

Responsible Recruitment Addendum:

Supplier Requirements, Guidance & Remediation Protocols

We create better experiences together
for a better tomorrow

Our Objective and Commitment

Objective and how to read this document

The objective of this Responsible Recruitment Addendum (**the Addendum**) is to provide suppliers with clarity on Woolworths Group’s expectations as they relate to the recruitment of migrant workers in our supply chain. The document contains three core elements:

- **Supplier Requirements:** are the mandatory requirements for suppliers to comply with this Addendum.
- **Optional Tools and Section Guidance:** are suggested templates and actions suppliers may choose to adopt to meet the requirements of this Addendum.
- **Remediation Protocols:** are the minimum expectations of suppliers when remediating non-compliances related to withholding of passports and payment of recruitment fees.

Our Commitment

Woolworths Group is committed to eliminating forced labour in our supply chains. We firmly believe that all workers should have access to responsible recruitment channels, and endorse the [Employer Pays Principle](#) that no worker should pay for a job.

Our commitment and minimum expectations related to responsible recruitment are set out in our Responsible Sourcing Policy and Responsible Sourcing Standards. The Standards already outline the minimum expectations of suppliers with respect to engaging overseas workers (Section 17). The requirements in this document do not replace the Standards. Rather, they provide further detail on Woolworths’ specific expectations relating to the recruitment of migrant workers, employed either directly by a Woolworths supplier or via a labour recruiter engaged by participants in Woolworths’ supply chain.

In April 2022, Woolworths further strengthened our position on responsible recruitment when we joined the Consumer Goods Forum Human Rights Coalition (**the Coalition**). As members of the Coalition, we are committed to upholding the [Priority Industry Principles](#), which are considered core standards to address key drivers of forced labour:

Every worker should have freedom of movement	The ability of workers to move freely should not be restricted by their employer through abuse, threats and practices such as the retention of passports and valuable possessions.
No worker should pay for a job	Fees and costs associated with labour recruitment and employment should be paid by the employer, not the employee, and no financial burden should be placed upon a worker.
No worker should be indebted or coerced to work	Workers should work voluntarily, be aware of the terms and conditions of their work in advance, and paid regularly as agreed. Employment should not be based on a debt or servitude.

In addition to the Priority Industry Principles, we support the [Dhaka Principles for Migration with Dignity](#) that outlines migrant workers’ rights at key stages of the recruitment process. Together, these principles underpin our supplier requirements for responsible recruitment (**the Addendum Requirements**).

Scope, implementation phases and milestones

Aligned with our Responsible Sourcing program principles, we have taken a risk based and phased approach to the implementation of the Addendum. We know that some labour migration corridors present higher risks to migrant workers than others, and these have been prioritised for proactive due diligence and assessment against the Addendum Requirements. Suppliers in scope for phase one and of our due diligence and assessment are:

1. Phase one - FY22-23: Suppliers of Woolworths branded products in Malaysia.

2. Phase two- FY23-F24: Suppliers of Woolworths branded products in Thailand.

Each phase is one year (12 months) with the following milestones including, but not limited to:

Educate: Months 1-4

- All suppliers attend the Addendum launch and kick-off training.
- Suppliers complete their relevant third party scheme online training:
 - ◊ Sedex - Preventing Forced Labour,¹ or
 - ◊ amforiBSCI Responsible Recruitment and Tackling Modern Slavery.²
- Suppliers join a recruitment cost calculator workshop with Verite.³
- The CEO or delegated senior leader attends 1:1 meeting with Woolworths Human Rights Team and the relevant commercial Head of Business, or their delegate.

Develop: Months 4-8:

- Suppliers develop an action plan to meet the requirements of this Addendum. The action plan must include:
 - ◊ An understanding of the costs associated with the recruitment of migrant workers in the origin, transit (where applicable) and destination countries.
 - ◊ A time-bound implementation plan to deliver on the Requirements.
- Check-in meeting with Woolworths Human Rights Team.

- Woolworths Supplier Speak Up Poster to be displayed onsite.

Implement: Months 8-12:

- At the end of 12 months, suppliers have developed a:
 - ◊ Migrant Worker Recruitment Policy which embeds the Employer Pays Principle
 - ◊ Procedure for pre-selection due diligence on labour recruiters
 - ◊ Procedure for monitoring the legal status of all migrant workers
 - ◊ Procedure for monitoring the performance of labour hire providers
 - ◊ Procedure to maintain a current understanding of applicable legal requirements
 - ◊ Written service agreements with each labour hire provider
- Suppliers have commenced migrant worker recruitment in-line with the Requirements.
- Close meeting with Woolworths Human Rights Team.

Optional tool: The Dhaka Principles Quick Guide

The Dhaka Principles have been translated into 26 languages representing the origin and destination countries of major labour migration corridors. Suppliers in origin or destination countries are encouraged to download the Dhaka Principles quick guide in their chosen language, available here: www.ihrb.org/dhaka-principles/downloads-translations

¹ Training can be accessed on Sedex via the elearning-platform.

² Training can be accessed on amforiBSCI Academy, member login is required.

³ This action relates to the first phase rollout for Malaysia-based suppliers. More information will be provided.

Roles and responsibilities

Where an in-scope supplier has multiple manufacturing sites this Addendum applies equally to all the supplier's manufacturing sites. Our due diligence and assessment against the Addendum Requirements will, however, be prioritised at the site/s producing goods for Woolworths Group.

We strongly encourage all suppliers that employ foreign migrant workers to read, understand and implement the requirements of the Addendum.

The Addendum will be reviewed annually, or as required, and new sourcing countries may be added to the scope based on known and inherent risks to migrant workers in our supply chain.

- **Woolworths Human Rights Team:** shall establish the Addendum Requirements; support implementation through guidance and training; and educate and uplift capability of our own team to maintain compliance to the Addendum.
- **Woolworths Group Heads of Business:** As senior commercial leaders overseeing in-scope suppliers, our Heads of Business are responsible for ensuring our purchasing decisions align to the objective of this Addendum. Relevant Heads of Business, or their delegates, will participate in the initial 1:1 supplier consultations and oversee alignment between our buying and responsible recruitment objectives.
- **Suppliers:** shall develop or enhance policies and procedures to meet the Requirements of this Addendum; uplift the capability of their team for ongoing monitoring; and inform Woolworths of any challenges associated with compliance with this Addendum, or if any human rights allegations are made in their operations or supply chain.

Definitions

- **Country of origin:** In the migration context, a country of nationality or of former habitual residence of a person or group of persons who have migrated abroad, irrespective of whether they migrate regularly or irregularly. Also known as home country, sending country or state of origin⁴
- **Destination country:** In the migration context, a country that is the destination for a person or a group of persons, irrespective of whether they migrate regularly or irregularly. Also known as host country, receiving country, State of employment.⁵
- **Labour recruiter:** the term labour recruiter refers to both public employment services and to private employment agencies and all other intermediaries or sub agents that offer labour recruitment and placement services. Labour recruiters can take many forms, whether for profit or non-profit, or operating within or outside legal and regulatory frameworks.⁶
- **Migrant worker:** the term migrant worker means a person who migrates or has migrated to a country of which he or she is not a national with a view to being employed otherwise than on his or her own account.⁷

⁴ Impact, Principles and Guidelines for the Repayment of Migrant Worker Recruitment Fees and Related Costs, pg. 32: https://impactlimited.com/wp-content/uploads/2021/10/Final_Impact-Repayment-Standards_Revised_15.10.21.pdf

⁵ As above

⁶ International Labour Organization's (ILO) Definition of Fees and Related Costs: https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---migrant/documents/publication/wcms_536755.pdf

⁷ As above

Supplier Requirements

The Supplier Requirements are designed to meet regulations in force as at the date of publication of this Addendum and normative best practice⁸ in responsible recruitment. They are forward looking, and should apply to the recruitment of new migrant worker cohorts.

A. Establishing the right policies and procedures

1. Suppliers must have a recruitment policy for foreign migrant workers, covering the requirements of this Addendum including, but not limited to:

- A commitment to the Employer Pays and Priority Industry Principles
- That the policy applies equally to all foreign migrant workers, whether they are recruited and employed directly by the supplier or via labour recruiter
- Aligned to the [ILO definition on recruitment fees and related costs](#) (pgs 27-29), and clearly state what fees and costs shall be borne by the employer
- Aligned to the [ILO definition on recruitment fees and related costs](#) (pgs 27-29), clearly state what fees and costs shall be borne by the worker
 - ◊ A breakdown of all costs borne by the worker must be provided to applicants at the time of recruitment prior to contract signing
- Prohibit recruitment or employment being conditional on the use of mandatory services such as transport and accommodation
- Promote non-discrimination and transparent recruitment processes that prohibit any form of bribe from workers to secure employment or from agencies to secure recruitment contracts
- Payment of security bonds, including for holiday leave, must not be passed on to workers
- Exiting employment within a reasonable / agreed notice period should not be penalised
- Requirement for all workers to be paid by electronic funds transfer, where possible
- Commitment to remediation in line with the Requirements of this Addendum
- Access to an effective grievance procedure that is fit for purpose for migrant workers

- A commitment that job advertisements from the

Optional tool: [Sample Benchmarks of Good Practice in Recruitment](#)

company include a statement that the employer will pay recruitment costs.

2. If labour recruiters are used at any stage of the recruitment process, suppliers must have developed a documented procedure for conducting pre-selection due diligence on labour recruiters. This due diligence must include, but is not limited to:

- Verifying that all labour providers have valid licences, accreditations, and registrations. This applies equally to all labour recruiters, including subcontractors, in the entire labour supply chain. For the avoidance of doubt, this includes:
 - ◊ Labour recruiters in countries of origin that assist, or are subcontracted to, the labour hire company that is directly engaged by the supplier; and
 - ◊ Any recruiters engaged by a subcontractor
- The supplier must maintain an up-to-date record of all labour recruiters and sub-contractors in their labour supply chain, and retain copies of all recruiters' current licences and permits in countries where they operate
- The labour recruiters' ability to comply with the Priority Industry Principles
- The labour recruiters payroll systems, including checks that worker payslips and contracts meet these Requirements
- Reviewing any past non-compliances or legal infringements by the labour recruiters and how these were remediated

Optional tools:

[Establishing Criteria for Screening Labour Recruiters](#)

[International Organisation for Migration \(IOM\) IRIS: Ethical Recruitment initiative](#)

[On The Level's Principles, Standards and Framework](#)

⁸ Such as the Employer Pays Principle, the Priority Industry Principles and Dhaka Principles.

Supplier requirements

3. Suppliers must have developed a documented procedure for conducting checks and monitoring the legal status of all direct and indirectly hired migrant workers. The procedure should include:

- The legal right to work (ie. appropriate visa) and age verification
- An established cadence for checks
- How information is recorded and stored
- Remediation procedure a worker's legal status cannot be verified

4. Suppliers must establish a documented procedure for monitoring the performance of labour providers against the requirements of the contract and agreed key performance indicators. This should include but is not limited to a:

- A review of workers payslips
- A process for worker feedback
- A review of accommodation, if provided by the labour recruiter
- A review on how the labour recruiter is verifying that workers did not pay recruitment fees in the sending country

Optional tool: [Monitoring Performance of Labour Providers](#)

5. Suppliers must have developed a documented procedure to maintain a current understanding of applicable legal requirements and global regulatory trends as they relate to responsible recruitment.

Section guidance only:

- Suppliers are strongly encouraged to partner with a relevant organisation specialising in establishing responsible recruitment policies and procedures.
- Where suppliers currently engage foreign migrant workers, it is encouraged to consult with workers on the development of these policies and procedures. This approach aligns to the [UN Guiding Principles on Business and Human Rights](#) section 18(b).

Section guidance only:

- Suppliers should conduct an annual risk assessment of the risks to migrant workers in the main labour migration corridors.
- As part of their pre-selection due diligence of labour hire providers, suppliers are strongly encouraged to review previous audits from the labour provider. If none have been recently completed, then it is strongly encouraged that a third party social compliance audit is conducted on the labour recruiter.

B. Establishing an understanding of the costs associated with the migrant worker recruitment process

1. Suppliers should form an understanding of all costs associated with the direct recruitment of migrant workers
2. Where suppliers engage a third party, suppliers must understand the operating model and costs incurred by labour recruiters so that the supplier can reach an informed and realistic view of the cost of providing the service. The supplier must ensure that the final cost to labour recruiter/s is sufficient to cover the full costs of recruitment, plus the service fee. This should take into account:
 - all the fees and costs incurred for migrant worker recruitment at all stages of the recruitment process including origin, transit (where applicable) and destination countries.

C. Tender and contracting the services of a labour recruiter

1. Suppliers must clearly communicate to and train existing or potential labour recruiters on their recruitment policy and procedures
2. Suppliers must have formal, written service agreements with each labour hire provider. Agreements should fully describe the business relationship, services to be performed by the recruiter, and, at a minimum, the Requirements outlined in this Addendum. This includes, but is not limited to:
 - Name, address, and other contact information of the recruiter in the destination country
 - Name, address, and contact information of agent/s engaged in the country of origin

Supplier requirements

- The services that will be performed by the recruiter and any country of origin counterparts
- The party responsible for conducting job interviews, a pre-departure briefing, and any skills tests required in the country of origin
- The fee amount payable to the labour recruiter by the supplier for each worker recruited
- A prohibition on forced labour and human trafficking
- Requirements for pre-departure information for workers to include: information on the company and role; key performance indicators; skills; contract terms; pay and benefits; information on the host country including worker rights; and access to grievance channels. This must be delivered in language applicants understand
- Requirements for a confidential on-arrival interview process of a sample of newly-arrived migrant workers from each sending country to verify that workers:
 - ◊ Did not pay recruitment fees or expenses in conjunction with their recruitment
 - ◊ Were not recruited through any labour recruiters other than those contracted
 - ◊ Were provided, and signed and retained, a written contract of employment
 - ◊ Did not experience any form of deception or coercion during recruitment
 - ◊ Did not experience any discrimination or unwarranted document retention
- A requirement for the directly contracted labour agent to communicate all responsible recruitment requirements throughout the labour supply chain via service agreements or other formal written communication
- Proportionate audit rights that provide for both periodic and unannounced audits and obligations to produce documents in a usable format on short notice
- A requirement that all workers undergo appropriate training to ensure that they can complete their role safely.
- A requirement that all workers must retain their own passports, identity documents and qualifications and that this is not kept by the labour recruiter.
 - ◊ Workers must be provided with a means of personal retention, such as security boxes and they must have access to these at all times
- A requirement that compliance with the employers' (suppliers') responsible recruitment policy and procedures (which may be updated over time) is maintained as a condition of continuing the business relationship.
 - ◊ A termination clause should the agent breach the policy.

Optional tool: [IOM Checklist - Labour Recruiter Service Agreements](#)

D. Access to grievance mechanism

1. Suppliers must develop and implement an effective grievance mechanism in accordance with Woolworths [Supplier Guidelines on Developing Grievance Mechanisms](#).
2. Suppliers must display the Woolworths Supplier Speak Up Poster at prominent locations in their production / worker areas.
3. Information on both the supplier site-level and Woolworths Supplier Speak Up Program is distributed to workers as part of site induction.
4. Migrant workers must have access to an effective grievance process during the recruitment process.

Section guidance only:

- Local, independent and industry supported grievance mechanisms are also an effective means for workers to raise complaints in a secure and trusted environment. Suppliers are encouraged to explore options relevant to their industry.
 - ◊ For example, suppliers in Malaysia may consider the [Suara Kami Helpline](#). The Suara Kami is a service provided by the Responsible Business Alliance, in partnership with ELEVATE.

Remediation Principles and Protocols

In situations where there are non-conformances to Requirements in this Addendum, Woolworths requires the full and transparent cooperation of suppliers to provide for remedy to affected workers, and to take proactive measures to prevent future non-conformances.

A. Principles

- **A human rights based approach:** Where potential situations of modern slavery are identified, we will always look to do the right thing, which means acting in the best interests of potentially affected workers.⁹
- **Responsibility:** Woolworths and the supplier agree that it is unlawful and unethical for workers to be in a situation of potential or actual modern slavery
- **Accountability:** Woolworths and the supplier agree that companies should not knowingly profit from modern slavery, and therefore any identified practices must immediately cease and be remedied.
- **Caused, contributed or directly linked:** We will identify both Woolworths' and the suppliers' role in causing, contributing or being linked to the breach, which will inform the level of cooperation in remediation. This aligns to the [United Nations Guiding Principles on Business and Human Rights \(UNGPS\)](#) and the Australian Government's Guidance for Reporting Entities under the Commonwealth Modern Slavery Act 2018. Generally, if a breach has occurred in the supply chain, the supplier is responsible for leading the remediation effort, supported by Woolworths and other stakeholders.

B. Protocols

1. Withholding of passports / personal documents

Passports and any personal documents, such as qualification certificates and bank cards, must be returned immediately to all workers, including workers via labour recruiters. In doing so, suppliers and/or labour recruiters must:

- Maintain a record that documents were returned, listing each worker and their signature as confirmation when documents are returned
- Communicate to workers the company policy and procedure for passport and document retention - i.e. that workers are responsible for their own passports and documents
- As per Woolworths Responsible Sourcing Standard 17.8, in cases where security is of concern, workers shall be provided with a means to retain their personal documents, such as security boxes. Workers must have access to these at all times.
- Passports and any other personal documents may be taken by the agency or the supplier only when the original passport is needed for processing or renewal of workers' documents, such as visas and work permits. Following this, they must be immediately returned to workers for keeping.

⁹ Woolworths Group's Human Rights Program Principles published in the [F20 Modern Slavery Statement](#)

Remediation Principles and Protocols

2. Recruitment fees

During the 12-month implementation period, if current foreign migrant workers are identified as having paid recruitment fees, any outstanding debt must be waived. This applies to workers hired directly or indirectly. To do this, the supplier or an appointed third party shall:

- Conduct worker interviews to determine the amounts outstanding
- Communicate clearly and in writing to workers that this debt is cleared
- Disclose to Woolworths this finding and submit a remediation plan

Where other forced labour indicators are identified, or the payment of fees is determined to be severe, Woolworths will work case-by-case with the supplier to agree an appropriate remediation plan, including fees remediation.

After the 12-month implementation period, it is expected that no new migrant workers to the facility have paid recruitment fees. If workers are identified as having paid fees, the following steps must be taken by the supplier to ensure the timely repayment of recruitment related fees and costs:

- The amount of fees remediation is determined by an independent third party or auditor as agreed between Woolworths and the supplier
- The remediation plan to reimburse recruitment fees is agreed within eight weeks of the confirmed finding
- Workers must be reimbursed within three months of the remediation plan being agreed
- Where possible, fees should be repaid in one lump sum. This will be agreed on a case-by-case basis including considering the best interest of affected workers.

Woolworths recognises that there may be circumstances, especially during the transition to a 'no-fees' environment, where recruitment fees are found to have been paid. Suppliers will not be penalised for identifying, disclosing, and remediating situations of fees paid. As per our Responsible Sourcing Policy, we are committed to working with our suppliers to implement improvement plans and help them achieve compliance and avoid recurrence. However, if a supplier is unable or unwilling to remedy their non-compliance, we may terminate our supply of goods from that supplier.

Verification

As described above, there are multiple check-in points throughout the year long implementation phases to monitor supplier progress against the Addendum Requirements.

Formal third-party verification of the Requirements will commence within six months of the conclusion of the implementation phase via our Responsible Sourcing audit program. Suppliers failing to meet the Addendum Requirements after one year may be subject to termination aligned with the Responsible Exit principles below.

Responsible Exit

Woolworths will endeavour to support suppliers' shift to a responsible recruitment operating model as outlined in this Addendum. In circumstances where the supplier is unable to commit to a responsible recruitment model, meet the remediation protocols, or has another zero tolerance non-conformance to our Responsible Sourcing Standards, Woolworths reserves the right to discontinue supply and terminate the contract with the supplier. In taking this action, Woolworths Group will align to the following responsible exit principles:

- An exit impact assessment will be conducted, including considering any potential impacts on affected workers
- Adequate supplier notification and communication (including both in writing and orally)
- Oversight of remediation.