



BIG W's update on Oxfam's report on Living Wages

Oxfam Australia's latest report *Made in Poverty: The True Price of Fashion* on working conditions within Bangladesh and Vietnam contribute to our collective understanding of the challenges within the garment industry. As BIG W only sources apparel from Bangladesh, the results from Vietnam do not impact our supply chain and therefore we have not considered these in our response.

Through BIG W's Responsible Sourcing Program, we're working to promote the wellbeing of worker within our supply chain. We do this in part through our Responsible Sourcing Standards, which define our expectations for the treatment and safety of workers. We expect our suppliers and their facilities to comply with these Standards.

BIG W takes any claims of non-compliances with our Responsible Sourcing Standards very seriously and works with our suppliers to ensure issues are addressed appropriately through our [Responsible Sourcing Investigation process](#).

Due to concerns for maintaining worker confidentiality, the specific sites of these occurrences have not been disclosed to BIG W to investigate. We fully respect the decision to maintain the confidentiality of the workers that participated in the study, but it limits our ability to intervene and ensure suppliers provide the appropriate remedy. The report's findings, however, reiterate the importance of building on the foundations of our Responsible Sourcing program and the need to accelerate our implementation plan in Bangladesh.

Bangladesh is a strategic sourcing country for BIG W. Since May 2018, we consolidated our supplier base by nearly one third to 26 suppliers. This allows us to deepen our engagement with strategic suppliers and build capacity. We also expanded our in-country responsible sourcing team to assist suppliers with our Standards and support additional stakeholder engagement.

Our in-country sourcing team, supported by our senior commercial team in Australia and Hong Kong, is closely monitoring and supporting factories' implementation of the recent Bangladesh minimum wage increase, which went into effect in December 2018. Minimum wages for the garment sector increased by 51%. All of our Bangladesh suppliers pay the new minimum wage, and, in some cases, pay above the minimum wage. In addition, they offer onsite childcare, benefiting more than 160 families, and medical facilities.

Compliance with our Standards is verified through a mutual recognition framework. This means suppliers are able to choose any Woolworths Group-approved third party social compliance audit program. This helps reduce the audit burden on facilities, so facilities can focus on capacity building initiatives.



For example, a BIG W supplier is participating in amforiBSCI's women's empowerment pilot project, *SHOBOLA*. This two-year program is designed to raise awareness on issues related to gender equality, sexual harassment and non-discrimination. Workers will receive leadership and social dialogue training, while supervisors and mid-level management will participate in workshops on workplace management through a gender lens.

As a signatory and lead brand of the Bangladesh Accord, we have seen significant industry-wide progress on fire and building safety. We believe the same type of systemic-change can occur to improve other factors impacting working conditions when stakeholders representing all sectors work collaboratively to drive change.

BIG W's approach to Responsible Sourcing is informed by the wider Woolworths Group program launched in July 2018. Our Group Responsible Sourcing [Standards](#) and accompanying due diligence processes address key areas of Oxfam's "getting to a living wage" recommendations.

The Standards cover 19 thematic areas, with a primary focus on labour standards and management systems. On more challenging topics, we have provided guidance notes to equip suppliers on how to remedy situations of child labour, characteristics of an effective grievance mechanism and our approach to living wage.

On living wage, we articulate our position on what living wage is and steps on how this may be achieved:

BIG W believe that wages should always be enough to meet the basic needs of workers and their families and be able to provide some discretionary income for them. While we recognise that there is no universal guidance on how to calculate living wage, we strive to work closely with our suppliers to promote freedom of association and collaborative bargaining, as well as better wage management systems. We will also collaborate with global organisations to move towards achieving living wages, not just minimum wages, for all workers and their families.

Building supplier capacity on effective grievance processes is a priority for BIG W this year. As disclosed in the Woolworth Group 2018 Sustainability Report, "strengthening our grievance response and working with suppliers to ensure appropriate mechanisms are made available within their own supply chains is a priority for the Group in FY19." This will help workers have a confidential channel to raise grievances for review and remedy as needed without fear of retaliation.

Our Standards also outline our expectations on Freedom of Association and Collective Bargaining, a key pillar of the movement towards living wage.



We will continue to engage local stakeholders and monitor the situation in Bangladesh. BIG W has committed to complete and report on the following actions by October 2019:

- Equip all our own brand suppliers (including Bangladesh) with the new Responsible Sourcing Standards, including guidance on developing effective grievance processes.
- Expand the Woolworths Group *Speak Up* service (supporting workers with the ability to voice concerns or grievances when needed) to all of our suppliers and their workers.
- Conduct eLearning training in 100% of our Bangladesh supplier sites on how to manage worker feedback.
- Conduct training for all BIG W commercial teams on Responsible Purchasing Practices.

We believe these are the right next steps for BIG W to build the knowledge and capacity of both our suppliers and teams to protect the treatment and safety of workers in our shared supply chain.