

# Ethical Sourcing

## Third-Party Labour Providers

*Coles is committed to the responsible manufacture and provision of goods and services. The Coles Ethical Sourcing Policy is based primarily on Ethical Trade Initiative (ETI) and International Labour Organisation (ILO) Conventions and establishes the minimum standards when supplying Coles. It is the supplier's responsibilities to achieve and maintain these standards and to enforce them within those parts of their supply chains involved in supplying Coles, including third-party labour hire providers.*

*Coles' guidance on third-party labour hire providers is provided for informational purposes only. This guidance does not constitute legal advice and does not relieve suppliers of their obligations to consult legal professionals, as appropriate, on contractual terms and obligations, and on how to comply with all laws and regulations relevant to them in the countries where they operate. In addition, this guidance does not preclude the supplier from going beyond what is suggested.*

### Guidance

Coles understands third-party labour hire organisations provide an essential service to Coles suppliers, however they can also introduce human rights and workplace compliance risks. Coles wishes to support our suppliers in reducing these risks.

## 1 Labour Hire Governance

- 1.1 Suppliers should understand the legal operating conditions for labour providers in the relevant country and sector and ensure that any system of licensing, certification or other regulation as required by law is properly complied with.
- 1.2 Suppliers should have a current, written legal agreement in place with their labour provider(s) that governs the terms of supply, including commercial arrangements which should either include or be in addition to a procedural Service Level Agreement detailing the operational processes that will apply between the two parties.
- 1.3 Suppliers should supply the labour provider with an accurate and appropriately comprehensive document in their local language describing the job role(s) to be undertaken including pay rates, the payment process, hours and regularity of work, the nature of the work offered, the obligations and expectations of workers.
- 1.4 Suppliers should require labour providers to make offers of work to workers by means of clear, written contracts and associated documents provided prior to commencement of work (or migration to the place of such work) in the workers' local language, such that workers have a free choice whether to accept or reject that offer of work without having to experience a detriment or fear of penalty. Contracts and documents should detail the terms and conditions of the service/employment and ensure that workers are able to understand the contract, through verbal or written means, taking account of the different languages spoken by and literacy levels of workers.
- 1.5 Suppliers should require the labour provider to maintain complete, current and historical personnel and payroll records (for seven years or as required by local law) for workers employed or engaged by the labour provider working for the supplier.
- 1.6 Suppliers should require that labour providers' workers have the right to terminate their contract with the labour provider and leave after giving reasonable notice without penalty or detriment.
- 1.7 Suppliers must ensure that they hold a record of all workers' names placed by the labour provider to work with the supplier on any day, that there is a system in place to ensure that the worker is the person named, and that the worker has undergone the approved recruitment process by the labour provider.
- 1.8 Suppliers must ensure that all workers placed by the labour provider to work at the supplier site on any day have the appropriate citizenship, visas or working rights that apply in the jurisdiction of the supplier site, and that there is a system in place to check and monitor this.
  - 1.8.1 **In Australia**, this system should involve undertaking a search of the federal government's Visa Entitlement Verification Online (VEVO) system, and retaining records of all workers' passport details, visa type and conditions, and VEVO check outcome.

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- 1.9 Suppliers should undertake due diligence to verify the credibility and legitimacy in the appointment of labour providers.
- 1.9.1 **Good practice looks like** suppliers appoint and require the labour provider to appoint a named senior manager to ensure compliance with Coles' Ethical Sourcing Policy, establish management systems for delivering compliance to the policy, and maintain records demonstrating compliance.
  - 1.9.2 **Best practice extends further** whereby the supplier requires annual independent third-party social audits of the labour provider which assesses compliance to the Coles Ethical Sourcing Policy and any relevant legislation.
  - 1.9.3 **In Australia, best practice looks like** requiring all third-party labour providers to be StaffSure certified prior to awarding business.

### StaffSure Labour Hire Certification

In Australia, to ensure that suppliers are only working with reputable labour hire providers, Coles recommends that suppliers only engage StaffSure certified providers. StaffSure is an independent certification scheme which assesses third-party labour hire providers against six key risk elements:

1. **Fit and proper persons** own and run the labour hire business;
2. **Work status** remuneration to ensure workers receive minimum employment entitlements;
3. **Financial assurance** to operate the labour hire business sustainably;
4. **Safe work** for all workers;
5. **Immigration and visa** laws are complied with; and
6. **Accommodation** supplied by employers or clients is suitable and rent is fair.

Information about StaffSure is available on the website <https://www.staffsure.org/>; alternatively you can contact Coles Ethical Sourcing Team at [EthicalSourcing@coles.com.au](mailto:EthicalSourcing@coles.com.au) if you have queries about how the StaffSure program aligns with Coles' Ethical Sourcing Policy.

## 2 Subcontracting, Forced and Bonded Labour

- 2.1 Suppliers (including employees and representatives) must not accept any reimbursements, financial inducements or other amounts from any labour provider or other person involved in the recruitment process.
- 2.2 Suppliers should ensure that labour providers do not require workers to lodge deposits or withhold any guarantee money, 'runaway insurance', surety bond, commitment or membership or reservation fees, deposits or recruitment fee or sums from pay to enable or facilitate recruitment, discourage departure or other similar purpose.
- 2.3 Suppliers should require that the labour provider always allows workers to retain their passport, identity papers, visas and work permits. Labour providers and suppliers should retain photocopies of such documents for the purposes of verifying identity and legal right to work, and these documents need to be stored securely.
- 2.4 Suppliers should verify that migrant workers and those whose travel arrangements have been made with the assistance of the labour provider should be able to return home for any reason and at any time without fear of reprisal and without incurring extraordinary debt.
- 2.5 Suppliers should require labour providers not to subcontract the supply of workers at the supplier's sites to other labour providers without the prior authority of the supplier, so the supplier has assured that all labour providers used are in accordance with laws (as applicable) and in compliance with Coles' Ethical Sourcing Policy.
- 2.5.1 **Good practice looks like** developing annual workforce planning practices and providing timely and accurate forecasting of contingent labour requirements to the labour provider to enable adequate planning of recruitment activity and resourcing.

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- 2.6 Suppliers should ensure that in sourcing and supplying workers, labour providers can positively demonstrate that they do not engage in, support or tolerate discrimination in employment including recruitment, hiring, training, working conditions, job assignments, pay, benefits, promotions, discipline, termination or retirement, based on race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status such as disability, age, marital and family status, sexual orientation and gender identity, health status, place of residence, economic and social situation, or any other form of discrimination.

### 3 Health and Safety

- 3.1 Suppliers must provide a safe and hygienic working environment to labour providers' workers, taking adequate steps to fully document risk assessments and minimise risks to prevent accidents and injury to health as far as is reasonably practical, including the free provision of appropriate personal protective equipment and safety equipment, and training workers in the use of such equipment.
- 3.2 Suppliers should provide access to adequate medical assistance and facilities to labour providers' workers.
- 3.3 Suppliers should ensure that labour providers' workers receive adequate health and safety training and supervision as defined by risk assessments. This must include sufficient training and management in waste management, handling and disposal of chemicals and other dangerous materials. All health and safety training shall be comprehensible, regular, recorded and repeated as required so that labour providers' workers can demonstrate:
  - 3.3.1 Understanding of the job and the ability to perform it to at least the minimum standard required by the supplier; and
  - 3.3.2 Understanding of safe and healthy working practices relating to the job and working environment.
- 3.4 Suppliers must ensure that labour providers' workers are provided with free access to clean drinking water, clean toilet facilities, sanitary facilities for food preparation and storage, and (if appropriate) washing facilities.
- 3.5 Suppliers must ensure that, where accommodation for labour providers' workers is provided by the supplier or the labour provider, charges are reasonably aligned with the local accommodation market and do not contravene any laws. Suppliers must require the labour provider to provide evidence of their management processes to ensure accommodation provided is safe, clean and at a minimum, meets the basic needs of workers.

### 4 Payments, Wages, Benefits and Deductions

- 4.1 Suppliers should be able to demonstrate that an appropriate rate is paid to the labour provider that allows the labour provider to meet workers' statutory wage and social employment costs, labour sourcing and supply costs, business overheads, and a sustainable net margin, and records are maintained to demonstrate compliance.
- 4.2 Suppliers should require that the labour provider records and monitors all hours worked by all workers employed by the labour provider and placed at the supplier site.
  - 4.2.1 **Good practice looks like** an additional verification process which assures the accuracy of the information provided by the labour hire provider, demonstrating that the workers are paid at the appropriate rate for all the hours that they have worked.
  - 4.2.2 **Best practice extends further** whereby suppliers verify that the labour providers' workers' wages are paid directly to all workers in the form of cash or cheques or into the workers' nominated bank account, not to any third party, with workers having full and complete control over the monies they earn.
- 4.3 Where piece rates or task-rates are used, the supplier must verify that the rate is agreed in writing by each worker prior to work commencing or a changed rate being applied.

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- 4.4 Where piece rates or task-rates are used, the supplier must ensure that the average competent worker can achieve or exceed the local minimum wage, or that the rate meets the relevant local wage conditions or Award rates.
- 4.5 Suppliers must verify that payslips are clear and that information relating to wages shall be available to the labour providers' workers in an understandable form.
- 4.6 Suppliers must verify that the labour providers' workers' wages are paid on time at the agreed intervals and in full without deduction other than required by law, or as permitted by the written agreement of the worker.
- 4.7 Suppliers should display the Coles Wages and Conditions Hotline poster in lunchrooms, workers kitchens or communal areas. The poster is available to be downloaded for free via <https://www.colesgroup.com.au/sustainability/?page=human-rights>.

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### Example Third-party Labour Hire Risk Checklist

<b>Owner / Manager</b>			
<b>Property address</b>			
<b>Completed by</b>			
<b>Date completed</b>			
<b>Labour hire governance</b>			
<b>Risk</b>	<b>Risk level</b>	<b>Verifiable evidence demonstrating risk mitigation</b> <i>[Coles has suggested what documentation or process should be cited to verify risk mitigation. Use this column to record details of evidence cited]</i>	<b>Completed Date</b>
Do third-party labour providers have the relevant license or permit required to operate?	High	<i>[Documentation of valid licence or permit number is retained for all third-party labour providers]</i>	
Do suppliers have current, written legal arrangements in place with all third-party labour providers?	High	<i>[Copies of signed agreements with each third-party labour hire providers are retained]</i>	
Is there a clear, written document describing the job role(s) including pay rates, payment process, expected hours of work and the nature of the work offered?	Medium	<i>[Service Level agreement or other similar type document is available and signed by both parties]</i>	
Do suppliers require third-party labour hire providers to have written contracts with workers?	Medium	<i>[Clause in signed agreement with each third-party labour provider]</i>	
Do third-party labour hire providers retain personnel records for all workers for a minimum of seven years?	Medium	<i>[Clause in signed agreement with each third-party labour provider]</i>	
Do suppliers have a representative of their organisation responsible for the management of third-party labour providers?	Medium	<i>[Current position description of an employee whose responsibilities include managing third-party labour hire compliance]</i>	
Can labour hire providers verify the right to work in Australia for all workers?	High	<i>[Copies are retained of every workers' identification documents and VEVO checks]</i>	
Have the labour hire providers been independently assessed against a recognised standard?	Low	<i>[StaffSure certification has been attained by the third-party labour hire provider]</i>	
<b>Subcontracting forced and bonded labour</b>			
<b>Risk</b>	<b>Risk level</b>	<b>Verifiable evidence demonstrating risk mitigation</b> <i>[Coles has suggested what documentation or process should be cited to verify risk mitigation. Use this column to record details of evidence cited]</i>	<b>Completed Date</b>
Can suppliers ensure that third-party labour workers are not required to lodge a deposit or bond to gain employment?	High	<i>[Clause in third-party labour hire agreement, verified via random worker interviews and payslip check]</i>	
Do workers retain the original copy of their identification documents?	High	<i>[Clause in third-party labour hire agreement, verified via random worker interviews]</i>	
Can suppliers ensure that work is not being subcontracted by third-party labour providers at their site?	High	<i>[Clause in third-party labour hire agreement, verified via random worker interviews and timesheets]</i>	
Do labour hire providers have an anti-discrimination policy and hiring process?	Low	<i>[A copy of the labour hire anti-discrimination policy is retained]</i>	
Is there a labour hire management system in place which verifies the workers provided by the third-party labour hire organisation match the documentation?	Medium	<i>[Timesheets are available and verified by random worker interviews assuring that those rostered on to work are present on site and all required documentation is available relevant to that worker]</i>	

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Health and Safety			
Risk	Risk level	Verifiable evidence demonstrating risk mitigation <i>[Coles has suggested what documentation or process should be cited to verify risk mitigation. Use this column to record details of evidence cited]</i>	Completed Date
Has a risk assessment been recently completed identifying any hazards to workers?	High	<i>[Risk assessment is documented with actions taken to prevent accidents and injury]</i>	
Is there a trained First Aid officer available while workers are on site?	High	<i>[Valid first aid certificate and timesheets]</i>	
Are all workers provided with health and safety training prior to commencing work?	Medium	<i>[Training / induction records and timesheets]</i>	
Do all workers, including those provided by third party labour organisations, have access to the appropriate personal protective equipment [PPE] free of charge?	Medium	<i>[PPE register is available]</i>	
Are all workers provided with access to free clean drinking water, clean toilet facilities and sanitary facilities for food preparation?	Medium	<i>[Site cleaning records are maintained, and water testing records are available if required]</i>	
Payments, wages, benefits and deductions			
Risk	Risk level	Verifiable evidence demonstrating risk mitigation <i>[Coles has suggested what documentation or process should be cited to verify risk mitigation. Use this column to record details of evidence cited]</i>	Completed Date
Is the supplier able to demonstrate that the amount paid to the third-party labour hire organisation is enough to cover workers' legal entitlements, and business margin?	High	<i>[Calculation is available assuring that the labour hire invoice is adequate; e.g. [workers' legal entitlements + relevant tax + superannuation] + business margin = labour hire invoice total]</i>	
Do third-party labour hire workers receive written payslips?	High	<i>[Clause in third-party labour hire agreement, verified via random worker interviews and payslip check]</i>	
Are workers' wages paid on time at agreed intervals and in full without any unauthorised deductions?	High	<i>[Clause in third-party labour hire agreement, verified via random worker interviews]</i>	
Are workers paid their legal entitlements including the appropriate rate per hour or piece, superannuation, any additional loading for casual or overtime hours, accrualment of all relevant leave entitlements, and all relevant tax is paid?	High	<i>[Verified via payslip review and random worker interviews]</i>	

## 5 Queries and Feedback

For any queries or to provide feedback regarding Coles' third party labour provider expectations, please contact the Coles Ethical Sourcing team at [EthicalSourcing@coles.com.au](mailto:EthicalSourcing@coles.com.au).