



# KMART AUSTRALIA ETHICAL SOURCING CODE AND SUPPLEMENTAL STANDARDS

**17 December 2013**

Kmart is committed to conducting its business with the highest standards of integrity, in accordance with our international obligations and in compliance with all applicable laws. We work with suppliers who share and follow our high standards of conduct in whichever country they operate.

Kmart's Ethical Sourcing Code includes minimum requirements and expectations that all suppliers must meet as a condition of doing business with Kmart. The Ethical Sourcing Code is based on Kmart's commitment to respecting the core labour standards established by the International Labour Organization (ILO), protecting and respecting human rights as set out in the United Nations *Universal Declaration of Human Rights* and promoting environmental sustainability.

The Ethical Sourcing Code applies to all vendors, factories or authorised sub-contractors ("suppliers") involved in the manufacturing of any merchandise where Kmart works with factories directly, Kmart proprietary branded merchandise and licensed branded merchandise sold exclusively at Kmart.

The Ethical Sourcing Code forms part of the contract with suppliers. Kmart expects suppliers to be honest and transparent in their dealings with Kmart and commit to making continuous improvements in their operations. In the event there is a violation of the Ethical Sourcing Code or a supplier does not demonstrate a willingness to comply, Kmart reserves the right to discontinue business with the supplier.

Kmart's Ethical Sourcing Code does not replace the local laws of the countries in which our suppliers operate. At a minimum, suppliers should always be familiar with and comply with all relevant laws and regulations. In the event of a conflict between these standards and a local law, the stricter requirement must be followed.

The Ethical Sourcing Code is supported by supplemental standards containing additional requirements which also form part of the contract with suppliers. The complete *Kmart Ethical Sourcing Code and Supplemental Standards* can be obtained by visiting [www.kmart.com.au](http://www.kmart.com.au)



Kmart is committed to working with suppliers that can effectively implement our Ethical Sourcing Code and continuously improve practices in their factories. We do this by providing ongoing training, education and support, along with regular supplier forums at which case studies and best practices are shared. Having a local presence is also critical. Kmart has office representatives on the ground located in most of the countries where our suppliers operate and third-party representatives in the remaining countries.

For any questions regarding this Code or Kmart's wider Ethical Sourcing Program, contact Tracie Walker, General Manager Kmart Corporate Affairs and Sustainability [Talk2KmartAustralia@kmart.com.au](mailto:Talk2KmartAustralia@kmart.com.au)



## 1. Labour

### 1.1. Child Labour

Suppliers will comply with the minimum employment age limit defined by national law or by International Labour Organization (ILO) Convention 138, whichever is higher. The ILO Convention 138 minimum employment age is the local mandatory schooling age, but not less than 15 years of age, subject to exceptions allowed by the ILO and national law. Hazardous work must not be undertaken by anyone under the age of 18.

#### Supplemental Standards:

- Suppliers must comply with all applicable laws governing minimum working age.
  - If set below 15, then no one under the age of 15 is permitted to work (subject to exceptions allowed by the ILO and national law, or;
  - If set at 15, then no one under 15 is permitted to work, or;
  - If set above 15, then no one under the age established by law may work in the factory.
- Suppliers must implement a written policy specifying the youngest age for hired workers to ensure compliance with the child labour provision in the ESC standards. The policy shall be effectively communicated to all workers.
- Comply with all legal restrictions placed on young/juvenile workers. This includes the number of overtime hours, hazardous and/or night work, annual medical checkups, and taking all necessary precautions to ensure juvenile workers are protected from working conditions likely to endanger their health, safety or welfare.
- Required documentation is maintained for juvenile workers, as required by law, including registration, school completion certificates, doctor certificates, and permission from parents.
- Hiring procedures are in place to verify age documentation.
- To verify age and thereby compliance with legal age limitations, proof of age documentation must be maintained in personnel files for all workers in the form of birth certificates, government identification cards, or other official documents.
- No children are allowed in any work areas of a supplier factory, even if they are not working.



## 1.2. Wages, Benefits and Working Hours

Suppliers must comply with all laws regulating local wages, overtime compensation, and legally mandated benefits. Wage and benefit policies must satisfy all applicable laws and regulations. Under ordinary business circumstances, employees must not be required to work excessive working hours per week, including overtime, and have the option of adequate days off. We expect that all record keeping will be accurate and transparent at all times.

### Supplemental Standards: Wages and benefits

- Legal minimum wage is guaranteed to all workers. In countries where it is legal to pay a worker by piece instead of by hour, the worker must receive a wage equal to or above minimum wage.
- In addition to wages for the standard work week, all workers must be compensated for overtime hours at the legally or contractually mandated rates.
- Workers must be paid on time, in accordance with the law, and in the form of the local currency.
- Suppliers must have a written policy on wage and compensation awards, based on legal requirements. The policy shall be effectively communicated to all workers.
- Legal and company minimum wage rates are posted or available to workers.
- Workers are notified of wages, withholdings and other legal deductions prior to commencement of employment via a labour contract (if required by law) or other means (e.g., a written summary or a company handbook of key terms and conditions of employment).
- The use of fines/deductions not permitted by law are prohibited, e.g., disciplinary fines.
- Legal deductions for food and housing and other factory provided items should be reasonable, as defined by applicable laws and regulations or, in the absence of the law, industry best practice.
- All legally required benefits must be paid and/or provided, including vacation, social insurance, etc.
- Pay slips must be provided and include workers' personal information (e.g. name, address, etc.) and a detailed explanation of payment, including days worked, wage or piece rate earned per day, hours of overtime, bonuses, allowances and a description of any and all deductions. This same information should be available for subcontractors who work on-site.
- Legally required withholdings are to be withheld correctly and paid to the proper agency or agencies.
- Suppliers are not allowed to charge their workers recruitment or employment fees, or otherwise withhold wages. These fees are to be borne by the supplier.
- The supplier is responsible for payment of employment eligibility fees of foreign workers, including recruitment fees.



#### Supplemental Standards: Working hours

- Suppliers must have a written policy for working hours and overtime in accordance with the legal requirements. The policy shall be effectively communicated to all workers.
- Suppliers must comply with the legal requirements and limitations on regular hours and overtime.
- Where the law permits working hours beyond 60 in a week, workers shall work no more than 60 hours per week on a regularly-scheduled basis and have the option of adequate days off.
- All hours are tracked and time cards accurately reflect the real working hour situation in the factory. Absence of an adequate system of tracking hours worked means that correct pay for hours worked cannot be verified.
- Workers punch in and out for themselves and have access to their own attendance records upon request.
- Legal working hours and the working hours of the supplier are made available to all workers.
- Workers are given the legally required rest or break time during working hours.
- One complete set of working-hour and payroll documents and records shall be kept on site at each factory. Such documents and records must be accurate and represent true work conditions, and available to Kmart or their representatives if requested.



### 1.3. Forced/Bonded Labour

Suppliers shall not use any type of forced labour, which means any work or service performed involuntarily under threat of physical or other penalty, such as prison, indentured or bonded labour. Further, they shall respect the freedom of movement of their workers and not restrict their movement by controlling identity papers, holding money deposits, or taking any other action to prevent workers from terminating their employment.

#### Supplemental Standards:

- Indentured, bonded and prison labour are strictly prohibited.
- Workers must not be forced to work against their will, ability, or in a manner outside the provisions of the labour contract, where applicable.
- Workers must be allowed to freely move within the workplace to use the toilets, take designated breaks, etc., and leave the workplace at the end of their shift or after giving their employer reasonable notice.
- Workers shall not be coerced by personnel of the supplier, including supervisors, security personnel, etc.
- The movement of workers must not be restricted by controlling identity papers (such as ID cards or passports) or withholding money deposits, or requiring excessive fees, etc.
- Worker's government issued identification, passport, work permit or other personal identification can only be retained with the worker's written permission, and shall be returned at the worker's request.
- Suppliers must have a written policy concerning forced labour which meets the requirements of the Kmart ESC standards. The policy shall be effectively communicated to all workers.
- Workers must be able to end their employment, as outlined in legally compliant contracts. Suppliers shall pay all wages fully and promptly and not employ other tactics to prevent workers from leaving at will, such as withholding salary as a "year-end bonus" or charging a penalty when workers terminate their contract.
- Workers must be able to refuse to perform certain tasks that the worker believes to be hazardous without penalty of termination.
- All overtime is voluntary. Workers are educated on the standard work week and the factory seeks their willingness to work overtime hours. For workers not interested in working overtime, the supplier is supportive of their decision and does not, in any way, force or coerce them to work overtime hours.



#### 1.4. Discrimination

All conditions of employment must be based on an individual's ability to do the job, not on the basis of personal characteristics, such as age, race, colour, nationality, gender, religion, marital status, sexual orientation, maternity status, disability or political beliefs. Suppliers must ensure that they provide an environment where their employees can work without distress or interference caused by harassment, discrimination or any other inappropriate workplace behaviour.

##### Supplemental Standards:

- Different treatment is not given to workers based on personal characteristics or beliefs, such as age, race, color, nationality, gender, religion, marital status, sexual orientation, maternity status, disability or political beliefs. This includes denial of work and promotions, and differing pay rates, benefits and disciplinary practices.
- Discrimination based on workers' associations is prohibited. This includes refusing to hire workers because of their associations, as well as threatening, disciplining, punishing or firing workers because they exercise this right.
- Suppliers must have a policy against discrimination in the workplace based on gender, ethnic origin, religion, and/or personal beliefs, etc. The policy shall be effectively communicated to all workers.
- The use of medical examinations, to prevent a worker from being hired or firing a worker who becomes ill or injured, is not allowed.
- Religious observance, prayer breaks and religious holidays should not be unreasonably prohibited.
- Supplier policies must not favor one group of workers over another.
- Hiring notices do not specify discriminatory factors, such as gender or race.
- Contracted agencies are reviewed to ensure they do not have discriminatory practices.
- Female workers must not be discriminated against. They must receive equal remuneration, including benefits, equal treatment, equal evaluation of the quality of their work, and equal opportunity to fill all positions open to male workers.
- Female workers must not be questioned about their pregnancy status, and pregnancy tests must not be conducted before hiring or as a pre-condition to employment.
- Female workers must not be forced or pressured to use contraception.
- Female workers who take maternity leave (in accordance with the law) shall not face dismissal, loss of seniority or deduction of wages, and will be able to return to their former position at the same rate of pay and benefits.



### 1.5. Harassment and Abuse

Workers shall be treated with dignity and respect. In particular, suppliers will provide a workplace free from harassment of any form including physical, sexual, verbal or visual behaviour that creates an offensive, hostile, or intimidating environment.

#### Supplemental Standards:

- Suppliers must have a policy prohibiting acts of harassment or abuse in connection with workers' employment. The policy shall be effectively communicated to all workers.
- The supplier shall provide its workers with a workplace free from harassment or abuse. This includes, but is not limited to:
  - Physical contact intended to hurt or harm a worker;
  - Requiring any form of sexual favor in exchange for beneficial treatment in employment, or as a condition of maintaining employment;
  - Touching workers in any way that could be considered to have sexual implications;
  - Making inappropriate sexual comments to workers;
  - Threats of behaviour to harm a worker physically or psychologically; and
  - Comments or behaviour which is reasonably understood by the worker to be threatening, demeaning or coercive;
- Illegal methods of discipline, as well as the withdrawal of basic physical comforts provided to other workers, are prohibited.



### **1.6. Freedom of Association and Collective Bargaining**

To the extent permitted by local laws, suppliers must respect the right of their workers to freedom of association and collective bargaining. This includes the right to form and join trade unions or other worker associations of their own choosing without harassment, interference or retaliation.

#### **Supplemental Standards:**

- Suppliers must have a policy on freedom of association and collective bargaining. The policy shall be effectively communicated to all workers to ensure they understand their rights.
- Suppliers must not interfere with the right of its workers to freedom of association and collective bargaining. Workers shall have the right not to join worker associations if they so choose.
- Workers have the ability to approach management on issues of concern, on their own or through worker representatives.



## 1.7. Health and Safety

Conditions in all production and residential facilities must be safe, clean and consistent with all applicable local laws and regulations and/or industry best practices, in order to avoid preventable work related accidents and injuries.

### Supplemental Standards: General Environmental Health and Safety (EHS)

- Suppliers must have knowledge of and comply with all local legal regulations on health and safety. Suppliers must be aware of industry best practices and have in place a policy and plan to achieve higher standards on a continuous improvement basis. The policy shall be effectively communicated to all workers.
- Each factory operated by the supplier must appoint a senior management representative to govern health and safety in the workplace. In addition, the senior management representative should identify interested workers and managers as 'health and safety' champions' who represent the broader factory team, meet quarterly as a minimum (monthly meetings are preferred), with minutes kept of all meetings outlining attendees, items discussed and actions to be completed.
- Regular monitoring is conducted to check that health and safety procedures are being followed.
- Workers are appropriately supervised and trained to perform their jobs safely and receive formal training on safety procedures in general.
- Supplier factories are generally kept clean and hygienic in accordance with the law. This includes regular and systematic refuse collection.
- Periodic testing is conducted on all drinking water to ensure it is safe.
- There are a reasonable number of operating toilets that are clean, offer privacy (i.e., ability to lock doors) and a good ventilation system to provide good circulation of air to reduce odours.
- Identify risk areas, such as toxic substances and dangerous machinery, and effectively manage by providing the applicable training and ensuring chemicals are properly stored and labeled with Material Safety Data Sheets (MSDS) and available to workers in the local language.
- Chemicals are stored in a separate area which is equipped with the appropriate fire extinguishers, safety signs, ventilation, and instructions on handling and disposal and personal protective equipment for workers.
- Emergency eyewash stations and/or showers are provided where corrosive chemicals or high volumes of solvents are handled and used.



- Adequate ventilation is provided where paints, chemicals, sprays (solvents, solder, dust) are used to prevent accumulation of flammable vapors.
- Suppliers must provide the appropriate personal protective equipment (PPE)/clothing for workers and machines, and ensures workers are trained on how to use the PPE and why it is important and the use of it is required.
- Injury records are properly maintained and all significant accidents and near misses are investigated, reported and corrective action is performed to minimise any re-occurrence.
- Machinery, equipment and fixtures are checked regularly to ensure they are in safe working condition. Documentation is maintained to demonstrate compliance.
- All stairs, platforms, and elevated floors must have railings guards in place where appropriate.
- Confined spaces are secured and identified with the proper signage (e.g., "no smoking").
- Factories producing goods for Kmart must not be located above market places or in shared premises with other businesses (Bangladesh).
- Suppliers must cooperate with any safety inspections conducted by Kmart or its representatives. Where corrective actions are identified by the safety inspector to bring a factory into compliance with building, fire and electrical safety standards, the supplier shall implement the corrective actions, according to a schedule that is mandatory and time-bound, with sufficient time allotted for all major renovations. The supplier must maintain workers' employment relationship and regular income during any period that a factory (or portion of a factory) is closed for renovations necessary to complete such corrective actions for a period of no longer than six months.
- In the event a supplier becomes aware of a severe and/or imminent danger to worker safety, they must inform Kmart as soon as possible.
- Suppliers shall respect the right of a worker to refuse work that he or she has reasonable justification to believe is unsafe, without suffering discrimination or loss of pay, including the right to refuse to enter or to remain inside a building that he or she has reasonable justification to believe is unsafe for occupation.
- Suppliers shall provide access to their factories for, and cooperate fully with, any training on health and safety related matters conducted by Kmart or its representatives.

#### **Supplemental Standards: Emergency/Fire Preparedness**

- Supplier factories shall communicate fire and emergency evacuation plans and post the diagrams in the local language in various locations around the factory. The plan must illustrate critical information



such as emergency evacuation routes, “you are here” mark, correct layout direction, location of fire extinguishers and hydrants, and instructions in the local language of what to do in the event of an evacuation.

- Evacuation drills are conducted regularly, at least annually or more often where required by law.
- Exit routes are not obstructed by equipment, materials, production, etc. (internally and externally) and are regularly checked.
- The number of emergency exits is in accordance with the local law and exits are unlocked, clearly marked, and lead to the outside. Doors that are not exits are labeled as such, i.e. “NOT AN EXIT”.
- Fire alarm system is audible throughout the entire factory. The system is inspected regularly and tested in coordination with fire drills.
- Fire prevention and firefighting equipment, including fire extinguishers, are easily accessible, clearly marked, and routinely inspected to ensure they remain operational.
- Emergency lighting to be installed in all stairways and where needed on exit routes. The lighting is to be inspected periodically.
- Designated factory personnel (workers and supervisors) are trained at regular intervals in fire safety, the use of fire extinguishers, and how to administer the fire prevention procedures and emergency evacuation plan.
- Sufficient first-aid supplies are maintained on work floors with adequate personnel trained in First Aid to assist in an emergency.
- Floors are kept clean from hazardous spills and materials.
- Emergency and other hazardous signage is adequate.
- Electrical equipment and wiring is properly maintained, covered/insulated to prevent exposure of wires.
- Gas cylinders are properly marked, used, inspected, stored and secured.

#### **Supplemental Standards: Accommodation**

- In addition to the following, all health and safety guidelines listed above are implemented in supplier sponsored dormitory buildings.
- Accommodation and food service area are generally kept clean, provide a safe, hygienic living environment for workers, and comply with all legal regulations regarding residential facilities, where provided.
- Dormitories are not attached to any production or warehouse building.



- Separate accommodation exists for males and females.
- Workers' sleeping rooms should be of a reasonable size. In workers' sleeping rooms, the ILO recommends the floor area not be less than 7.5 square metres in rooms accommodating two persons; 11.5 square metres in rooms accommodating three persons; or 14.5 square metres in rooms accommodating four persons. If a room accommodates more than four persons, the floor area should be at least 3.6 square metres per person.
- Residents should have their own bed, an area for personal items and the ability to secure belongings.
- There are a reasonable number of operating toilets and showers that are clean and separated by gender. The ILO recommends a minimum of one toilet, one wash basin and one bathtub or shower for every six persons. Toilets offer privacy (i.e., ability to lock doors) and a good ventilation system to provide good circulation of air to reduce odors.



## 2. Environment

Suppliers, as a minimum, will meet all relevant local and national environmental protection laws, and will strive to comply with international environment protection standards such as ISO 14000 - Environmental Management.

### Supplemental Standards:

- Suppliers must have in place an environmental policy and an environmental management system designed as a minimum to achieve compliance with national environmental protection laws and, where appropriate, to manage environmental impacts associated with manufacturing activities, such as air emissions, water and waste management, energy use and biodiversity impacts.
- Where required by law, environmental records and certificates must be maintained for each factory. Hazardous materials and chemicals will be disposed according to the law so that these materials are not discharged and do not pollute the environment.
- Suppliers should be aware of international environment protection standards such as ISO 14000 – Environment Management and have a plan to achieve these standards on a continuous improvement basis.



### 3. Consumer Protection

Suppliers must take all reasonable steps to ensure the goods they produce are safe and are not harmful to consumers.

#### Supplemental Standards:

- Suppliers must ensure that the goods they produce meet all agreed or legally required standards for consumer health and safety, including health warnings and product safety and information labels.



#### **4. Business Integrity and Anti-Corruption**

Suppliers must demonstrate a high degree of professionalism and have a close affinity with our business ethics. In particular, honesty, fair dealing and the proper treatment of workers is required at all times. Bribery and corruption in any form is strictly prohibited and suppliers must adhere to the Kmart anti-bribery policy.

##### **Supplemental Standards:**

- Business is carried out with a high degree of integrity, honesty and fair dealings.  
Suppliers must have a policy on ethical standards/business integrity that prohibits bribery and corruption in any form. The policy shall be effectively communicated to all workers.
- It is strictly prohibited to offer, give, demand or accept any undue advantage (such as money, favours, gifts, discounts, services, loans, contracts etc.) to or from any person in order to obtain or retain business or other improper advantage.
- It is strictly prohibited to offer gifts, money or favours to any Kmart employee or representative.
- Should a Kmart employee or representative request gifts, money or favours this must be refused and immediately reported to Kmart Australia (see channels for reporting code violations in the introduction).



## 5. Compliance with the Law

Kmart requires all suppliers to comply fully with the legal requirements of the countries in which they operate. All requirements in this Ethical Sourcing Code are in addition to compliance with applicable local laws.

### Supplemental Standards:

- At a minimum, suppliers must comply with local laws and regulations of the country of manufacture.
- Business licenses and other documents are in order and up-to-date.
- Suppliers must aim to have written procedures in place, with a designated responsible management representative at each factory, to ensure they are aware of and understand changes that are made to the local labour law (e.g. local minimum wage).
- The designated responsible management representative communicates these changes and implications to all workers and works with the supplier's staff to ensure the necessary changes are made in a timely manner to ensure compliance with the law.
- A labour contract must be provided to each worker which stipulates the wage and compensation awards legislated in the country.
- Labour contracts, where applicable, are written in compliance with the law and signed by workers. Workers receive a copy in their native language.



## 6. Management Systems

Suppliers shall adopt or establish a management system covering all its factories in the manufacture of goods ordered by Kmart. The management system shall be designed to ensure (a) compliance with applicable laws and regulations; (b) conformance to this Ethical Sourcing Code; and (c) identification and mitigation of operational risks related to this Ethical Sourcing Code. It should also facilitate continual improvement.

### Supplemental Standards (factory management system components):

- Policies and procedures must be in place to ensure the supplier and its factories and workers comply with applicable laws, regulations and, where stricter, Kmart's ESC standards.
- A management representative is appointed at each factory to implement the supplier's policies, procedures and improvement objectives.
- The supplier must have in place a working communication/grievance system, and workers are aware and educated on how to use the system. Issues are reviewed regularly, responded to with a sense of urgency, and properly filed to demonstrate compliance.
- The supplier shall conduct an internal audit on a regular basis (no less than once every two years) to ensure conformity to legal and regulatory requirements and the content of the ESC standards.
- Managers, staff, supervisors and workers are trained on the supplier's Code of Conduct and/or Kmart ESC standards. This training is embedded in the orientation process.



## 7. Compliance with our Ethical Sourcing Code

Kmart will monitor compliance with this Ethical Sourcing Code, and we, or our representatives, may visit a supplier's factories to audit compliance of any part of this Code. These visits may occur at any time and be announced or unannounced. Any breaches of our Ethical Sourcing Code will be reported to the supplier for follow up and corrective action. Suppliers are required to cooperate with the entire process. Where there are breaches and/or the supplier does not demonstrate a willingness to comply, Kmart reserves the right to discontinue business with the supplier. Suppliers must communicate and make a copy of the Ethical Sourcing Code available to workers in each factory.

### Supplemental Standards:

- Suppliers must review these ESC standards and fully understand the requirements.
- Suppliers must also be aware of and comply with *Kmart's Ethical Sourcing Code procedural guidelines*.
- The Ethical Sourcing Code Procedural Guidelines contain procedures relating to:
  - Factory registration;
  - Risk assessment;
  - The Kmart audit program, including corrective action and remediation; and
  - Training.
- Suppliers must ensure their factories are cooperative and transparent during an audit, or other form of inspection, and provide full access to workers, records and factory work areas as well as dormitories and other factory buildings.
- Kmart, or its representatives, will be free to conduct interviews with workers in a private setting. Suppliers shall not "coach" workers on how to respond during Kmart interviews.
- A corrective action plan must be implemented for timely correction of deficiencies identified by internal or external audits, inspections, investigations and reviews.
- Suppliers will not engage a sub-contractor to manufacture any Kmart goods or parts thereof without the express written permission of Kmart. Any contract engaging a sub-contractor must include a contractual provision requiring compliance with these ESC standards and Kmart's Ethical Sourcing Code procedural guidelines.
- A copy of the Kmart Ethical Sourcing Code (in the local language) shall be communicated face to face and prominently displayed in each factory.



## REPORTING VIOLATIONS

Any actual or suspected breaches of the Kmart Ethical Sourcing Code and supplemental standards can be reported to Kmart Australia via the following email address [Talk2KmartAustralia@kmart.com.au](mailto:Talk2KmartAustralia@kmart.com.au)\* All reports will be followed up by Kmart Australia. The identity of anyone who makes a report will be kept strictly confidential, unless requested otherwise.

*\*Further reporting channels will be made available in 2014.*



## **DEFINITIONS**

### **Bonded labour**

Work for an employer not for compensation received by the worker, but to pay off a debt, which is often incurred by another worker offering the worker's labour in exchange.

### **Corrective action**

A corrective action is a change implemented to address a weakness or non-compliance identified in an audit. It is the action taken to correct any non-compliance which has been found in an assessment to an agreed standard.

### **Corrective action plan (CAP)**

The document completed after the audit which confirms the findings and any agreed necessary corrective actions that must be improved to meet our compliance standards.

### **Excessive fees**

Fees charged to a worker that is in excess of the amount legally permitted by any applicable law of the host or home country. Or, in the absence of such law, fees substantially above the prevailing market rate.

### **Employment eligibility fees**

Fees and costs associated with employment, including recruitment agency/placement firm fees, visas, health checks, work permit and work registration fees.

### **Freedom of association**

The right of all workers to join or form a trade union of their own choosing, which is legal in the country in which merchandise is manufactured, and carry out trade union activities without interference from their employer or from public authorities.

### **Forced labour**

All work or service that is extracted from any person under the menace of any penalty for which the said person has not offered him/herself voluntarily.



### **Grievance procedure**

A process or procedure for workers who may feel that they have been treated unfairly to voice their concerns without fear of repercussion.

### **Harassment**

Any physical, verbal, sexual, psychological or offensive conduct that threatens human dignity and worker morale.

### **Hazardous work**

Hazardous work includes working: with dangerous machinery/equipment (e.g. knives, saws); with chemicals or hazardous substances; in working conditions which may expose a worker to extreme noise, vibrations, cold or hot conditions; in dangerously confined spaces; with lifting heavy things.

### **Human rights**

A set of principles defined in the Universal Declaration of Human Rights (1948), based on the recognition of the inherent dignity and the equal and inalienable rights of all members of the human family as the foundation of freedom, justice and peace in the world.

### **Indentured labour**

Work performed on behalf of an employer who forbids workers from leaving employment at the worker's discretion.

### **International Labour Organization (ILO)**

The ILO is the international organisation responsible for drawing up and overseeing international labour standards. It is the only 'tripartite' United Nations agency that brings together representatives of governments, employers and workers to jointly shape policies and programs promoting decent work for all. <http://www.ilo.org>

### **ILO Convention 138**

This Convention, concerning Minimum Age for Admission to Employment, was adopted in 1973 by the International Labour Organization. It requires ratifying states to pursue a national policy designed to ensure the effective abolition of child labour and to raise progressively the minimum age for admission to employment or work. For details on ILO Convention 138, see <http://www.ilo.org/ilolex/english/convdisp1.htm>.



### **ILO core labour standards**

The ILO core labour standards consist of the following standards, laid out in eight conventions:

- Freedom of association and the effective recognition of the right to collective bargaining (Convention No. 87 & No. 98)
- The elimination of all forms of forced and compulsory labour (Convention No. 29 & No. 105)
- The effective abolition of child labour (Convention No. 138 & No. 182)
- The elimination of discrimination in respect of employment and occupation (Convention No. 100 & No. 111)

### **Juvenile worker (or “Minor”)**

- Any worker over the age of a child as defined by local or national law and under the age of 18.

### **Material Safety Data Sheet (MSDS)**

- A material safety data sheet is a form that references the properties of a substance and proper handling instructions. A MSDS is not intended for general consumer use, but rather industrial/manufacturer users and safety personnel that may come in direct contact of the substance. MSDS forms may contain detailed information such as physical property data, health effects, first aid, storage recommendations, disposal requirements, necessary protective equipment for handling, and instructions on how to handle spills, etc.

### **Piece rate**

- A method of paying workers by the number of items they produce, rather than the number of hours they work.

### **Subcontractor (authorised)**

- A subcontractor is an individual or in many cases a business that agrees to perform part or all of the obligations of another’s contract (whether in writing or not). Authorised subcontractors must be approved by Kmart prior to any agreement being made with the supplier and these subcontractors will be required to meet the requirements of the Kmart Ethical Sourcing Code and supplemental standards.

**Subcontractor (unauthorised)**

An unauthorised subcontractor is

- an individual or in many cases a business that agrees to perform part or all of the obligations of another's contract (whether in writing or not), and
- who has not been approved by Kmart as a subcontractor prior to the agreement being made.

**Trade union (or "Union")**

An organisation of workers that promotes and protects the interests of its members on issues such as wages and working conditions, especially through negotiations with employers.