

## PURPOSE

Businesses have an internationally recognised responsibility to respect human rights and support the eradication of modern slavery<sup>1</sup>.

Wesfarmers recognises that modern slavery is a growing and complex problem, best tackled by collaboration and a collective commitment to bring it to an end. Wesfarmers is committed to working with stakeholders, including suppliers, to fulfil this common goal.

Where Wesfarmers identifies that the Group's activities have caused or contributed to an adverse human rights impact, Wesfarmers or the relevant division/business unit will provide for or cooperate in remediating the impact through legitimate processes. Wesfarmers or the relevant division/business unit may also choose to play a role in remediation where it is identified that the Group's activities are directly linked to an adverse human rights impact.

The *Modern Slavery Act 2018 (Cth)* took effect on 1 January 2019, and requires Wesfarmers to make annual public reports (**Modern Slavery Statements**) on the actions taken by Wesfarmers and its divisions/business units to address modern slavery risks in their operations and supply chains.

In line with Wesfarmers' responsibility to respect human rights and comply with all applicable laws and regulations, the purpose of this Policy is to ensure that Wesfarmers and each division/business unit:

- are compliant with local, national and other applicable laws and regulations and take into account stakeholder expectations in the areas in which the businesses operate;
- work to promote an understanding of and respect for human rights, including to improve relevant social and environmental practices;
- act to prevent, mitigate and, where appropriate, remedy modern slavery and other adverse human rights impacts in their operations;<sup>2</sup> and
- work with suppliers<sup>3</sup> and their supply chains<sup>4</sup>, in line with the UN Guiding Principles on Business and Human Rights (**UNGPs**).

Wesfarmers (through the Corporate Office) must ensure Group ethical sourcing and modern slavery reporting and disclosure (including the Wesfarmers Modern Slavery Statement) accurately reflects the reporting from each division/business unit and is clearly communicated and balanced (and without omission of material information).

## POLICY APPLICATION

The principles of this policy must be complied with or incorporated into policies within each division/business unit and the Corporate Office (as applicable). This policy should be read in conjunction with the Wesfarmers [Code of Conduct](#) and the Wesfarmers [Anti-bribery Policy](#), and the Wesfarmers 'Our Approach to Human Rights' [statement](#).

## POLICY

- (a) Each division/business unit must adopt policies and procedures to ensure that it is identifying and addressing modern slavery and broader ethical sourcing risks in its operations and supply chains, in a way that is appropriate for the operating context of the relevant division/business unit.
- (b) Each division/business unit must implement an approach to ethical sourcing and modern slavery risk management in accordance with the guidelines in Annexure B.
- (c) Where local laws differ from the Group's human rights commitments, divisions/business units and their suppliers should follow the higher standard.

<sup>1</sup> Modern slavery involves situations where coercion, threats or deception are used to take away a person's freedom so they can be exploited. Under the *Modern Slavery Act 2018 (Cth)*, modern slavery is defined as including human trafficking, slavery and slavery like practices such as servitude, forced labour, forced marriage, the worst forms of child labour, and debt bondage.

<sup>2</sup> 'Operations' is defined as activity controlled by Wesfarmers and its divisions/business units.

<sup>3</sup> 'Suppliers' is defined as vendors, factories, supplier sites and providers of goods or services to Wesfarmers and its divisions/business units.

<sup>4</sup> 'Supply chains' is defined as direct and indirect suppliers and service providers to Wesfarmers and its divisions/business units.

Where they conflict, divisions/business units should comply with local laws while striving to give effect to the Group's human rights commitments to the extent possible and encourage suppliers to do the same.

- (d) Each division/business unit must, as far as practicable, use in its operational and supplier contract terms:
  - (i) to require that suppliers comply with the Minimum Standards set out in Annexure A (**Minimum Standards**); and
  - (ii) provide the division/business unit with rights of termination if the supplier is unable or unwilling to work towards full compliance with the Minimum Standards within a reasonable timeframe.
- (e) As far as practicable, suppliers must be:
  - (i) encouraged to exceed the Minimum Standards, and promote best practice and continuous improvement; and
  - (ii) monitored for compliance with the Minimum Standards and applicable laws through supplier due diligence processes as appropriate for the division/business unit, taking into account relevant risk factors such as country risk and product risk.
- (f) Where the Minimum Standards or applicable laws are not met and the division/business unit has made a determination to terminate its relationship with a supplier, the division/business unit must inform the Wesfarmers Executive General Manager, Corporate Affairs.
- (g) Each division/business unit must monitor and review the effectiveness of the policies and procedures referred to in paragraph (a) above, taking into account their suitability, adequacy and effectiveness as per the risk assessment.
- (h) This policy recognises the evolving nature of the Wesfarmers Group. Where Wesfarmers acquires a business or operation, that business or operation must, within a reasonable timeframe (which is generally 24 months from acquisition date), comply with this policy.

**POLICY AMENDMENT**

This policy will be reviewed annually.  
 This policy cannot be amended without the approval of the Wesfarmers Board.

**LAST REVIEWED**

May 2023

**LAST AMENDED**

May 2023

## Annexure A – Minimum Standards expected of suppliers

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### Minimum Standards

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No modern slavery (including forced labour)	Employment shall be freely chosen. Suppliers shall: (a) not use any type of modern slavery (including forced labour); (b) 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; and (c) ensure that workers are free to leave their employer after reasonable notice.
No child labour <sup>5</sup>	Suppliers shall comply with the minimum legal working age in the country in question or, in the absence of such law, the International Labour Organisation (ILO) Convention 138.  Suppliers must be able to verify the age of all employees to ensure compliance.  Suppliers must accept the principles of remediation <sup>6</sup> of child and underage workers. Where such labour is discovered, suppliers must establish and implement appropriate remediation for such workers and introduce effective systems to prevent the use of child labour in the future.
Wages, benefits, and transparent record keeping	Suppliers must comply at a minimum with all laws regulating local wages, overtime compensation and legally mandated benefits.  Record keeping must be accurate and transparent. Workers must be provided with written information in a form they understand about their employment conditions and their wages for each pay period before they enter into employment. Deductions from wages for disciplinary measures are not permitted and any other deductions from wages not provided for by law shall not occur without the express permission of the worker concerned.  Records must be kept of all disciplinary measures taken.
Working hours	Working hours must comply with applicable laws in the country in question. Workers should not be required to work more than the maximum hours per week as stipulated by local laws or, in the absence of such law, by the applicable ILO convention. Overtime must be agreed with the worker, should not be excessive, should not be requested on a regular basis, and the worker should be compensated as prescribed by applicable local laws.
No 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, but not limited to, gender, race, ethnic origin, religion, age, disability, personal beliefs, marital status, sexual orientation, gender identity, union membership or political affiliation.  Suppliers must ensure that they provide an environment where their employees can work without distress or interference caused by discrimination or any other inappropriate workplace behaviour.
No harassment or abuse	Workers shall be treated with dignity and respect. In particular, suppliers will provide a workplace free from harassment, including physical, sexual, verbal or visual behaviour that creates an offensive, hostile or intimidating environment.

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<sup>5</sup> Child labour' is defined as work undertaken by a child that is mentally, physically, socially or morally dangerous and harmful to the child or that interferes with the schooling of the child.

<sup>6</sup> The principles of remediation require a program to support children and underage workers to return to education and to establish and implement effective systems to prevent the use of child and underage labour in the future.

Freedom of association	<p>Suppliers shall respect the rights of workers to lawfully associate or not to associate with groups of their choosing, as long as such groups are legal in the country of operation. Workers should have the right to join or form trade unions of their choosing. Suppliers should not interfere with, obstruct or prevent legitimate related activities, such as collective bargaining. Workers are allowed to select worker representatives. Representatives should not be discriminated against and should have regular access to company management or an appropriate process in order to report and address grievances and other issues.</p> <p>Suppliers must have a policy in place for workers to approach management on issues of concern, on their own or through worker representatives, confidentially.</p>
Working conditions	<p>Suppliers shall provide a safe and hygienic working environment that is without risk to health, taking into consideration knowledge of the relevant industry and any specific hazards. Workers shall receive adequate and regular training to perform their jobs in a safe manner. As appropriate, personal protective equipment and machinery safeguards shall be supplied by the supplier and workers trained in their use.</p> <p>Where suppliers provide accommodation to workers, it shall be clean, safe and meet the basic needs of workers. Workers will have access to clean toilet facilities, clean drinking water and, where appropriate, sanitary facilities for food storage and preparation. Workers have the right to refuse work that is unsafe.</p>
No bribery	<p>Bribes, favours, benefits or other similar unlawful or improper payments, in cash or in kind, are strictly prohibited, whether given to obtain business or otherwise. Suppliers shall keep accurate records of all payments made and received in cash or in kind, for audit purposes.</p>
Sub-contracting	<p>Where sub-contracting is permitted, suppliers must have adequate processes in place for properly managing sub-contracting to ensure that sub-contractors operate in accordance with this and any applicable divisional/business unit policies, and sub-contracting is undertaken, and reported/disclosed, strictly in accordance with the contract.</p>
Environmental compliance	<p>Suppliers shall comply with relevant local and national environmental protection laws and will, as far as practicable, comply with international environmental protection standards.</p>
Animal welfare	<p>Suppliers must ensure animals are treated humanely and with respect.</p>
Migrant workers	<p>Subject to local laws, migrant workers shall have the same entitlements as local workers. Any commissions and other fees in connection with the recruitment or employment of migrant workers must be covered by the employer. The employer must not require the worker to surrender identification documents. Workers employed through a third-party agent or contractors are the responsibility of the suppliers and covered by these Minimum Standards.</p>
Hiring and regular employment	<p>Suppliers must provide each worker with a clear labour contract in a form and language understandable by the worker, containing details of all legally required employment terms, entitlements and conditions. In addition, where possible, suppliers should work towards providing permanent employment for workers and avoid labour-only contracting arrangements, consecutive short-term contracts, excessive piece-work or false apprenticeship schemes to avoid obligations of regular employment to workers.</p>
Grievance mechanisms	<p>Where grievance mechanisms have been established at specific supplier sites, the supplier will not interfere with the operation of such grievance mechanisms.</p>

## Annexure B – Modern slavery risk management for each division/business unit

Minimum Standards	
Accountability for modern slavery issues, with an identified risk owner	Divisions/business units acknowledge that they are accountable for addressing modern slavery risks in their operations and supplier contracts and will nominate a specified individual or role to be responsible for co-ordinating management of this risk.
Supply chain mapping and risk assessment	<p>Divisions/business units must assess the risks of modern slavery in their operations and supply chains.</p> <p>The risk assessment must initially address the modern slavery risks of tier 1 suppliers<sup>7</sup> and then assess those suppliers beyond tier 1 who are determined by the division/business unit to be high risk.</p>
On-boarding and contracting	Each division/business unit must perform due diligence on new suppliers to determine their risk level and control procedures in relation to ethical sourcing and modern slavery, as appropriate for its business. Divisions/business units must have a process in place to consider a supplier's ethical sourcing and modern slavery performance during the supplier on-boarding.
Due diligence process	Divisions/business units must assess suppliers through their due diligence and monitoring processes which may include site audits, to confirm compliance with this policy. Divisions/business units should involve relevant personnel or external providers trained in conducting audits when required.
Reporting	<p>Divisions/business units must report to the Corporate Office, in the form required by the Corporate Office, on their approach to the management of modern slavery risks and the performance of their ethical sourcing program including any instances of modern slavery in division/business unit operations or supply chains.</p> <p>Each division/business unit is accountable for the accuracy of its reporting, including to the Corporate Office and externally.</p> <p>The Corporate Office must ensure that public reporting at the Group level accurately reflects the information as provided by the divisions/business units, including where that information has been aggregated.</p>
Training	Divisions/business units must ensure that team members with relevant roles in relation to the policy receive adequate training on the policy and any supporting processes applicable to their roles and responsibilities.
Complaints mechanism	Divisions/business units must have an accessible and well-publicised reporting mechanism for concerns or disclosure in relation to modern slavery which allows for confidential and anonymous reporting and provides protection from reprisal. There must be clear processes for investigating and reporting on the issues raised through the reporting mechanism.
Remediation	Divisions/business units must be committed to remediating any breaches of this policy and to working with suppliers to remediate any breaches of this policy.
Stakeholder engagement	Divisions/business units must have in place a process for stakeholder engagement regarding modern slavery and ethical sourcing risks which is consistent with Wesfarmers' approach to managing and reporting on these matters.

<sup>7</sup> 'Tier 1 suppliers' are defined as those suppliers that the division/business unit directly contracts with.

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Targets, Commitments, Claims and Ambitions	<p>Each division/business unit may choose to publicly adopt environmental, social and governance (<b>ESG</b>) targets, commitments, claims or ambitions appropriate to its operations and activities (<b>ESG Commitments</b>), including ESG Commitments relating to its ethical sourcing and modern slavery ambitions and strategies.</p> <p>Each division/business unit must ensure that there is a reasonable basis for all of its public ESG Commitments and ensure that these are accurately and clearly communicated without omission of material information.</p>
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Reporting and review	<p>Each division/business unit must:</p> <ul style="list-style-type: none"><li>• accurately disclose all material assumptions and qualifications regarding its public ESG Commitments whenever these are publicly referenced;</li><li>• implement and maintain a process to monitor:<ul style="list-style-type: none"><li>➤ progress towards its ESG Commitments; and</li><li>➤ whether there remains a reasonable basis for its ESG Commitments, including whether an adjustment to relevant assumptions and qualifications is required; and</li></ul></li><li>• immediately update any ESG Commitment, if there is no longer a reasonable basis for it or where an adjustment to the relevant assumptions and qualifications is required, with any required updates to be advised to the Wesfarmers Executive General Manager, Corporate Affairs.</li></ul>
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