

Woolworths Limited Shareholder Resolution

Summary of the Proposals

Resolution 7 (a): Special Resolution to Amend our Company's Constitution (excerpt)

The Members in general meetings may by ordinary resolution express an opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the company or the company's business and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company.

Resolution 7 (b): Contingent Resolution – Human Rights Reporting (excerpt)

Provide shareholders with annual report on company's due diligence process for identifying, analysing and addressing potential and actual adverse human rights impacts (HRDD Assessment) throughout the group's operations and supply chains. The report should be available to shareholders on the company's website annually no later than 90 days before the AGM.

[CLICK HERE FOR COVER LETTER, FULL PROPOSALS & SUPPORTING STATEMENT](#)

Background

Woolworths is a principal buyer of fresh produce in Australia. Produce has become a key profit/growth center for supermarkets, with major retailers focusing on developing direct supply relationships with growers. The resulting purchasing practices have led to a concentration in the market.

Woolworths' fresh food marketing emphasizes [responsible sourcing](#) and its [partnerships with local providers](#). It has applied the [Woolworths Ethical Sourcing Policy](#) to its domestic fresh food supply chain. Yet in the past two years, media reports of labour rights violations in Woolworths' supply chain have highlighted the company's exposure to environmental, social and governance (ESG) risks. Most of these reports have entailed the exploitation of migrant workers.

Shareholder resolutions are an important tool for improving corporate governance. **Special Resolution 7 (a) to amend the company's constitution** aligns the company's constitution with global best practice, making it simpler for shareholders to voice concerns. **Contingent Resolution 7 (b) Human Rights Reporting** proposes measures that can lead to early identification and mitigation of risks to shareholder value posed by adverse human rights impacts in operations and supply chains. It improves the company's disclosure to investors on its compliance and risk management strategies.

This advisory is composed of materials drawn from the National Union of Workers (NUW) & ACCR investor brief available [here](#)

What are the ESG issues?

Numerous media reports have raised allegations of working conditions that violate Woolworths' ethical sourcing policy and Australian legislation. Issues include:

- **Underpayment and poor working conditions:** Migrant workers at key Woolworth suppliers, such as [Lamattina](#), [Cutri Fruit](#) and [Vizzarri Farms](#), have reported being paid below Australian award rates for casual horticultural workers and/or working overtime.
- **Reliance on a vulnerable workforce:** Border force and federal agents conducted raids at several farms, including [Vizzarri](#), where workers were detained. A [test case](#) seeking back-pay for migrant workers at supplier [D'Vine Ripe](#) farm is before the courts. Controversy over Australia's seasonal worker program has led to [several Senate inquiries](#), including one on the proposal for a Modern Slavery Act to improve supply chain transparency.
- **Occupational health and safety:** A Woolworths' supplier, Covino Farms, was [fined for multiple breaches of the Occupational Health and Safety Act](#).

Media

[Hungry, poor, exploited: alarm over Australia's import of farm workers](#)

[Workers at Woolworths supplier paid a pittance, threatened](#)

[Another supermarket fruit supplier caught allegedly underpaying migrants](#)

[Unions and super funds up ante on human rights abuses](#)

[Exploited farm workers still owed thousands, despite Government's crackdown promise](#)

- **Freedom of association:** Migrant workers who expressed concerns about underpayments, excessive overtime, unsanitary conditions and/or unfair wage deductions have faced retaliation. Workers at Woolworths supplier Zerella allegedly were threatened with lower pay or replacement by machines if they unionized. Seasonal workers from Vanuatu employed at another supplier allegedly were told [they would be denied future employment if they joined a union](#).

Why it matters to investors

Woolworths faces **legal, financial, operational and reputational risks** as a result of its record on compliance with labour standards and claims of poor workplace practices across its fresh food supply chain.

Enforcement regarding exploitation of undocumented migrants and seasonal workers is expected to escalate following the introduction of higher penalties for non-compliance in the Fair Work Amendment (Protecting Vulnerable Workers) Bill 2017.

For shareholders to understand how Woolworths' is managing and addressing these issues, improved disclosure is vital.

The CWC recommends a vote FOR this proposal.

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For information on the Committee on Workers Capital: www.workerscapital.ca

Resolution filed by LUCRF Super (National Union of Workers superannuation fund) and the Australian Centre for Corporate Responsibility (ACCR) and supported by the Australian Council of Trade Unions (ACTU)