
- Minimize risk to our Franchisees and the communities that their restaurants and supply chains may impact

The regional IPC organizations carefully select and contract with suppliers based on specifications and guidelines from Subway®, developing long-term relationships and creating confidence that expectations of Subway® can be met. We recognize that elements of our supply chain are resourced with a seasonal, unskilled workforce, which creates risk of worker exploitation, human trafficking and modern slavery. The IPCs take care in building long-term relationships, so as to ensure and create capacity for expected performance.

All of our direct (first-tier) suppliers are required to provide full traceability back through their own supply chains to primary producers upon request. While we do not currently conduct third-party or internal ethical audits, we are working towards requiring all direct suppliers to be part of an industry-recognized risk assessment, traceability and audit-sharing program, such as Ecovadis, Authenticate or Sedex. This will enable the suppliers to better demonstrate their ongoing practices for assessment by Subway®, the IPC organizations and the industry at-large, regarding risk assessments, ethical audits and addressing remedial action plans when they exist. These transparency and risk assessment tools will enable us to identify high-risk situations and develop action plans with suppliers to address issues.

The Subway® system has a workplace compliance hotline. Within the Supplier Code of Conduct (available online), there is a process for any outside party to file a complaint regarding ethical or other Code of Conduct violations. We recognize during assessments that impacted workers may not be able to easily find the process under the current website structure. In 2018, we will assess the feasibility of creating a more effective avenue for outside partners and their employees to raise concerns for assessment.

When violations are found, the publicly available Supply Chain Employment Practices Policy articulates the process for curable and non-curable violations. As the issue of modern slavery is dynamic with sometimes hidden-in-plain-site elements, we will review the process in 2018 and update it as needed, after consultation with industry leaders and collaborative groups specializing in this area.



Subway® Employee, Franchisee & IPC Employee Training and Awareness

Subway® is committed to raising awareness about modern slavery and other corporate social responsibility (CSR) issues in our supply chain. In addition to the Subway® website, with posted global policies and activities, the regional IPC organizations current buyer training incorporate Supplier Code of Conduct awareness; and therefore incorporates modern slavery and human trafficking identification. Along with our 2017-2018 plans to formalize awareness campaigns for employees and Franchisees, the IPC network plans to more specifically formalize training and communication for its employees on this risk area.

2017-2018 Plans

Given the complexity of this issue, we are formalizing more specific plans that better position Subway® to manage risks within the supply chain.

- **Policy Review:**
Review all Subway®, Franchisee and supply chain policies related to modern slavery, human trafficking and other risks to ensure completeness in approach to addressing risks
- **Compliance:**
Continue to expect compliance with our Supplier Code of Conduct policies as a basis for conducting business
- **Risk Assessment & Monitoring:**
Expand the use of Ecovadis and Authenticate globally to supplement other risk assessments and audit sharing protocols previously used, such as Sedex. In addition, the IPC network, in conjunction with Subway® leadership, will conduct quarterly reviews of risk assessment data and develop appropriate action plans based on findings.
- **Training:**
Incorporate modern slavery awareness training into procurement training programs within the IPC organizations.
- **Informing:**
Communicate with Subway® employees, Franchisees and other partners within the Subway® network regarding expectations related to managing modern slavery risks.
- **Whistleblowing Facilitation:**
The Subway® website (www.subway.com) and any IPC-related websites will be reviewed to improve the visibility of the whistleblowing process for potentially impacted workers and others in the Subway® system.
- **Collaborating:** Subway® will continue to participate in leading industry collaborative groups (i.e., BSR and others) to better understand risk management support implementation in a pre-competitive manner.

- **Assessing & Governance:** Develop a road map to further strengthen our modern slavery elimination program, including a specific cross-functional governance leader and process. This will take into account company expenditures, the social, economic and political environment in each country of origin, specific product supply chain characteristics, and the most recent Global Slavery Index data.

While the United Kingdom's Modern Slavery Act and California's Transparency in Supply Chains Act are regionally specific, this statement is part of the Subway® global plan to be an active and productive member of the business community seeking to eradicate modern slavery and human trafficking. As we recognize this is not a static issue, we will adjust our plans as we continuously understand our supply chain further and collaborate with others to ensure that slavery and human trafficking are not taking place in our supply chain or in any part of our business.

This statement has been approved by Suzanne Greco, President & CEO Franchise World Headquarters, LLC.

Signed,



Suzanne Greco
President & CEO
Franchise World Headquarters, LLC