

KnowTheChain Food & Beverage Benchmark - Additional Disclosure 2020

Company Name:

Guidance:

- 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. Please see the 'comment text' and 'source' cells in the Excel document for the information we have already reviewed.
- 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 (extensive additional disclosure documents that include a comprehensive list of links already reviewed will not be considered).

THEME 1: COMMITMENT AND GOVERNANCE

1.1 Commitment

The company:

- (1) publicly demonstrates its commitment to addressing forced labor and human trafficking.

1.2 Supplier Code of Conduct

The company's supplier code of conduct:

- (1) requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor;
- (2) is easily accessible from the company's website;
- (3) is updated regularly, following internal review and input from external stakeholders;
- (4) is communicated to the company's suppliers; and
- (5) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain policies addressing forced labor and human trafficking.

1.3 Management and Accountability

The company:

- (1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and
- (2) has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

See the Board Sustainability Committee Charter that includes oversight of labour and human rights (pg. 1): www.woolworthsgroup.com.au/icms_docs/186103_sustainability-committee-charter.pdf

1.4 Training

The company:

- (1) trains all relevant decision-makers within the company on risks and policies that address forced labor and human trafficking;
- (2) trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained; and
- (3) engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or trains suppliers below the first tier on such policies.

(1) To your question to clarify “as to whether the training included procurement staff”, the answer is yes. Note that in our food business, for which the benchmark pertains, “procurement staff” means the commercial teams that are making the purchasing decisions.

(2) KTC has referred to disclosure in our 2019 Sustainability Report that 1500 suppliers were trained as part of our Responsible Sourcing (RS) Roadshows. The report also states that 1841 suppliers were in scope of our RS Program, therefore, it can be said that 81% of our own brand first tier suppliers have been trained.

1.5 Stakeholder Engagement

To fully understand and address working conditions in sourcing countries, companies need to engage with potentially affected groups and local stakeholders such as trade unions, worker organizations, or local NGOs—in addition to suppliers. Furthermore, as forced labor risks tend to be systemic in nature, collaboration with other companies, for example, to engage policy makers to strengthen labor legislation, is needed to address forced labor in supply chains.

In the last three years, the company has engaged relevant stakeholders by:

- (1) providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate; and
- (2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

THEME 2: TRACEABILITY AND RISK ASSESSMENT

2.1 Traceability and Supply Chain Transparency

The company discloses:

- (1) the names and addresses of its first-tier suppliers;
- (2) the countries of its below-first-tier suppliers (this does not include raw material suppliers);
- (3) the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking; and
- (4) at least two types of data points on its suppliers' workforce (e.g., the number of workers, gender or migrant worker ratio, or level of unionization per supplier).

2.2 Risk Assessment

Risk assessment involves evaluating the potential that a company has (by virtue of who its suppliers are and where they are located) of being linked to forced labor and human trafficking. Risk assessment is a process that is carried out in addition to and outside of auditing. It helps identify potential forced labor risks as well as actual impacts that may be hard to detect through audits. This

process may involve engaging local stakeholders, labor rights experts, independent sources, and assessing risks associated with specific raw materials, regions, or groups of workers such as migrant workers.

The company discloses:

- (1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and
- (2) details on forced labor risks identified in different tiers of its supply chains.

THEME 3: PURCHASING PRACTICES

3.1 Purchasing Practices

Purchasing practices and pricing may both positively impact labor standards in the company's supply chains and increase risks of forced labor and human trafficking.

The company:

- (1) is taking steps toward responsible raw materials sourcing;
- (2) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and forecasting;
- (3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts); and
- (4) discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

(1) See the Woolworths Supermarket website for information on key raw material sourcing that states:

- 100% of Woolworths branded tea and chocolate blocks are sustainably sourced
- More than 70% of Woolworths coffee and sugar is sustainably sourced
- 100% of Woolworths own brand food supports the production of sustainable palm oil.

<https://www.woolworths.com.au/shop/discover/sustainability#sustainableSourcing>

(2) To your question to clarify “ whether the Responsible Purchasing Practices eLearning module and the shorter payment periods for smaller suppliers have already been implemented,” yes, both of these initiatives have been rolled out and implemented. More than 80% of assigned team members have completed the e-learning module.

During COVID-19 we further reviewed our Small Supplier Payment Policy to ensure these suppliers are paid faster for their goods and services. For all small suppliers at least until 30 June 2019, the payment terms for eligible small suppliers will not exceed 14 days. This is expected to have a positive impact on more than 1,100 small suppliers, providing goods and services to Woolworths Group businesses. See:

https://www.woolworthsgroup.com.au/page/media/Press_Releases/woolworths-group-reduces-payment-terms-to-support-small-businesses/

3.2 Supplier Selection

The company:

- (1) assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses details on the outcomes of this process.

(1) To your question if the information captured refers to potential suppliers, the answer is yes. See our 2019 Sustainability Report section “Managing a zero-tolerance or red-rated site” (pg. 53) for an example of how our review of a potential supplier that had a zero tolerance finding resulted in the site being rejected for trade.

3.3 Integration into Supplier Contracts

The company:

- (1) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts;
- (2) discloses the percentage of suppliers whose contracts include such standards; and
- (3) requires its suppliers to integrate such standards into contracts with their own suppliers.

THEME 4: RECRUITMENT

4.1 Recruitment Approach

The company:

- (1) has a policy that requires direct employment in its supply chains;
- (2) requires employment and recruitment agencies used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and
- (3) discloses information on the recruitment agencies used by its suppliers.

4.2 Recruitment Fees

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

- (1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer (“Employer Pays Principle”); and
- (2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

4.3 Monitoring and Responsible Recruitment

The company:

- (1) takes steps to ensure employment and/or recruitment agencies used by its suppliers are monitored to assess and address risks of forced labor and human trafficking; and

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

4.4 Rights of Workers in Vulnerable Conditions

Migrant workers and other workers in vulnerable conditions are at a higher risk of being in forced labor, and additional steps are needed to ensure their rights are respected. Conditions which render workers vulnerable may include characteristics such as gender or age and external factors, including workers' legal status, employment status, economic conditions, and work environment (such as isolation, dependency on the employer, or language barriers).

The company:

- (1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights;
- (2) takes steps to ensure its suppliers refrain from restricting workers' movement, including through the retention of passports or other personal documents against workers' will; and
- (3) discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

THEME 5: WORKER VOICE

5.1 Worker Engagement

The company:

- (1) takes steps to ensure its supply chain policies that address forced labor and human trafficking are communicated to workers in its supply chains;
- (2) takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education;
- (3) provides evidence of the positive impact of worker engagement in its supply chains; and
- (4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.

5.2 Freedom of Association

The company:

- (1) works with independent local or global trade unions to support freedom of association in its supply chains;
- (2) discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations;

- (3) takes steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and
- (4) provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).

5.3 Grievance Mechanism

The company:

- (1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives;
- (2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;
- (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;
- (4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and
- (5) provides evidence that the mechanism is available and used by workers below the first tier in its supply chains.

(5) In our 2019 Sustainability report we state that “one sub-contractor was referred to the FWO”, confirming that we both receive and investigate claims by workers below the first tier (also referred to as a sub-contractor)

THEME 6: MONITORING

6.1 Monitoring Process

To improve implementation of its supply chain policies, conditions at supplier level can be monitored in different ways. This could include specialized audits to detect forced labor at higher-risk suppliers or worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities).

The company has a supplier monitoring process that includes:

- (1) non-scheduled visits;
- (2) a review of relevant documents;
- (3) off-site interviews with workers;
- (4) visits to associated production facilities and related worker housing; and
- (5) steps to ensure that suppliers below the first tier are monitored.

(2) 96% of Woolworth's fresh fruit and vegetables are sourced in Australia and horticulture suppliers have the choice to select Fair Farms as their preferred audit scheme. The Fair Farms audit, as outlined in the Fair Farms Audit Guide includes a review of all relevant documentation.

See: www.fairfarms.com.au/wp-content/uploads/2019/06/FF-Audit-Guide-V1.0-June2019.pdf

(4) The Fair Farms Standard (F12) is safe accommodation and living conditions. A review of workers accommodation is included as part of the audit.

See: above Fair Farms audit guide and the Standard, here: <https://www.fairfarms.com.au/wp-content/uploads/2019/06/FF-Standard-V1.0-June2019.pdf>

6.2 Monitoring Disclosure

The company discloses:

- (1) the percentage of suppliers monitored annually;
- (2) the percentage of unannounced monitoring visits;
- (3) the number or percentage of workers interviewed; and
- (4) information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers' rights and priorities); and
- (5) a summary of findings, including details regarding any violations revealed.

(4) See RS Program Guidelines, section "Demonstrating Compliance" (pg. 4) for requirements for certification bodies. The mutual recognition schemes were selected based on their governance of third party auditor certification bodies. Where the scheme does not have requirements, Woolworths has selected certification bodies that meet our requirements. Further, all external audit firms must maintain their Association of Professional Social Compliance Auditors (APSCA) membership.

See:

https://www.woolworthsgroup.com.au/content/Document/Responsible%20Sourcing%20Program_Supplier%20Guidelines_Dec%2019.pdf

THEME 7: REMEDY

7.1 Corrective Action Plans

The company discloses:

- (1) a corrective action process for its suppliers and potential actions taken in cases of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;
- (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, or spot-checks;
- (3) potential consequences if corrective actions are not taken; and
- (4) a summary or an example of its corrective action process in practice.

(1) The RS Supplier Guidelines section (pg.4) "Mutual Recognition Audit Outcomes and Corrective Action Plans" outlines the corrective action process for both new *and existing* suppliers.

(4) See the case study “Driving improvements through site visits in China” in the Responsible Sourcing chapter of the FY19 Sustainability report for a summary of our correction action process in practice (pg. 53).

7.2 Remedy Programs / Response to Allegations

A. If no allegation regarding forced labor in the first or lower tier of a company's supply chains has been identified and disclosed by a third party(ies) in the last three years, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and
- (2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

B.1. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
- (2) that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s);
- (3) outcomes of the remedy process in the case of the allegation(s); and
- (4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Please see Woolworths Grievance and Investigation Procedure:

https://www.woolworthsgroup.com.au/icms_docs/195406_woolworths-group-grievance-and-investigation-procedure.pdf

Note the allegation referenced by Know the Chain is from November 2016. Woolworths responded at the time and no recent action has been taken.

B.2. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, and the company denies the allegation, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;
- (2) a description of what actions it would take to prevent and remediate the alleged impacts; and
- (3) that it engages in a dialogue with the stakeholders reportedly affected in the allegation or requires its supplier(s) to do so.

NON-SCORED DISCLOSURE

Information on the below points will be disclosed in our forthcoming Statement to report under the Australia's Modern Slavery Act 2018.

Target Setting

The company discloses measurable and time-bound targets to address forced labor in its supply chains.

Yes/No. Please provide details.

The company reports on progress towards achieving previous targets on an annual basis.

Yes/No. Please provide details.

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.

Due Diligence on Third-Party Products

Where a company—in addition to own branded products—sells third-party food and beverage products, the company discloses how it assesses and addresses forced labor risks related to third-party food and beverage products.

Yes/No. Please provide details.

Use of Commodities Which May Be Produced Using Forced Labor¹

Please provide a full list of commodities present in your supply chains, or alternatively indicate for each of the commodities below whether it is present in your supply chains. 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

¹ See: US Department of Labor's [List of Goods Produced by Forced Labor](#) (accessed Feb 2020, data as of Sep 2018).

- Fish
- Palm oil
- PeanutsRice
- Sesame Shrimp
- Sugarcane
- Tomatoes
- Wheat

Presence of Migrant Workers in Supply Chains

Yes/No. Please provide details.