

# WOOLWORTHS GROUP



Committee Secretary  
Joint Standing Committee on Foreign Affairs, Defence and Trade  
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28 April 2017

To Whom it May Concern

## **Inquiry into Establishing a Modern Slavery Act in Australia Woolworths Submission**

Woolworths welcomes the opportunity to provide our comments to the Senate inquiry into establishing a Modern Slavery Act in Australia. Woolworths is committed to upholding human rights in our business, not only with respect to our own employees but also our supply chain.

For the purposes of this submission, we have limited our comments to the following points in the terms of reference:

- The prevalence of modern slavery in the domestic and global supply chains of companies, businesses and organisations operating in Australia;
- Provisions in the United Kingdom's legislation which have proven effective in addressing modern slavery, and whether similar or improved measures should be introduced in Australia; and
- Whether a Modern Slavery Act should be introduced in Australia.

### ***Prevalence of modern slavery in Australian business supply chains***

Woolworths, like most of today's retailers and brand manufacturers, faces complex supply chain management issues. We source apparel, footwear, food, drinks and general merchandise from a range of locations both within and outside of Australia. Identifying and mitigating human rights risks across our global supply chain is challenging and complex but we understand that the Australian community expects the products we sell to have been ethically sourced and produced.

We are working with our suppliers to achieve better outcomes for the workers in our supply chain through our long-established Ethical Sourcing Policy, which incorporates the International Labour Organisation conventions and the UN Global Compact's core values of human rights, labour standards, the environment and anti-corruption. Before they supply products to us, we audit all factories manufacturing our Own Brand products based on the human rights risk of the relevant country and product categories. We publish the breakdown of the severity levels of corrective actions from these audits in our annual Corporate Responsibility report. A process is in place for policy breaches, which involves an internal investigation to determine the appropriate course of action.

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Woolworths expects all local suppliers to comply with Australian and New Zealand workplace laws and ethical standards; this is communicated through our Policy for Employing or Engaging Overseas Workers. To remain part of the Woolworths supply chain, these laws and standards must guide suppliers' treatment of all workers, including the seasonal migrant workers who are so essential for our produce suppliers during peak harvesting periods. We also expect our suppliers to be responsible for ensuring their suppliers and labour hire companies are legally compliant. Australia has a strong rule of law around this issue and well-established independent agencies that monitor and enforce the laws, however, we acknowledge there are issues with some unscrupulous labour hire companies and accept our responsibility to work with key industry bodies and other stakeholders to help improve labour practices in our supply chain. As part of our commitment to being part of the solution, Woolworths belongs to a working group convened and led by the National Farmers' Federation and the Produce Marketing Association. The working group is developing a best practice scheme for agricultural employment. Our Supplier Excellence Audit program, which we announced in April 2016, incorporates our policy for engaging and employing overseas workers.

In our recently released Woolworths Group 2020 Corporate Responsibility Strategy, '*People, Planet, Prosperity*', one of our 20 business commitments is to further build on and improve our approach to human rights management in our supply chain.

Woolworths Group is also a founding signatory to the Pledge against Forced Labour - a collaborative effort with other Australian retailers and suppliers signed in 2015, whose members have pledged to work together to help end slavery and other forms of forced labour, where identified in our supply chains, and to do this in a way that provides confidence to our customers and the Australian community.

### ***United Kingdom legislation***

Mandatory reporting based laws, such as the requirement under section 54 of the UK Modern Slavery Act for corporations to publish an annual statement, rely on leveraging the influence of consumers to demand slavery free goods. For large, consumer-facing businesses such as Woolworths, our brand is our most important asset, and brand management is a critical aspect of the way our organisation operates.

We submit that some additional measures to improve the consumer's ability to compare the assertions made by different organisations to enable informed purchasing decisions would be beneficial in strengthening the power of an equivalent Australian Act.

### ***Clear reporting requirements***

The content of a company's statement under Section 54(5) of the UK Act remains flexible, although some guidance is provided. This has led to criticisms of the wide variation in quality of the published statements; with weak reporting requirements it is very difficult to hold companies to account. We submit that more of a uniform basis of reporting - specifying the types of information and the level of detail to be disclosed - would be helpful for organisations, and for consumers to be able to more readily compare the efforts of different companies.

### ***Definition of “Modern Slavery”***

For similar reasons of comparability, the definition of *modern slavery* must be carefully considered and clearly articulated. Modern slavery refers to a range of exploitative practices including slavery and slavery-like practices/conditions (such as debt bondage, servitude, forced marriage and forced labour) and human trafficking (also referred to as trafficking in persons). For the Retail & Supplier Roundtable Pledge against Forced Labour, *forced labour* is defined to mean all work or service which is exacted from any person under the threat of penalty and for which the said person has not offered themselves voluntarily, as defined by the International Labour Organization (Forced Labour Convention No. 29, adopted 1930). As such, this also includes any instances of forced labour in prisons and serfdom, bonded labour or debt bondage and other forms of slavery. The Woolworths Group Ethical Sourcing Policy takes a broader due diligence approach and includes criteria such as anti-bribery and corruption, working conditions, wages, child labour, discrimination and entitlement to work.

### ***Reporting threshold***

Similarly to the UK, an appropriate turnover threshold would need to be determined for mandatory reporting in the Australian case. This would need to be low enough to ensure adequate coverage of the Australian marketplace, yet high enough not to unduly burden smaller companies with excessive reporting requirements. An existing threshold test for “large” businesses currently exist under the Corporations Act 2001 (Commonwealth) - eg “public companies” and “large proprietary companies”; whether a company is listed on the ASX could also potentially provide a suitable (but narrower) framework for determining those organisations to be captured under an Australian Act.

### ***The Australian case***

Woolworths would support the introduction of an appropriately drafted Modern Slavery Act in Australia, consistent with our pledge to work together with suppliers to work towards the eradication of modern slavery identified in our supply chain.

The Woolworths Group Corporate Responsibility Strategy is aligned with the UN Sustainable Development Goals (SDGs). Our goal to improve our management of human rights in our supply chain is closely aligned to Goal 8 - Decent Work and Economic Growth - *Promote inclusive and sustainable economic growth, employment and decent work for all*. Along with the increasing prevalence of Modern Slavery legislation around the globe, an Australian Act would strengthen our alignment with the very important aims of the SDGs.

We hope that the above information will be a helpful contribution to this decision-making process.

Yours sincerely,

Brad Banducci  
Chief Executive Officer