

PURPOSE

Business plays an important role in respecting and promoting human rights and eradicating modern slavery¹. We recognise that modern slavery is a growing and complex problem, best tackled by collective commitment and responsibility to bring it to an end and we are committed to working with all our stakeholders to fulfil this common goal.

If the policy is breached, we will act as quickly as practicable to remedy our adverse impacts on workers, individuals or communities and we will engage directly with affected stakeholders.

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

The purpose of this Policy is to ensure that the Wesfarmers group of companies:

- is compliant with local, national and other applicable laws and regulations in the areas in which the businesses operate;
- sources products and services in accordance with legal obligations and community expectations while working with suppliers² to improve their social and environmental practices;
- act to prevent, mitigate and where appropriate, remedy modern slavery in their operations³ and supply chains⁴.

POLICY APPLICATION

The principles of this policy must be complied with or incorporated into policies within the division, business unit or Corporate Office (as applicable). This policy should be read in conjunction with the Wesfarmers Code of Conduct and the Wesfarmers Anti-bribery Policy.

POLICY

- (a) Each division/business unit must adopt policies and procedures to ensure that it is addressing modern slavery and ethical sourcing risks in its operations and supply chains in a way that is appropriate for the relevant division/business unit.
- (b) Each division/business unit must, as far as practicable, include in its operational and supplier contract terms, requirements that suppliers comply with all local, national and other applicable laws and regulations in the areas in which they operate.
- (c) Each division/business unit must, as far as practicable, use in its operational and supplier contract terms requirements that suppliers:
 - (i) comply with the Minimum Standards set out in Annexure A (Minimum Standards);
 - (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.
- (d) 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 through supplier assessment processes as appropriate for the division/business unit, taking into account all relevant risk factors such as country risk and product risk.

¹ Modern slavery includes the crimes of human trafficking, slavery and slavery like practices such as servitude, forced labour, forced or servile marriage, the sale and exploitation of children, and debt bondage. Source: Walk Free Foundation.

² 'Suppliers' is defined as factories, supplier sites and providers of goods or services to Wesfarmers and its divisions/business units.

³ 'Operations' is defined as activity controlled by Wesfarmers and its divisions/business units.

⁴ 'Supply chains' is defined as suppliers and service providers to Wesfarmers and its divisions/business units.

- (e) 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.
- (f) Each division/business unit must implement an approach to modern slavery risk management in accordance with the guidelines in Annexure B.

**POLICY
AMENDMENT**

This policy cannot be amended without approval of the Wesfarmers Board. The Wesfarmers Board is responsible for oversight of the company's ethical sourcing and modern slavery commitments and will review this policy regularly to ensure it continues to evolve and reflect community expectations.

LAST AMENDED February 2019

Annexure A – Minimum Standards expected of suppliers

Minimum Standards

No forced or bonded labour	<p>Employment shall be freely chosen. Suppliers shall:</p> <ul style="list-style-type: none"> (a) not use any type of forced labour (any work or service extracted from any person under the menace of any penalty, which work has not been freely chosen by the person), bonded labour (work which is not for compensation received by the worker, but to repay a debt, which is often incurred by another person offering the worker’s labour in exchange) or indentured labour (in which an employer forbids workers from leaving employment at the worker’s discretion); (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 ⁵	<p>Suppliers shall comply with the minimum legal working age in the country in question or in the absence of such law, by 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 remediation⁶ of child and under age workers, and 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.</p>
Wages, benefits, and transparent record keeping	<p>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 and understandable information about their employment conditions before they enter employment and about their wages for each pay period. Deductions from wages for disciplinary measures or any deductions from wages not provided for by law shall not occur without the express permission of the worker concerned. All disciplinary measures should be recorded.</p>
Working hours	<p>Working hours must comply with applicable local laws. 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 shall be agreed, shall not be excessive, shall not be requested on a regular basis and shall be compensated as prescribed by applicable local laws.</p>
No discrimination	<p>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 gender, ethnic origin, religion, age, disability, personal beliefs, marital status, sexual orientation, union membership or political affiliation. 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.</p>

⁵ ‘Child labour’ is defined as any work by a child or young person, which does not comply with the provisions of the relevant ILO standards, and any work that is likely to interfere with that person’s education, or to be harmful to that person’s health or mental, spiritual, moral or social development. ‘Child (or Children)’ is defined as a person under the age of 15, or below the age at which school attendance is not compulsory under local law, whichever is older. ‘Young Person’ is defined as a person under the age of 18 but not classified as a child.

⁶Principles of remediation is defined as a program enabling children and under age workers to return to quality education and establish and implement effective systems to prevent the use of child labour in the future.

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.
Freedom of association, grievance mechanisms and recourse	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 appropriate process in order to address grievances and other issues. Suppliers must have a policy in place for workers to approach management on issues of concern, on their own or through worker representatives, confidentially.
Working conditions	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. Personal protective equipment and machinery safeguards shall be supplied and workers trained in their use. Where suppliers provide accommodation 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.
No bribery	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.
Sub-contracting	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 policy, and is undertaken strictly in accordance with the contract.
Environmental compliance	Suppliers shall comply with relevant local and national environmental protection laws and will as far as practicable comply with international environmental protection standards.
Animal welfare	Suppliers must ensure animals are treated humanely and with respect.
Migrant workers	Migrant workers shall have the same entitlements as local workers as stipulated by local law. Any commissions and other fees in connection with 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 are thus covered by these Minimum Standards.
Hiring and regular employment	Suppliers must provide each worker with a clear, understandable labour contract containing 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.

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 issues in 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 across their operations.</p> <p>The risk assessment must initially address the modern slavery risks of tier 1 suppliers⁷ 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	Divisions/business units 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. The division/business unit must have a process in place to consider the supplier's ethical sourcing and modern slavery performance during the supplier on-boarding.
Audit and compliance program	Divisions/business units must assess suppliers through their audit/compliance program to confirm compliance with this policy. The division/business unit should involve relevant personnel or external providers trained in conducting audits when required.
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 role.
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 working with suppliers to remediate any breaches of this policy.
Stakeholder engagement	Divisions/business units must have an approach to stakeholder engagement in place.
Review	Divisions/business units must monitor and annually review the effectiveness of the risk management measures described above.

⁷ 'Tier 1 suppliers' are defined as those suppliers that supply goods or services directly to the division/business unit.