

Responsible Sourcing Standards Addendum:

**Requirements for Labour Hire Providers in
our Australian Horticulture Supply Chain**

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for a better tomorrow

Introduction

At Woolworths, we are proud to be the 'fresh food people', known for providing quality produce locally sourced in Australia. In 2022 we sourced 97% of all fresh fruit and vegetables from Australian farmers and growers.

Ensuring our horticulture supply chain meets Woolworths' and our customers' expectations for providing fresh and responsibly sourced products is a continued priority of Woolworths Group's Responsible Sourcing (RS) Program, launched in 2018. The RS Program is underpinned by our RS Policy, RS Standards and a number of targeted Addendums, including this Addendum. Together, these documents set out our expectations for our suppliers in adhering to ethical business conduct in their own businesses and supply chains.

The RS Policy outlines our overarching commitment to upholding the human rights of the workers in our operations and supply chain. The RS Standards cover a range of social compliance criteria including the minimum standards expected of suppliers with respect to the use of overseas workers, including responsible recruitment (Section 17). Woolworths' approach to responsible recruitment is aligned with industry standards and underpinned by the following three core principles known as the Priority Industry Principles¹, that:

- **every worker should have freedom of movement;**
- **no worker should pay for a job; and**
- **no worker should be indebted or coerced to work.**

The requirements in this Addendum apply in addition to the RS Standards and should be read in conjunction. This Addendum outlines Woolworths' specific requirements relating to the engagement of labour hire providers (LHPs) by suppliers in Woolworths' horticulture supply chain, setting out 'the how' to assist suppliers to meet our expectations for the responsible recruitment of workers. The Addendum is further supplemented by a Guidance document and Checklist to support suppliers in meeting these requirements (both the Guidance and Checklist are available in the Helpful Resources section on Woolworths Group's Respecting Human rights webpage²).

Definition - Labour Hire Provider

LHPs are businesses that provide labour and labour recruitment services, including but not limited to, employing workers (whether temporary, seasonal, casual, contract, student or migrant labour) with the view to making them available to a third party for work as a subcontractor. A labour provider may also be referred to as a labour contractor, labour broker, labour hire company, labour recruiter, private employment agency, recruitment agency or agency. We collectively refer

to these iterations of labour providers as LHPs for the purposes of this Addendum.

Scope

This Addendum applies to each business involved in the supply of fruit and vegetables in Woolworths' supply chain that engages a LHP to supply workers. Each in-scope supplier must take proactive measures to ensure that any LHPs involved in their direct operations or supply chain operate in accordance with all applicable legal and regulatory requirements, the RS Policy and RS Standards, and this Addendum.

Purpose

The highly seasonal nature of food production in horticulture presents unique hiring challenges. Whilst LHPs play an important role in securing and managing workers, especially for seasonal demands, employers utilising LHPs tend to have limited visibility of the subcontracted workforce. The purpose of this Addendum is to assist our suppliers with proactively managing inherent risks in relation to, and importantly safeguard, migrant worker rights.

¹ The Priority Industry Principles are an initiative of the Consumer Goods Forum. More about Principles here: <https://www.theconsumergoodsforum.com/initiatives/social-sustainability/key-projects/priority-industry-principles/>

² Woolworths Group 'Respecting Human Rights' webpage: <https://www.woolworthsgroup.com.au/au/en/sustainability/People/ethical---mutual-beneficial-partnerships.html#accordion-e1092fce14-item-176ea9270b>

Requirements for businesses engaging LHPs

Compliance with relevant regulatory and legal requirements

1. Suppliers must only engage LHPs that are an identifiable and legal business entity.
 - a. This applies to LHPs in countries of origin (overseas) that assist suppliers and/or their direct labour hire companies in the recruitment of workers.
2. Suppliers must only engage LHPs that possess all licences, accreditations, permits, registrations, and insurances required by relevant laws.
 - a. All LHP licences, accreditations, permits, registrations and insurances are to remain active and valid for the duration of service provided to the supplier.
3. Suppliers must ensure all workers from overseas employed through a LHP have the legal right to work in Australia (both at the time of engagement and throughout their employment).
 - a. Suppliers must validate workers' legal right to work by either doing a VEVO³ check or by requiring workers to provide documentary proof of their working rights. Suppliers must maintain current records of such working rights.
4. Accommodation, if provided by a supplier's business or the LHP, must meet all legal requirements, and the business must obtain all relevant government licences and approvals for each building.
5. Transport, if provided by your business or the LHP, must meet all legal requirements, and the business must obtain all relevant government licences and registrations for each vehicle, for the region where the vehicle is used.
 - a. The driver must be appropriately licensed and trained to drive the vehicle.
6. Suppliers must verify that any deductions made to LHP worker's pay is reasonable, and only occur if allowed by law.
 - a. Any deductions made must meet all the terms and conditions as required by law and regulations.
7. Suppliers must stay to keep up-to-date with, and maintain a current understanding of, applicable legal requirements.

Management systems

8. Prior to receiving any services from a LHP, suppliers must perform adequate due diligence of the LHP business to verify their operations are compliant with

this Addendum.

- a. This due diligence must extend to any entity that the primary LHP may subcontract to.
9. Prior to receiving any services from a LHP, the supplier must enter into a formal contract for services with the LHP.
 10. Suppliers must implement ongoing processes to enable adequate oversight of LHPs engaged in their supply network.
 - a. Adequate oversight means the supplier has processes in place to verify the activities of the LHP are, at a minimum:
 - Compliant to workplace laws
 - Paying workers correctly
 - Meeting the terms and conditions of the formal contract
 - Meeting the requirements of this Addendum
 11. Suppliers must monitor that workplace and accommodation amenities, including those supplied by the LHP, are adequately maintained.
 12. Suppliers must monitor that transport, including transport provided by the LHP, is available within a reasonable timeframe of workers' shifts to allow workers to freely move to and from the work site.
 13. Suppliers must pay an appropriate fee to the LHP that allows the labour provider to meet workers' minimum statutory entitlements (including wages, superannuation and terms and conditions), while including provisions for the recruitment service fees of the LHP.
 14. Suppliers must have site level grievance mechanisms available to all workers, including those engaged through LHPs. This mechanism must allow workers of LHPs to confidentially and anonymously report any issues that may arise with the supplier, labour provider or any additional services (such as transport or accommodation).

Worker Education

15. Suppliers must ensure that all workers, either hired through the LHP or if employed directly, are provided a copy of the Fair Work Information Statement and the Casual Information Statement (for casual employees)⁴ in the workers' primary language, where possible.
16. Suppliers must ensure that all workers, either hired through the LHP or if employed directly, respect workers' rights to freedom of association, which means workers must be free to choose whether to join a union.

³ More information on Vevo checks can be found at:

[https://www.homeaffairs.gov.au/Busi/visas-and-migration/visa-entitlement-verification-online-\(vevo\)](https://www.homeaffairs.gov.au/Busi/visas-and-migration/visa-entitlement-verification-online-(vevo))

Compliance criteria

17. Suppliers must only use LHPs that meet one or more of the following checks. Suppliers must review the LHPs' compliance to the below checks at least once annually and prior to engagement with a new LHP.
 - a. Licence: If the LHP is providing workers in a state or region that requires a licence to operate, the LHP must be legally registered and have an active licence under the relevant state / region; OR
 - b. Pacific Australia Labour Mobility (PALM) Scheme: If the LHP is engaging workers under the PALM Scheme, the LHP must be an Approved Employer⁵; OR
 - c. Third party scheme membership and completed self-assessment: The LHP is a registered member of a third party scheme approved by Woolworths, and completes the self-assessment questionnaire at least once annually. This is currently Sedex; OR
 - d. Third party audit: The LHP is audited by a recognised third party scheme approved by Woolworths. This is currently Sedex's SMETA Supplementary⁶, the Fair Hiring Initiative's On the Level⁷, and StaffSure⁸.
18. Suppliers must take immediate action and work with their LHP to remediate any non-conformances to this Addendum or or the RS Standards.

Verification

Woolworths will work with certification bodies, schemes, and relevant industry and government bodies to verify compliance to this Addendum as per the due diligence protocol of our RS Standards. Woolworths will take a risk-based approach to verifying compliance that may include the following:

1. Partnering with direct suppliers to map LHP's used in their operations and relevant supply chains
2. Cross checking LHP's licencing numbers and status with relevant state schemes
3. Reviewing LHP's third party scheme membership and self-assessment
4. Initiating a third party audit where there is reason to believe that a LHP may be in breach of these Addendum requirements

Businesses should regularly self-assess against the requirements in this Addendum, noting Woolworths may request verification of compliance at any time. If a LHP is known or suspected to have breached local workplace laws, the RS Standards, or this Addendum, the supplier must cooperate with Woolworths' verification checks including semi- or unannounced audits of the LHP.

Continuous improvement

We encourage suppliers to be open and honest about the challenges they face with LHPs so we can support suppliers in finding practical solutions. We are committed to working with our suppliers to implement improvement plans and support them in achieving compliance. Woolworths will continually review the application and effectiveness of the requirements of this Addendum and they will be updated when necessary to align with industry best practice and changes to the regulatory landscape. We consider third party audit a higher compliance threshold and will continue to transition higher risk areas to third party audit as our preferred verification method in the coming years.

Latest updated: June 2023.

⁴ More information on the Fair Work Information Statements can be found at:

<https://www.fairwork.gov.au/employee-entitlements/national-employment-standards/fair-work-information-statement>

⁵ PALM Scheme Approved Employers: <https://www.palmscheme.gov.au/current-employers>

⁶ A copy of Sedex' SMETA standard for labour hire providers (known as the 'SMETA Supplementary - assessing the labour standards of workers supplied by private employment agencies') can be requested through your social audit certification body

⁷ For more information, please see: <https://www.fair-hiring.org/core-principles-and-standards>

⁸ More information for StaffSure is available at: http://www.staffsure.org/StaffSure/About_Staff_Sure/Home.aspx