

KnowTheChain 2023 Food & Beverage Benchmark

Additional Disclosure

Company Name: Woolworths Group

Date: 28 March 2023

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note **KnowTheChain has already undertaken a review of your website**. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

The following are the dominant source countries (representing more than 90% of total volumes produced) for key raw materials used as ingredients in Own Brand products.

Palm Oil: Indonesia and Malaysia

Soya: Australia and China

Sugar (as a product): Australia

Tea: Indonesia, Australia, China and India

INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

As noted in our FY22 Modern Slavery Statement, Woolworths Group “continue to monitor our risk environment through a combination of supplier screening, third party risk assessments and advice, audit results, grievances raised, team member insights, regulatory trends, industry commentary, and media and civil society reports. These diverse sources help us identify and prioritise our response to the most salient human rights risks, including emerging risks.”

In addition to these multiple systems lenses, Woolworths Group engages with a broad range of stakeholders on both context specific and broader human rights risk trends. This includes continuous engagement and dialogue with stakeholders which helps to refine our understanding of real time risk:

- civil society directly and through benchmarking (such as Be Slavery Free, Australian academics specialising in modern slavery, and NGOs in key sourcing countries)
- unions particularly as it relates to risk in the Australian horticulture sector as executed through a Memorandum of Understanding with the Retail Supply Chain Alliance and ongoing dialogue with the United Workers Union
- Program partners that specialise in risk to migrant workers such as Verite and Impactt.

4.2 details on forced labour risks identified in different tiers of its supply chains; and

4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

Our work on responsible recruitment in Malaysia is an example of how Woolworths Group engages relevant stakeholders to address identified risks. As outlined in our F22 [Modern Slavery Statement](#), during the process of recruitment fees remediation with one direct supplier “more than 28 meetings were held, including regular meetings with the supplier’s human resources executives and CEO. Meetings included education and awareness on different forced labour topics, **facilitated discussions with subject matter experts**, and planning the fees remediation process.”

During this process we sought input from various stakeholders not only on the remediation of this particular case, but also for input into our plan to proactively address risk at our other supplier sites in Malaysia. This included “international peers, a Malaysian non-government organisation (NGO) specialising in migrant worker rights, the Department of Foreign Affairs and Trade, and ELEVATE and Verité, our third party expert advisors.”

The consultation informed the development of Woolworths [Group’s Responsible Recruitment Addendum](#) and the delivery of the Addendum has been supported by some of the aforementioned stakeholders. For example, our suppliers have been able to “join a recruitment cost calculator workshop with Verite.”

In terms of the UN Global Compact Network Australia’s Modern Slavery Community of Practice, participating stakeholders have included Australian Government Attorney’s General’s Department, Australia Border Force, the Australian Federal Police, academics, and representatives from the Migrant Worker Justice Initiative.

INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

Our direct Own Brand suppliers rated moderate and priority risk (predominantly based in Asia) are required to complete a social compliance audit. Based on the data extracted from amforiBSCI and Sedex - our two largest mutually recognised standards - we have identified that 50.5% of this workforce are female.

The approximate number of women working in direct own brand suppliers from a sample of higher risk countries are:

Thailand: 60%

Malaysia: 32%

Vietnam: 66%

5.2 the percentage or number of supply chain workers who are migrant workers’

Based on the same conditions in 5.1 above, we have identified that foreign migrant workers represent 4.1% of workers and domestic migrant workers represent 27% of workers in the selected workforce. Together foreign and domestic migrant workers would represent an estimated 31% of workers in our Asia-based direct supply chain.

The approximate number of migrant workers in direct the operations of direct Own Brand suppliers from a sample of higher risk countries are:

Thailand: 51%

Malaysia: 42%

5.3 the percentage or number of supply chain workers that are being paid a living wage.

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

An example of a modern slavery clause we use in our contracts to procure goods and/or services which attract higher levels of modern slavery risk:

“Compliance

In performing its obligations in connection with this Agreement, the Supplier will, and will ensure that each Supplier Personnel and each of its Related Bodies Corporate will:

- a) comply with all Modern Slavery Laws; and
- b) take reasonable steps to ensure that there is no Modern Slavery in the Supplier’s or Supplier Personnel’s supply chains or in any part of their business or the supply chains of the Supplier’s Related Bodies Corporate or in any part of their businesses.

Assistance

The Supplier will comply (and ensure that all Supplier Personnel and its Related Bodies Corporate comply) with any reasonable requests made by Woolworths for assistance, for the provision of information or documents as required by Woolworths to enable Woolworths’ own compliance under or related to Modern Slavery Laws.

Notification

The Supplier will immediately give written notice to Woolworths if it becomes aware of a possible, potential, suspected or actual breach by it or its Supplier Personnel of any Modern Slavery Laws. Compliance Statement The Supplier must complete and provide to Woolworths the Compliance Statement on or within 7 (seven) days prior to the Commencement Date of this Agreement and on each anniversary of the Commencement Date during the Agreement Term.

Supplier warranties

The Supplier represents and warrants that neither it nor the Supplier Personnel or its Related Bodies Corporate:

- a) have been convicted of any offence involving Modern Slavery; and
- b) to the best of its knowledge, having made reasonable enquiries, have been or are the subject of any investigation, inquiry or enforcement proceedings by any Government Agency regarding any offence or alleged offence of, or in connection with Modern Slavery.

Due diligence procedures

The Supplier agrees to implement due diligence procedures for its own suppliers, subcontractors and other participants (together with other processes, procedures, investigations and compliance

systems as deemed necessary) to ensure that there is no Modern Slavery in the Supplier's or Supplier Personnel's supply chains or in any part of their business."

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

As identified in the Know the Chain research, Woolworths Group has commenced detailed project work on Responsible Purchasing Practices in our BIG W business. In February 2020, BIG W joined Action, Collaboration, Transformation (ACT) to address living wages in Bangladesh. ACT is an agreement between global brands, retailers and trade unions to achieve living wages for workers. BIG W has made a commitment to implement a fair labour costing model and completed a trial of a cost base calculation (CBC) model. Based on the lessons from the pilot, the CBC model is being deployed first with strategic supplier partners in Bangladesh.

In Woolworths Supermarkets (our food business), the Facilities Management team has been undertaking due diligence among trolley collection and cleaning contractors at our food retail sites since 2017. This has helped us to uncover and address potentially non-compliant practices by some service suppliers and make valuable systemic and operational improvements to deal with the risks and issues identified.

Costing controls are also in place for the tender process for trolley collecting and cleaning contracts. These are "should cost" and "benchmark rate" models:

- "Should cost" model for the trolley collection tender – the team considered an individual contractors' labour mix, cost structure and profit margins as part of the costing model.
- "Benchmark rate" model for cleaning contracts – the team independently evaluated an average rate for each site prior to tendering the process out to contractors which will ensure all employees can be paid their legal entitlements.

In both cases, if any contractor tenders at a lower rate but it is evident through the labour costing modelling that minimum statutory requirements (including modern slavery requirements) could not be met, we communicate our concerns with the supplier and they are not able to proceed.

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

Responsible recruitment is a strategic priority area for Woolworths Group. While responsible recruitment indicators form part of our Responsible Sourcing (RS) Standards and apply to all Own Brand and fresh suppliers, we have additional requirements for responsible recruitment in higher risk countries; this is captured in two Addendums to the RS Standards, the [Requirements for Labour Providers in our Australian Horticulture Supply Chain](#) and [Responsible Recruitment Addendum](#) (with a focus on Malaysia and Thailand in FY23 and FY24 respectively).

Through the implementation of both Addendums' Woolworths Group proactively supports our suppliers with tools, resources and access to third party subject matter experts to help uplift their capability to meet our requirements.

Additionally, in both Australia and Malaysia we participate in a variety of stakeholder initiatives on responsible recruitment. For example, as part of our membership of the Consumer Goods Forum (CGF) Human Rights Coalition members of our Human Rights team were part of the core drafting group of the CGF's recent publication [Guidance on the Repayment of Worker-paid Recruitment Fees and Related Costs](#) and two Woolworths case studies featured. In Australia, we are participating in Government consultation on proposed National Labour Hire Regulation, reaffirming our support for a national scheme outlined in our F22 Modern Slavery Statement: "We support the creation of nationally consistent and enforceable standards for labour hire providers that safeguard the welfare of workers" (pg 17).

INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

Reported outcomes of collaboration with local trade unions includes:

- In November 2022, in partnership with the unions in the Retail Supply Chain Alliance, we conducted a worker engagement forum in regional Victoria. This builds on several worker engagement events conducted and reported on since 2019.
- During ongoing COVID-19 disruption in Australia, Woolworths Group coordinated and facilitated multi-stakeholder, pre-harvest information sessions for horticulture suppliers and labour providers on workplace compliance. The sessions were targeted at higher risk regions, Sunraysia and Goulburn Valley, and included presentations from the unions, Fair Work

Ombudsman, WorkSafe Vic, Department of Health and Human Services, and Labour Hire Licensing Authority (Vic). Presenters communicate key messages on legislative requirements, labour hire licensing regimes and facilitating a COVID safe harvest. Ninety-two participants attended the two sessions.

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

Our independent grievance mechanism, Supplier Speak Up is available to and utilised by workers below the first tier of the supply chain. For example we have reported on the intake of complaints for subcontracted workers (below tier one) in cleaning, trolley collection, horticulture and domestic transport.

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

Our F22 [Modern Slavery Statement](#) outlines elements of the practical operations of the mechanism. For clarity, references to our cleaning and trolley collecting supply chain and domestic transport network relates to our food business, Woolworths Supermarkets. The full disclosure is found on page 27, and key excerpts include:

- “In F22, our Facilities Management Team investigated 29 matters in the trolley collection and cleaning supply chains of our Australian trading sites, which consist of contractors and subcontractors. **This included 26 grievances raised by workers through Supplier Speak Up** and three grievances received from direct contact or internal sources. These allegations included underpayments (76%), subcontractor issues (10%), bullying and intimidation (7%), unfair dismissal (3%) and other matters (4%).”
- “In F22, our Human Rights team investigated 13 grievances relating to alleged breaches of our RS Policy...Of these, four cases were received through Supplier Speak Up from workers in our logistics supply chain” servicing Woolworths Supermarkets.

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

In F22, we engaged trolley and cleaners in our Woolworths Supermarkets to provide feedback on the effectiveness of Supplier Speak Up. The insights from this process, detailed on page 30 of our [Modern Slavery Statement](#), is one way we involve third party workers in our operations services in the evaluation of the performance of our grievance mechanism. This year we also consulted with

unions that have coverage of our horticulture, logistics and supermarkets on the key languages of our Supplier Speak Up communications.

INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

Off-site worker interviews are conducted at the discretion of the auditors typically during higher risk context audits or investigative audits. This forms part of our audit methodology.

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

Monitoring at multiple supply chain tiers is in place in our Australian horticulture supply chain, where we are taking a risk-based approach to assessing information of tier two growers. The focus of this is on the labour hire providers utilised in higher risk categories as we identify forced labour risks greater where a labour hire intermediary is utilised. For more information see pg 17 of the FY22 [Modern Slavery Statement](#).

In F22, we commenced due diligence on second tier dried fruit and nut suppliers, which is a category previously identified as inherently higher risk to modern slavery. This process includes partnering with our direct supplier to build internal capability for them to identify and respond to forced labour indicators. While no forced labour indicators have yet been identified, it has been identified that “complexities around local law adherence and meeting peak season demand remain key challenges.” For more information see pg 19 of the FY22 [Modern Slavery Statement](#).

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers’ rights and priorities).

INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

In addition, where an allegation is identified in a company’s supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

NON-SCORED RESEARCH

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

High Risk Sourcing

Please indicate whether your company sources any of the below high-risk commodities. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

- Beans (green, soy, yellow)
- Brazil Nuts/Chestnuts
- Cattle
- Chile Peppers
- Cocoa
- Coffee
- Corn
- Fish
- Oil (palm)
- Peanuts
- Rice
- Sesame
- Shrimp
- Sugarcane
- Tomatoes
- Wheat