

Ethical Sourcing

Forced/Bonded Labour Remediation Requirements

Definitions

1 Forced, Bonded and Involuntary Labour

- 1.1. Forced, bonded or involuntary labour refers to situations in which persons are coerced to work, through the use of violence or intimidation or by more subtle means such as accumulated debt, retention of identity papers or threats of denunciation to immigration authorities.
- 1.2. Coles refers to the International Labour Organization's Forced Labour Convention (1930), which defines forced or bonded labour as all work or service which is exacted from any person under the menace of any penalty, and for which the said person has not offered themselves voluntary.

2 Bonded Labour – Employer Pays Principle

Recruiting migrant workers comprises a range of costs, all of which should be met by the employer. Workers often bear the costs of some or all of these expenses, plus substantial facilitation payments. These costs and the interest on loans taken out to pay them can leave workers in situations of debt bondage.

- 2.1. No worker should pay for a job – the costs of recruitment should be borne not by the worker but by the employer. Debt bondage can arise when workers are required to pay a recruitment fee which includes but is not limited to, any fee for applications, recommendations, recruitment, hiring or placement, and administrative, overhead, and processing fees of any kind.
- 2.2. Migrant workers should not pay recruitment and service fees and costs at any stage of the recruitment process, during or after employment, including:
 - 2.2.1. Fees to any parties, including agent, sub-agent, intermediary, or employer.
 - 2.2.2. Pre-departure fees and costs including, but not limited to:
 - Skills tests
 - Additional certifications beyond those required for job eligibility
 - Medical exams/screening
 - Pre-departure training or orientation
 - Any other requirements to access the job opportunity
 - 2.2.3. Costs associated with documentation and/or permits including, but not limited to:
 - New passport, identity documents, or visas needed for the purposes of obtaining employment, including renewal(s)
 - Temporary work or residence permits (including renewals)
 - Police clearance fee
 - Birth certification fee
 - Certificate of good behaviour fee
 - Other certifications, identity or clearance documents required for residing in the country of employment
 - 2.2.4. Transportation and lodging costs (including all taxes and fees):
 - Transportation and lodging costs after the employment offer has been made and accepted in writing from the worker's home to the port of departure
 - Transportation from the worker's home (sending) country to receiving country port of entry
 - Transportation from receiving country port of entry to workplace or provided

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- accommodations
 - Border-crossing fees
 - Relocation costs if asked to move once employment has begun
 - Return transportation to employee's home country at the end of employment.
- 2.2.5. Arrival / orientation / on-boarding including but not limited to:
 - New-hire training or orientation
 - Medical exams/screening
- 2.2.6. Legal requirements including but not limited to:
 - Deposits and/or bonds (including those required by law or not required by law).
- 2.3. Bonds represent a critical breach of the Coles Ethical Sourcing Policy.

Supplier Requirements

1 Forced, Bonded or Involuntary Labour (Critical)

- 1.1. Suppliers must not use any form of servitude, forced, bonded, involuntary prison, indentured, trafficked, or involuntary labour.
- 1.2. Employment must be freely chosen.
- 1.3. Workers must not be required to lodge deposits, bonds or recruitment fees with recruitment agents or suppliers.
- 1.4. Workers must not be required to surrender identity papers or other important documents to recruitment agents or suppliers.
- 1.5. Workers must be free to leave their employment after reasonable notice has been given.
- 1.6. Outstanding payments due to workers on termination are to be paid in full (or no later than the next payroll run). Workers must not be coerced to continue working to receive any outstanding monies.
- 1.7. The way a worker is engaged must be legally compliant and suppliers must properly record who employs the worker. For example, under appropriate contract/s, whether the worker is an employee, contractor or labour hire must be specified.
- 1.8. If a worker is engaged through a labour hire provider, the supplier must ensure the provider has any necessary licences.
- 1.9. Wages and benefits paid for a standard working week must, as a minimum, meet national legal or industry benchmark standards, whichever is the higher.
- 1.10. If the supplier provides worker accommodation, the fees must not be unreasonable and must take into account the proportion of the worker's wage that will remain after accommodation costs.
- 1.11. Worker fines imposed by the employer (for example, monetary fines or deductions that are levied if a worker does not work a minimum or set period of time) are strictly prohibited.
- 1.12. All disciplinary measures, including termination of employment, should be recorded and compliant with national law.
- 1.13. Deductions from wages as a disciplinary measure shall not be permitted, nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned.

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2 Remediation Requirements – Forced Labour – Withheld Identification Documents

- 2.1. The supplier must agree that it is unlawful and unethical to retain migrant or domestic worker passports or identification documents. It is in serious breach of Coles' Ethical Sourcing Policy and a form of Forced Labour. This is regardless of whether the worker gives permission to the supplier or not.
- 2.2. The supplier should communicate to the workers that they are responsible for their own passports and any other identification documents and visa documents.
 - 2.2.1. The supplier should communicate this via a written memorandum with the company letterhead in the local language and all employees' native languages. This document should be prominently displayed in the workplace (e.g. in the canteen / hostel / change rooms) and made available for auditor review.
 - 2.2.2. The supplier should communicate via meetings with workers that this new procedure is now in place. The supplier site should provide evidence that these meetings have taken place for auditor review.
- 2.3. The supplier should prepare a document stating the names of each of the migrant workers, with their signature against their name, to state that they have received their passports and any other identity documents back from the supplier. This document should be made available for auditor review.
- 2.4. The supplier should come to an agreement with the workers on how they can best manage the safekeeping of their personal documents such as passports, identification papers and visa documents.
- 2.5. Where workers organise their own accommodation, workers can choose to retain and safely store their important documents in their homes or accommodation.
- 2.6. Where workers are accommodated by the supplier, the supplier is to make available to the workers an individual lockable cupboard to keep their identity documents and other personal effects secure with the key retained by the workers, or a communal safe for all workers' important documents, where the key is held by an elected worker representative(s). These arrangements must take into account employees' right to privacy under applicable laws.
- 2.7. The elected worker representative(s) should have direct access to the safe and not have to contact the management representative for approval. The election process should be documented for auditor review. The supplier should ensure that management of the site hold a spare key in the office (in case other keys are lost). An additional supporting process is to have a logbook to ensure that passports accessed and returned to the safe are documented and verified.
- 2.8. The supplier should establish a procedure to re-elect worker representatives annually or in the event that the worker representative leaves the company.
- 2.9. All workers should have 24-hour access to their worker representative(s) and management representative should they require access to their personal documents.
- 2.10. The supplier may retain the right to request to view employee passports for the purpose of renewing work visas with the relevant government authorities. Upon completion, the passports must be returned to the worker directly or to the agreed accessible safe.
- 2.11. In the case where a supplier engages workers via a labour hire provider, the supplier should require the labour hire provider to agree in writing that any labour hire workers contracted into their facility must comply with rules for protection against forced labour, and that labour hire workers must retain their own passports and any other identity and visa documents at all times. This document should be made available for auditor review.

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3 Remediation Requirements – Bonded Labour

Requiring workers to pay a recruitment fee or deposit for their employment or contract for services other than, or in addition to, the direct costs of travel, visas and other legitimate costs is a critical breach of Coles' Ethical Sourcing Policy and constitutes Bonded Labour. The supplier must agree that it is unlawful and unethical to use Bonded Labour, and take the appropriate steps to free bonded labourers and extinguish debt flowing from such arrangements.

- 3.1. The supplier is responsible for taking preventative measures to remove the risk of bonded labour. This may include not using recruitment agents who charge workers fees, directly undertaking or paying an agent directly the cost for recruitment of workers, and the direct employment of workers.
- 3.2. All outstanding worker debt must be waived. Payslips and financial records must be made available for auditor review verifying that the worker is no longer in debt.
- 3.3. Key employment terms and conditions are to be re-issued to all workers in understandable writing and in their own language via letter/agreement/contract, or as required by law. These documents must be signed by both the worker, the supplier, and if relevant the recruitment agent, and must be made available for auditor review.
- 3.4. Outstanding payments due to workers on termination are to be paid in full (or no later than the next payroll run). Workers must not be coerced to continue working in order to receive any outstanding monies. Payslips and financial records must be made available for auditor review.
- 3.5. If the supplier uses third-party recruitment agencies, the supplier must audit these organisations to ensure that their hiring practices (including job advertisements and/or application documents) do not require workers to lodge a deposit for their employment. Audits must include worker interviews. Recruitment agencies' audit records must be available for auditor review.
- 3.6. In the absence of ethical recruitment agencies in a country, Coles expects the supplier to undertake as much direct recruitment of migrant workers as possible. A direct recruitment strategy must be made available for auditor review.

4 Remediation Requirements – Forced and Involuntary Labour

Forced labour is any work or service which people are forced to do against their will, under threat of punishment, and represents a critical breach of the Coles Ethical Sourcing Policy and Program Requirements. Forced Labour may include a situation where employment is not freely chosen and workers are not free to leave employment after a reasonable notice period. A reasonable notice period must not exceed 8 weeks. The supplier must agree that it is unlawful and unethical to use Forced Labour, and take the appropriate steps to free forced labourers.

- 4.1. The supplier is responsible for taking preventative measures to remove the risk of forced labour. This may include not using recruitment agents that source vulnerable foreign workers, directly undertaking or paying an agent directly the cost for recruitment of workers, and the direct employment of workers.
- 4.2. Any worker found to have entered an employment or contract for services arrangement against their free will must be immediately freed, with no notice period required. Workers must be allowed to freely leave with their earned payment, identity papers and other personal effects.
- 4.3. Any worker that has entered the employment or a contract for services freely, but is subsequently found not to be able to leave their employment or contract for services, must be freed after a reasonable notice period, which must not exceed 8 weeks. Workers must be allowed to freely leave with their earned payment, identity papers and other personal effects.
- 4.4. All outstanding payments due to workers are to be paid in full (or no later than the next payroll run). Workers must not be coerced to continue working in order to receive any outstanding monies. Payslips and financial records must be made available for auditor review.
- 4.5. If the supplier uses third-party recruitment agencies, the supplier must audit these organisations to ensure that their hiring and ongoing worker management processes (including job advertisements and/or application documents) do not involve any form of forced labour. Audits must include worker interviews. Recruitment

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agencies' audit records must be available for auditor review.

5 Remediation Follow-up Audit

- 5.1. The supplier must provide independent evidence to support that all identified issues have been rectified. This needs to be in the form of a re-audit (at the supplier's expense) from a recognised certification body.
- 5.2. The re-audit must include worker interviews (selected by the auditor) to verify that all steps in the remediation process have been explained correctly to the workers and that the workers are satisfied that the process has been explained correctly.

6 Queries and Feedback

For any queries or to provide feedback regarding Forced, Bonded and Involuntary Labour Remediation requirements, please contact the Coles Ethical Sourcing Team at EthicalSourcing@coles.com.au.

7 Further Information

Refer to the table below for useful links to additional information.

Organisation	Document/ Resource	Website Link
United Nations	Universal Declaration of Human Rights	www.un.org/en/universal-declaration-human-rights/
United Nations	Convention on the Rights of the Child	http://www.ohchr.org/en/professionalinterest/pages/crc.aspx
International Labour Organisation	Minimum Age Convention No.138	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEX_PUB:12100:0::NO::P12100_ILO_CODE:C138
International Labour Organisation	Worst Forms of Child Labour Convention No.182	http://www.ilo.org/dyn/normlex/en/f?p=NORMLEX_PUB:12100:0::NO::P12100_ILO_CODE:C182
International Labour Organisation	Forced Labour Convention No.29	https://www.ilo.org/dyn/normlex/en/f?p=NORMLEX_PUB:12100:0::NO::P12100_ILO_CODE:C029
Australian Commonwealth Law	Criminal Code Act 1995 (Division 270 Slavery and Slavery-like Offences)	http://www8.austlii.edu.au/cgi-bin/viewdoc/au/legis/cth/consol_act/cca1995115/sch1.html
Australian Fair Work Ombudsman	Young workers and students	https://www.fairwork.gov.au/find-help-for/young-workers-and-students
Ethical Trade Initiative	Base Code Guidance: Living Wages	https://www.ethicaltrade.org/sites/default/files/shared_resources/eti_living_wage_guidance_2.pdf
Ethical Trade Initiative	Base Code Guidance: Modern Slavery	https://www.ethicaltrade.org/sites/default/files/shared_resources/eti_base_code_guidance_modern_slavery_web.pdf
Institute for Human Rights and Business	The Employer Pays Principle	https://www.ihrb.org/employerpays/the-employer-pays-principle