

Ethical Sourcing Supplier Requirements

03 Charter

02 Policy

01 Requirement

Purpose

Coles is committed to sourcing goods and services ethically and responsibly and ensuring that we consider and address social and environmental impacts throughout our supply chain.

The purpose of the Ethical Sourcing Requirements (Requirements) is to set out the specific standards that stem from the Ethical Sourcing Policy (Policy) regarding human and labour rights, business ethics, health and safety and environmental impact.

Scope

All suppliers are required to comply with our Requirements. We require our direct suppliers to cascade these or similar requirements to their own supply chain.

Reference to "workers" means any individual working for a Coles supplier through a contract of employment, or through a third-party labour hire service.

Our Ethical Sourcing Policy and Supplier Requirements are based on internationally recognised codes of practice, including:

- Ethical Trade Initiative (ETI) Base Code
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- UN Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- UN Human Right to Water and Sanitation
- OECD Guidelines for Multinational Enterprises
- Children's Rights and Business Principles
- Convention on Migrant Workers
- Global LGBTI Standards for Business

Supplier Requirements

If suppliers are unable to demonstrate compliance with the Policy and Requirements, or refuse to participate in the Ethical Sourcing Program, Coles reserves the right to terminate supply arrangements.

Legal Requirements

All suppliers must fully comply with all local laws and regulations regarding labour, health, safety and the environment. Suppliers must also fully comply with the legal requirements of the countries in which they operate in addition to all elements of this Ethical Sourcing Policy.

If local laws, regulations or legal requirements differ from the elements in our Policy or Requirements, suppliers are expected to comply with whichever affords the greater protection to workers.

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Supplier Requirements

Supplier Ethical Sourcing Requirements

All suppliers must comply with our Requirements as set out below:

1. Forced/ Bonded Labour

- 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 be given freedom of movement. Workers must not be required to lodge deposits or identity papers with suppliers.
- 1.4. Workers must be free to leave their employment after reasonable notice has been given.
- 1.5. Suppliers must take steps to recruit responsibly. This includes abstaining from deceptive recruiting practices, including by not charging workers recruitment or similar fees (or repaying any such fees charged), by providing migrant workers an understandable and accurate employment contract in their spoken language, and by holding agents and recruiters to the same standards.

2. Child Labour

- 2.1. Suppliers must not use child labour. Child labour is defined as work that deprives children of their childhood, the opportunity to attend school and fulfil their potential and that is harmful to their physical and mental development.
- 2.2. Suppliers must be able to verify the age of all employees to ensure no child labour is used. Coles refers to the International Labour Organization's Minimum Age Convention, 1973 (No. 138 definition and guidance on child labour) in the absence of strong legislative child labour protections.
- 2.3. In the event that child labour is identified, suppliers shall prioritise the welfare of the child, and ensure that a remediation plan placing the child's welfare as paramount will be put in place with plans to prevent re-occurrence

3. Harsh or Inhumane Treatment

- 3.1. Physical abuse or physical discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation are prohibited.

4. Wages and Benefits

- 4.1. Wages and benefits paid for a standard working week must meet as a minimum national or industry standards, whichever is the higher. In any event, wages should always be enough to meet basic needs and to provide some discretionary income.
- 4.2. All workers must be provided with written and understandable information about their employment conditions in respect to wages, before they enter employment, and about the particulars of their wages for the pay period concerned each time that are paid.
- 4.3. Deductions from wages may only occur with the express written permission of the worker concerned.
- 4.4. Deductions from wages for disciplinary measures are not permitted.

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5. Working Hours

- 5.1. Including any overtime, workers must not work above the maximum hours per week or per month as stipulated by local laws, or where local laws do not exist, a total of 60 hours per week. The following exceptions are allowed, if:
 - (a) Allowed by national law or Collective Bargaining Agreement (CBA);
 - (b) Appropriate safety measures are implemented to protect workers; or
 - (c) Suppliers can demonstrate and prove exceptional circumstances (e.g. production peaks, accidents, or emergencies).
- 5.2. Workers must have at least one day off in 7 days or two days off in every 14 days (Major non-conformance).
- 5.3. Overtime must be voluntary and compensated as prescribed by local laws, or where local laws do not exist, overtime should be compensated in line with ETI Base Code.
- 5.4. Record keeping on hours worked must be accurate, complete and transparent at all times.

6. Freedom of Association and Collective Bargaining

- 6.1. Suppliers acknowledge that workers have a right to freedom of association and to bargain collectively.
- 6.2. Workers have a right to join or form trade unions of their choosing. Suppliers are required to adopt an open attitude towards the activities of trade unions and their organisation activities. No workers shall be subjected to harassment, intimidation or retaliation for exercising their right to freedom of association and collective bargaining. Workers representatives should have access to carry out their representative functions in the workplace.
- 6.3. Where the right to freedom of association and collective bargaining are restricted under local laws, suppliers will not hinder the development of alternative means of independent and free association and bargaining.

7. Sub-Contracting and Indirect Suppliers

- 7.1. There must be no sub-contracting unless documented and available for review by Coles or an independent auditor, including but not limited to records of subcontractors' names and locations. Coles considers sub-contracting and indirect suppliers to mean:

For Products:

- (a) Sites contracted by Coles' direct suppliers to produce product in its final form for retail sale, packed in the retail unit, or produced in bulk in final form for retail packing elsewhere, or received in bulk final form for retail packing.
- (b) Sites that significantly contribute to the final form of the product. Examples of processes considered to significantly contribute to the final form of the product include (but are not limited to):
 - i) Embellishing, pressing, fabric finishing;
 - ii) Partial garment cut and trim;
 - iii) Peeling, trimming, husking, de-hulling, filleting;
 - iv) Harvesting of fresh fruit, vegetables or seafood;
 - v) Grow produce for retail sale;
 - vi) Pack produce for retail sale;
 - vii) Operate as an aggregator, distributor, broker or agent supplying produce for retail sale; and
 - viii) A direct supplier, a subcontract supplier or a co-packer.

For Services:

- (a) Sites subcontracted by Coles direct suppliers to deliver the service that Coles has contracted the direct supplier to deliver. For example, a supplier being contracted by Coles to provide cleaning, security, delivery, or similar services, and subcontracting this service to a third party provider.
- 7.2. Suppliers must have adequate policies and processes in place for properly managing subcontracting, to ensure that sub-contractors operate in accordance with applicable laws, regulations and the Coles Ethical Sourcing Policy.

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- 7.3 Where requested to do so, Coles direct supplies must ensure that sub-contracted and indirect supplier sites undertake the relevant activities required by Coles Ethical Sourcing Program. This may include registration on Sedex, Fair Farms or other system as directed by Coles.
- 7.4 If sub-contracted or in-direct supplier sites are rated medium or high risk by Coles, Coles reserves the right to request Audits of these sites and apply the Coles supplier site assessment and approval process.

8. Safe Working Conditions

- 8.1. Supplier will provide plant and systems of work that are safe and without risk to health.
- 8.2. Suppliers will provide workers with a safe and clean working environment taking into consideration the prevailing knowledge of the industry and of any specific hazards.
- 8.3. Workers shall be provided adequate training to perform their jobs in a safe manner, and training shall be recorded.
- 8.4. Personal protective equipment must be supplied, and workers shall be trained in its use.
- 8.5. Safeguards on machinery must meet or exceed local laws.
- 8.6. Where suppliers provide worker accommodation, it must be clean, safe and meet the basic needs of workers.
- 8.7. Workers shall have access to clean toilet facilities, clean drinking water and where appropriate sanitary facilities for food storage and preparation.
- 8.8. Suppliers shall assign responsibility for health and safety to a senior management representative.
- 8.9. Suppliers shall ensure that all health and safety procedures comply with applicable national and local laws.

9. Discrimination

- 9.1. Suppliers must ensure there is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, gender identity, marital status, sexual orientation, union membership or political affiliation.
- 9.2. Responsibility should be allocated to ensure women's health and rights are considered and appropriate actions are taken by management to address concerns or issues when they arise.

10. Regular Employment

- 10.1. To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.
- 10.2. Employees who have a regular employment relationship with their employer are afforded obligations from their employer relating to labour and social security laws and regulations. These obligations shall not be avoided through the use of labour-only contracting, sub- contracting, home-working arrangements, fixed term contracts or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment.

11. Illegal Labour

- 11.1. Suppliers must not use Illegal labour.
- 11.2. Suppliers must be able to verify the legal entitlement of their employees to work in the country of employment.

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12. Environment

- 12.1. Suppliers must comply with local and national environmental laws and regulations.
- 12.2. Suppliers must use reasonable endeavours to comply with international standards on environmental protection.
- 12.3. Suppliers must manage their waste, wastewater, and pollutants responsibly and seek to improve their environmental performance. This includes ensuring that communities' access to water is not negatively impacted by the suppliers' operations.

13. Business Integrity

- 13.1. Suppliers must engage professional business ethics in all dealings, and not act in any manner which, by association, may bring Coles into disrepute.
- 13.2. Bribes, kick-backs, favours, benefits or other similar unlawful or improper payments, in cash or in kind, are strictly prohibited, whether given to obtain business or otherwise.

14. Reporting and Documentation

- 14.1. Suppliers must ensure that appropriate policies and documentation are in place to ensure effective ethical management practices.
- 14.2. The supplier must provide all reasonable assistance to Coles so that Coles can ensure the supplier's ongoing compliance with these Requirements and any applicable agreements, laws or regulations. This may include a site inspection or audit and/or all relevant documentation arising out of or in connection with the goods or services provided by the supplier.

15. Grievance Mechanisms and Remediation

- 15.1. Suppliers are to provide appropriate channels for worker and community grievances, and these channels are to be effectively communicated (for example, in spoken languages, in physical and electronic forms). These channels will be communicated in addition to building capacity and awareness around social and labour practices. This effectiveness of these channels will be assessed using stakeholder feedback.
- 15.2. Worker grievances are to be heard, appropriately investigated, and any required remediation taken. Complainants are to be informed throughout the process and informed of their options for escalation.
- 15.3. Channels must be provided through which adversely affected people or communities can raise complaints or concerns without fear of retaliation, intimidation, harassment, discrimination or victimisation.
- 15.4. Suppliers must not obstruct access to other remedies, including judicial or non-judicial remedies. Suppliers will also support the work of and will be open to working with the Australian National Contact Point (AUSNCP).
- 15.5. If allowed by law, an anonymous, confidential method for all workers to raise concerns to the supplier without fear of retaliation shall be provided.
- 15.6. Coles respects the rights of human rights defenders, and does not tolerate threats, intimidation, or attacks against human rights defenders. Coles expects suppliers to respect the rights of human rights defenders, and not tolerate threats, intimidation, or attacks against human rights defenders.