

Responsible Sourcing Program

Supplier Guidelines

Responsible Sourcing Program

Introduction

In July 2018, Woolworths Group (herein Woolworths) launched its Responsible Sourcing Program.

This guidance document is designed to help suppliers understand our Responsible Sourcing Program (RS Program) and our expectations for doing business with Woolworths.

Suppliers are required to ensure that Woolworths' Responsible Sourcing Policy and Standards (where applicable) are met throughout their supply chain.

Our Responsible Sourcing Program

Our Responsible Sourcing Program is framed by the following key document ([available here](#)):

- **Responsible Sourcing Policy (the Policy)**
- **Responsible Sourcing Standards (the Standards)**

There are 3 associated addendums which must be read in conjunction with the Policy and Standards. These are:

- The Labour Hire Addendum
- The Responsible Recruitment Addendum
- The Child Labour Addendum

Responsible Sourcing Policy

All suppliers are required to comply with our Responsible Sourcing Policy (Policy). This includes any suppliers of goods and services to Woolworths. More information is available on the Woolworths Group website in the ["Sustainability - Respecting Human Rights"](#) section.

Responsible Sourcing Standards

Our Responsible Sourcing Standards (Standards) are the way that we implement the Policy commitments. The Standards apply to all inscope suppliers (please refer to the Policy or Standards' for supplier categories currently in scope).

We expect our suppliers and our suppliers' suppliers to be committed to the same standards and respect for human rights as we are.

All suppliers and their sites must comply with the Policy and Standards (where applicable) as a condition of doing business. Compliance with the Standards is verified through our third party "Mutual Recognition (MR)" audit and/or Self Assessment Questionnaire (SAQ) process described below.

Additional requirements | Addendums to the Standards

A number of additional standalone documents are referenced within the Standards and outline specific requirements that suppliers should be aware of and are required to implement.

1) The Labour Hire Addendum – Requirements for Labour Hire Providers in our Australian Horticulture Supply Chain

In February 2019, we released an Addendum to the Standards: Requirements for Labour Hire Providers in our Australian Horticulture Supply Chain. This Addendum has been updated as of June 2023.

Specific requirements are set out and include the expectation that all suppliers comply with relevant labour hire requirements including State licensing laws.

2) The Child Labour Addendum – Supplier requirements, prevention & remediation protocol

In June 2022, we released specific requirements for the prevention and remediation of child labour as an extension of guidance that previously existed on child labour in the Standards. These requirements must be read and understood by all suppliers, and upheld specifically in conjunction with Standard no. 6 | Child Labour.

3) The Responsible Recruitment Addendum – Supplier Requirements, Guidance & Remediation Protocols

In April 2023, Woolworths further strengthened our position on responsible recruitment when we joined the Consumer Goods Forum Human Rights Coalition (the Coalition). As a member of the Coalition, we have re-committed to uphold the Priority Industry Principles¹, which are considered to be core standards to address key drivers of forced labour:

- Every worker should have freedom of movement
- No worker should pay for a job
- No worker should be indebted or coerced to work.

The Responsible Recruitment Addendum’s Requirements should be considered by all suppliers engaging foreign migrant workers either directly or indirectly in their operations. Woolworths will take a proactive, risk-based, and phased approach to the rollout and supplier verification with respect to this Addendum.

Our risk assessment process and due diligence framework

Based on our supplier risk assessment, sites in scope of the Standards are placed into one of four segments – minimum, moderate, priority or specialised. The risk assessment is reviewed regularly and considers a number of factors including country risk, third-party audit data and the nature of Woolworths’ commercial relationship. The assigned segment defines a site’s Responsible Sourcing due diligence requirements and is communicated to suppliers either as part of the supplier onboarding process or as risk segmentation is reviewed and updated. See Figure 1 below for an outline of the requirements for each segment.

Due Diligence Framework	Segmentation			
	MINIMUM	MODERATE	PRIORITY	SPECIALISE
8. Annual Unannounced Site Visit			✓	✓
7. Implementing a Corrective Action Plan			✓	✓
6. Sharing Audit Report		✓	✓	✓
5. Mutual Recognition Audit Schemes		✓	✓	✓
4. Supplier Self-Assessment	✓			
3. Training and Education	✓	✓	✓	✓
2. Responsible Sourcing Standards	✓	✓	✓	✓
1. Responsible Sourcing Policy	✓	✓	✓	✓

Figure 1: Responsible Sourcing Due Diligence Framework according to site risk segmentation

Existing suppliers have visibility of their assigned segmentation by logging on to the relevant Woolworths supplier compliance database [PLMS, SPHERE, etc] – If the supplier does not have access to the appropriate database or experiences difficulties, the supplier should contact the relevant technical support team or responsiblesourcing@woolworths.com.au for referral to the relevant team.

¹<https://www.theconsumergoodsforum.com/wp-content/uploads/2017/11/2020-HRC-One-Pager-final.pdf>

Changes and exceptions

A site's risk segmentation may change based on a number of factors including an updated risk methodology, third party information or audit results. If your site's assigned risk segment changes, Woolworths will communicate any new program requirements.

In some circumstances, Suppliers may be exempt from certain due diligence requirements. Woolworths may also consider alternate due diligence pathways to those outlined in Figure 1. If you are experiencing hardship, please contact the Responsible Sourcing team to discuss your requirements.

Regardless of segmentation, Woolworths may request verification at any time including, but not limited to:

- an audit (including unannounced) or a site visit
- a worker voice survey
- results from third party corrective action plans or verification
- involvement in an investigation or remediation of grievances
- capacity building or training

Demonstrating compliance: Minimum risk sites

Suppliers in the minimum risk segmentation must complete a self-assessment questionnaire (SAQ). The SAQ must be completed prior to trade commencing, at the time of onboarding or when registering a new site. The SAQ will then need to be completed at least once annually, and, again, when circumstances change at a company that may impact its SAQ. The SAQ should be seen as a baseline assessment of current social compliance practices. Where there are gaps, Woolworths will work with suppliers to develop the skills and tools to meet requirements. In some instances, the results of a SAQ may lead to further due diligence. Woolworths accepts SAQs from the mutually recognised third party schemes listed below. Minimum risk suppliers not affiliated with any scheme will receive a link to complete Woolworths' SAQ.

Demonstrating compliance: Moderate, Priority and Specialised site risk audits

Suppliers in the moderate, priority and specialised risk segmentations are required to submit a social compliance audit. Recognising that many of our suppliers are already a part of a third party social compliance scheme, Woolworths mutually recognises third party programs to help reduce suppliers' compliance burden.

We will not accept any other industry or retailers' social compliance programs, certifications or audits to demonstrate conformance with our Standards. Any exceptions must be in writing and approved by the relevant Responsible Sourcing Manager. The eight schemes will be reviewed as required and any major changes, including the addition of new schemes, will be communicated to suppliers.

Mutually-recognised third party social compliance schemes & audits

Woolworths recognises eight national and global schemes, selected based on their coverage, governance, relevance to our at-risk supply chain and alignment to Woolworths' Standards. These schemes have developed their own social compliance audit standards.

These schemes are:

- amfori BSCI (only reports graded A, B and C)
- Supplier Ethical Data Exchange (Sedex) and SMETA (Approved Certification Bodies only)
- Social Accountability SA 8000
- International Councils of Toy Industries (ICTI) Ethical Toy Program
- Worldwide Responsible Accredited Production (WRAP)
- GLOBALG.A.P Risk Assessment on Social Practice (GRASP)
- NZGAP Social Practice Add-on (New Zealand only)
- Fair Farms (Australia only)

Scheme-specific information

MR-scheme	Specific Woolworths Requirements
amfori BSCI	<ul style="list-style-type: none"> • All sites with a BSCI report must be members of the BSCI platform • Ensure your Woolworths Responsible Sourcing Specialist is aware of your "Database ID" number (DBID) and, where appropriate, select Woolworths as the RSP Holder. • Woolworths only accepts BSCI reports graded A, B and C
Sedex SMETA	<ul style="list-style-type: none"> • Connect with Woolworths on the Sedex platform via our company reference number: <ul style="list-style-type: none"> ◦ WGL ZC293159401 (when factories are based in Asia and the Indian subcontinent) ◦ Woolworths Food Australia ZC1041297 (when factories are based in the rest of the world) • Woolworths accepts SMETA pillar 2 or pillar 4 • Sites applying for a SMETA audit must be Sedex members • SMETA reports are only accepted from Woolworths approved CBs (see above) • Initial audits must be within one year of validity and follow-up audits will be considered based on Woolworths' grading criteria (see below). Initial audits not within one year validity may be considered by exception, based on the grading criteria.
SA8000	<ul style="list-style-type: none"> • While SA8000 certificates are valid for three years, the scheme conducts certification and surveillance reports • Ensure Woolworths has the most up-to-date report. We generally expect the latest report to be within one year of validity • Submit the SA8000 certificate along with the full audit report
ICTI Ethical Toy	<ul style="list-style-type: none"> • Submit your full ICTI report along with the certificate
WRAP	<ul style="list-style-type: none"> • Submit your full WRAP report along with the certificate
GlobalGAP G.R.A.S.P.	<ul style="list-style-type: none"> • GlobalGAP & GRASP Add-on reports and certificates must be submitted • Requires annual audits • Accepted only for agriculture, horticulture and aquaculture suppliers
NZGAP Social Practice Add-on	<ul style="list-style-type: none"> • NZGAP Social Practice Add-on reports and certificates must be submitted • Accepted only for horticulture suppliers in New Zealand
Fair Farms	<ul style="list-style-type: none"> • Fair Farms is a program and scheme specific to agriculture & horticulture suppliers in Australia • To progress to the Fair Farms audit the supplier must first: a) become a member (annual subscription), b) complete the self-assessment (annual completion), and c) complete training (as required). All these steps must be completed within the timeframe established by Fair Farms.

Selecting a mutual recognition (MR) scheme

Suppliers that are not part of an existing scheme are able to choose a program based on industry and location. Other customer requirements may also be a consideration. Woolworths does not mandate which scheme to select; however, once selected, suppliers should not change programs until the previous audit's zero tolerance or critical non-conformances are closed. Suppliers are encouraged to stay with the same scheme to better demonstrate and track continuous improvements. Suppliers are responsible for:

- Selecting and engaging their MR scheme of choice
- Joining the program and paying any required fees
- Completing and maintaining the MR-scheme's self-assessment questionnaire (or similar)
- Arranging and participating in all necessary preliminary and follow-up inspections and audits (if required)
- Following the program's prescribed corrective action or remediation plans
- Participating in schemes' required training programs
- Maintaining the validity of the chosen scheme's accreditation
- Keeping Woolworths informed of any delay in completing scheme requirements
- Ensuring the latest audit report is available and visible to Woolworths on the MR scheme platform, 10 days before the expiry date of the previous audit.

Failure to meet MR-scheme requirements may result in suspension or termination of business with Woolworths. It is important the supplier completes the SAQ, training (if required) and audit ahead of the expiry date to ensure the accreditation does not lapse.

Submitting a valid mutual recognition audit

Audits are considered valid if they are:

- In date and meet the requirements of the respective third party scheme's audit program.
- The full official audit report, not only a Corrective Action Plan (CAP) summary.
- Conducted by certification bodies (CBs) recognised by the third party schemes' governance, or approved by Woolworths (see approved list below).
- Completed in peak season in industries with marked fluctuations in worker numbers (i.e. the period in the year when the suppliers operations are busiest, with the highest number of workers on site).

Approved certification bodies

All social compliance audits must be carried out using a certification body approved by the relevant third party social compliance scheme.

However, for Sedex (SMETA) audits, please use one of the following Woolworths-approved certification bodies:

- **For sites in Asia:** UL, Intertek, SGS, LRQA (Elevate), Bureau Veritas, QIMA, TUV SUD
- **For sites in Aus/NZ:** Ausqual/Ausmeat, BSI, SGS, Intertek, LRQA (Elevate), DQS, QIMA, Qualspec / SgT Group, SAS Globe, Arche Advisors.
- **For the rest of the world:** SGS, Intertek, UL, LRQA (Elevate), BSI, DN-GVL, DQS, QIMA, Bureau Veritas and Qualspec / SgT Group.

If your Sedex (SMETA) Audit is carried out by any other firm, please contact the Responsible Sourcing team by email with the name of the certification body and a full copy of the audit attached.

- Woolworths reserves the right to reject an audit report not carried out by the approved CBs, if the report quality is not adequate.

Sharing your audit with Woolworths

Woolworths manages responsible sourcing and quality audit requirements in its own compliance platform. If you are a new supplier that is not yet registered to have access to our systems, please contact your Woolworths representative who will organise your access. More information on how to upload audits and certificates will be shared with you. If your chosen MR-scheme loads the audit reports to an online platform, please ensure visibility is provided to Woolworths. Alternatively, please email valid reports to your responsible sourcing specialist:

- In Asia: responsiblesourcingasia@woolworths.com.au
- In New Zealand: responsiblesourcing@countdown.co.nz
- Australia & rest of world: responsiblesourcing@woolworths.com.au

Audit Outcomes and Corrective Action Plans

All social compliance audits will be reviewed by Woolworths and receive a responsible sourcing audit outcome. We call this process “equivalency grading” as it allows us to standardise our supplier assessments across all eight mutual recognition schemes. The ratings are as follows:

Woolworths grading	Green	Amber	Purple	Red
Grading criteria	≤5 Minor non-conformances	≤10 Major and/or ≥6 Minor or ≥ 1 Moderate non-conformances	≥1 Critical and/or ≥11 Major non-conformances	Any Zero Tolerance non-conformance
RS Status	Approved to trade	Approved to trade	Approved to trade – conditional on the agreement of an action plan to close non-conformances	May lead to temporary suspension, pending investigation

Definition of severity of non-conformances:

- **Zero tolerance:** Under our Program, zero tolerance is the term used to describe the most serious forms of non-conformance in our supply chain. These are non-conformances against the Policy, Standards and associated Addendums that we consider to be an egregious breach which, if not remedied, may result in a suspension and/or termination of our relationship with that supplier. These include: modern slavery (or modern slavery indicators), such as forced labour, deceptive recruitment, child labour, human trafficking and debt bondage, and other forms of exploitation including, bribery and corruption, mental or physical harassment or abuse, discrimination, and egregious health and safety breaches.
- **Critical:** A severe breach of the Standards or local law which represents imminent or critical threats to workers’ safety, or which constitutes a critical breach of workers’ human rights or ethical business standards.
- **Major:** An absence or breakdown of the social compliance system, a systematic or material breach of the standard or local law which poses an imminent and immediate, but not life-threatening, threat to workers’ safety or human rights.
- **Moderate:** A breach of the Standards or local law which represents a danger to workers or an infringement of workers’ human rights. The impact is less than those imposed by “Major” issues.
- **Minor:** An isolated failure or oversight which represents low risk to workers. A minor issue is not a systematic failure which can be reversed immediately.

Red audit outcome (Zero Tolerance)

- A red audit outcome is considered a zero-tolerance breach of the Standards.
- Agreed actions may be recorded in a Management Action Plan (MAP). This is a mutually agreed set of actions which focuses on the root causes, and management system improvements needed to address them.

- In cases of systemic violations, a site may be required to undertake a third party capacity development program at their own expense.
- Consistent with our assisted compliance principle, if we believe that there is both commitment from the supplier to remedy and avoid recurrence, and capability to do so, we will usually continue to work with them unless there is any repetition.
- If a supplier is unable or unwilling to remedy their non-compliance within a specified timeframe, we may suspend and/or terminate our relationship with that supplier. When considering terminating the relationship with the supplier, we will assess whether this is likely to have adverse human rights impacts on workers.
- Sites where third-party certification has been revoked may be rated as red and suspended until certification can be reinstated.
- Sites must be reaudited by a third party to close audit non-conformances resulting from a red audit outcome.

Purple audit outcome

- A purple audit outcome identifies sites where there is a critical violation of the Standards.
- A site is considered conditionally approved to trade, pending agreement of a corrective action plan to remedy non-conformances. The site will only move to an approved-to-trade status following the closure of the critical non-conformance audit findings.
- Woolworths will actively follow up with suppliers to close critical non-conformance audit findings and may require a follow-up onsite audit to be conducted. The remaining non-conformances must be closed according to the mutual recognition scheme's rules.
- A site with a purple audit outcome will also be prioritised for a Woolworths site visit.
- Consecutive purple audits may result in a re-grading to red status while a root cause investigation is conducted.

Amber audit outcome

- An amber audit outcome identifies sites where there is a major violation of the Standards.
- Amber sites are approved to trade, subject to any further findings or information.
- Non-conformances must be closed according to the mutual recognition scheme's rules.

Green audit outcome

- A green audit outcome indicates a level of compliance to the Standards.
- Non-conformances must be closed according to the mutual recognition scheme's rules.

Re-audit schedule

All suppliers must maintain audits/certification requirements as per their third party scheme. **Where a scheme does not define an audit schedule**, the following applies:

- **Red** – immediate follow up or investigation usually resulting in an audit within 3-6 months (based on the violation)
- **Purple** – annual audit and a Woolworths site visit (unannounced, semi-announced or announced)
- **Amber** – audit every two years (However if non-conformances are not closed within the scheme's recommended time frame, 1 year)
- **Green** – audit every two years. Following two consecutive green initial audit outcomes, the required audit frequency shifts to every three years.

Please note that the frequency of audits required by Woolworths may differ from Sedex's recommended frequency as it is based on Woolworths' own risk analysis.

Site visits

Site visits are part of Woolworths' due diligence framework. Visits may be by the Responsible Sourcing Team or a third party auditor, and aim to build a deeper understanding of the root causes of issues found through audits, or raised through other channels. Site visits may be required as additional due diligence.

Unannounced site visits

We periodically conduct unannounced site visits of our suppliers. Audit results (red and purple grading), media reports, or complaints received through other channels, such as Speak Up, may trigger an unannounced site visit to aid Woolworths in identifying and resolving business critical issues.

Special audits

Woolworths reserves the right to conduct an audit and/or request a site to be audited outside of Woolworths' standard audit requirements. These audits may be announced, semi-announced or unannounced based on the circumstances warranting the special audit.

In the event a special audit is triggered as part of an investigation, Woolworths may direct an audit firm to act on our behalf. The scope will be at the discretion of Woolworths, and the cost may be borne by the supplier or Woolworths, based on the nature of the suspected breach.

Changes to your site

The Responsible Sourcing Program focuses on a supplier's site or factory that manufactures or produces the product that Woolworths purchases. Woolworths must be informed of any changes, such as:

- a change of address, when the site of production moves
- any significant change to the site (the addition of new buildings, extensions or renovations that alter exit routes, moving to share with other factories, etc)
- a change of company name that affects any supplier's licence to operate.

The site will undergo a new risk assessment, that may lead to the site requiring a new audit ahead of the usual schedule.

Subcontracting

We go to great efforts to choose suppliers for the quality of their goods and services, and the way they conduct their business, particularly with respect to respecting human rights and responsible sourcing. This can be undone if suppliers use unauthorised subcontractors that do not meet our Standards. In simple terms, when a Woolworths supplier pays another business (a subcontractor) to do all or some of the work, this is subcontracting.

Woolworths standard contracts generally adopt the following principles:

- suppliers must get our consent before subcontracting;
- suppliers must make sure subcontractors are suitable and capable of performing the obligations being passed to them, and will be able to meet Woolworths' Standards and requirements;
- suppliers will always be responsible for their obligations, even if they choose to subcontract some or all of those obligations to subcontractors.

Figure 2 captures the most basic arrangement.

- The subcontractor could supply the whole product or service to the Woolworths Supplier, or part of the product or service.
- In this case, Woolworths will have a set of Vendor Trading terms with the Woolworths Supplier, and expects the Woolworths Supplier has entered into its own contractual arrangements with the subcontractors where it has communicated the standards and policies of Woolworths, including the Responsible Sourcing Policy and Standards.



Figure 2: How RS Standards apply across basic subcontracting arrangements

This can also apply where a Woolworths Supplier is an agent:

- Woolworths has signed the Vendor Trading Terms with an agent, who may be a local representative of a supplier based overseas, or a market agent that sources produce from growers.
- The agent may then contract a factory/growers to deliver the goods.
- This is a subcontracting arrangement, but we can also call this a "site".

This is captured here:



Figure 3: How the Standards apply across a subcontracting arrangement where the supplier is a wholesaler or sourcing agent

Supplier Speak Up

Woolworths is committed to ensuring channels are provided through which adversely affected people or communities can raise complaints or concerns without fear of retaliation, intimidation, harassment, discrimination or victimisation.

The Supplier Speak Up service is a mechanism to confidentially and, if needed, to anonymously raise any responsible sourcing concerns. It is available to any person (and their families) who works at Woolworths' supplier sites (including labour provider workers and contractors). Concerns can be raised online (via a web URL, or QR Code) or via telephone. Woolworths requires that all workers in its supply chain have access to Supplier Speak Up, namely by ensuring that the Supplier Speak up posters are visible in all main worker-areas (e.g. rest areas, canteens/ kitchens, packing rooms). You can read more about Woolworths' Supplier Speak Up, access the Speak Up Policy, or raise a concern at: WoolworthsGroup.com.au/SpeakUp. Further information on Speak Up is also available on our Group website under the [Speak Up/Whistleblower section](#).

We are similarly committed to develop the capacity of suppliers to provide workers with a channel to share their feedback, concerns and ideas, at their place of work. We call these site-level grievance mechanisms. More information on grievance mechanisms can be found in our additional guidance materials section below.

Beyond tier one suppliers

Woolworths' Responsible Sourcing Program started by focusing on tier one suppliers (suppliers with whom Woolworths has a direct trading relationship). However, as outlined in the Policy and Standards, we expect that our suppliers and our suppliers' suppliers are committed to the same Standards as we are. Our suppliers must be able to meet our minimum expectations and have capacity to continuously improve on key responsible sourcing indicators.

We expect our suppliers to share Woolworths' Policy and Standards with their suppliers so that our expectations and standards are known and implemented along the supply chain. We require suppliers to be transparent about their supply chain and sites, and may request information to verify that our Standards are known and upheld at multiple supplier tiers.

It is our intention to work with suppliers and industry groups to help uncover and manage responsible sourcing risks. We will be proactive in this area as our Program matures.

Additional guidance materials

In addition to the Policy, Standards and Addendums, a number of stand alone guidance materials developed by Woolworths' Human Rights and Responsible Sourcing Teams are available to support our suppliers to understand and meet the Program requirements:

Topic	Guidance material	Relates to Standard No.
Grievance Mechanisms	Supplier Guidance on Developing Grievance Mechanisms	11
Overtime	Supplier Guidance on Addressing Overtime Hours	13
Auditing	Woolworths approved certification body list, map & contacts - for Australian suppliers only. (please contact your local RS team for access to the resource)	NA
Labour hire providers	FAQ regarding the Addendum – Requirements for Labour Hire Providers in our Australian Horticulture Supply Chain Labour Hire Provider Guidance – helps explain how to comply with the Addendum requirements, and the reasons behind them, including helpful resources and contacts. Labour Hire Provider Checklist – a practical tool to help implement the Addendum requirements, as well as providing some tips for best practice. The resource breaks down the requirements into simplified questions.	5, 7 & 17 and Addendum: Requirements for Labour Providers in our Australian Horticulture Supply Chain

Related Policies

A number of policies contain references to the Responsible Sourcing Program and may be relevant to your product or service. These are listed on Woolworths' website and should be read in conjunction with the Policy and Standards:

- [Woolworths Group's Sustainable Soy Sourcing Policy](#)
- [Woolworths Group's Sustainable Tea, Coffee, Cocoa & Cane Sugar Sourcing Policy](#)
- [Woolworths Group's Seafood Sourcing Policy](#)
- [Woolworths Group's Sustainable Cotton Policy](#)

Responsible Sourcing Contact

Please email your responsible sourcing specialist if you have any questions or concerns about the information and requirements in these Guidelines, or are seeking support in meeting the due diligence requirements.

To reach your responsible sourcing specialist, please use the below email address relevant to your region:

- **Asia:** responsiblesourcingasia@woolworths.com.au
- **New Zealand:** responsiblesourcing@countdown.co.nz
- **Australia & rest of world:** responsiblesourcing@woolworths.com.au