



WESFARMERS MODERN SLAVERY STATEMENT

Wesfarmers Limited (Wesfarmers/the Group) opposes slavery in all its forms. This Modern Slavery Statement is made in accordance with the *Australian Modern Slavery Act 2018* (Cth). It applies to and describes the steps taken by Wesfarmers during the financial year ending 30 June 2020 to seek to minimise the risk of modern slavery¹ occurring in the Group’s businesses or their supply chains.

This Statement is submitted as a joint statement on behalf of all reporting entities within the Group including:

Bunnings



Kmart Group



Officeworks



Wesfarmers Chemicals, Energy and Fertilisers (WesCEF)



Wesfarmers Industrial and Safety (WIS)



Catch Group, which was acquired in August 2019, operates an online marketplace selling a wide range of consumer products. Work is underway, but not yet complete, to integrate Catch Group into Wesfarmers’ reporting processes and procedures. Catch complies with the Wesfarmers Ethical Sourcing Policy and we expect it will be able to report in line with all Wesfarmers’ metrics in FY21.

Adelaide Tools, which was acquired in April 2020, services the specialised needs of trade users and high-end DIY enthusiasts through its five Adelaide stores, Oaklands Mower Centre and online store. Work is underway, but not yet complete, to integrate Adelaide Tools into Wesfarmers’ reporting processes and procedures and we expect it will be able to report in line with all Wesfarmers’ metrics in FY21.

¹ The term modern slavery is used to denote practises defined in the *Modern Slavery Act 2018* (Cth) (MS Act) and includes eight types of serious exploitation: servitude, slavery, forced labour, forced marriage, the worst forms of child labour, debt bondage, deceptive recruiting for labour or services and trafficking.



Wesfarmers acknowledges that modern slavery, which includes servitude, slavery, forced labour, forced marriage, the worst forms of child labour, debt bondage, deceptive recruiting for labour or services and trafficking, rarely occurs in isolation. It forms part of other complex challenges and systems, including gender and racial discrimination, weak rule of law and low wages. Where possible, Wesfarmers businesses seek to work in multi-stakeholder partnerships that scale impact and promote a coordinated approach to tackling these complex issues.

To manage the risk of modern slavery in Wesfarmers operations and supply chains and to identify emerging issues, Wesfarmers divisions provide training to relevant team members and suppliers, collaborate with various organisations, embed ethical sourcing and modern slavery policies into existing processes and audit high risk suppliers.

A consultation process with Wesfarmers wholly-owned businesses was undertaken to develop this Statement. Each division prepares an annual ethical sourcing and modern slavery report for its divisional board and these are consolidated into an annual ethical sourcing and modern slavery report for the Wesfarmers Audit and Risk Committee, a sub-committee of the Wesfarmers Board.

The annual ethical sourcing and modern slavery report completed by each division includes details of suppliers audited, training undertaken, emerging risks and any ethical sourcing programs. Information from those reports as well as examples of initiatives undertaken during the year form the basis for this Statement.

Ernst & Young provided limited assurance over this Statement. The limited assurance process assists in improving Wesfarmers' processes for modern slavery risk mitigation. This Statement is also reviewed by an external legal firm and senior management of each division and approved by the Wesfarmers Board.

Wesfarmers modern slavery overview

Wesfarmers recognises that safeguarding human rights across our operations and supply chains is an area of great importance to our team members, shareholders, customers and the communities where we operate. There is both a moral and a business case for the steps we are taking to identify, report, address and ultimately eliminate any exploitation of vulnerable people with whom we may be involved, directly or indirectly, overseas or at home.

Michael Chaney AO, Wesfarmers Chairman

KMART GROUP



Highlights in FY20:

Roll-out of the new Kmart Group Ethical Sourcing Code and accompanying audit program, which incorporates new minimum standards to mitigate the risk of modern slavery

Kmart and Target endorsed the Call to Action COVID-19: Action in the Global Garment Industry

Continued implementing the ACT Global Purchasing Practices Commitments

OFFICEWORKS



Highlights in FY20:

Continued expansion of Officeworks' ethical sourcing program to include suppliers of goods not-for-resale and service providers

Independent review of the ethical sourcing program effectiveness, and roadmap to meet five-year human rights and ethical sourcing targets

Ongoing focus on remediating non-conformances identified through independent audits, improving working conditions within Officeworks' supply chain. Working towards all sites rated as 'green'

WESFARMERS CHEMICALS, ENERGY & FERTILISERS



Highlights in FY20:

WesCEF's first Ethical Sourcing and Modern Slavery Policy rolled out across its business

Commenced online compulsory training for all team members

Introduced key performance indicators to be met by core suppliers

INDUSTRIAL & SAFETY



Highlights in FY20:

Established a Modern Slavery Risk Management plan

255 audits conducted on high-risk suppliers, with remediation plans implemented

Internal marketing catalogue developed to facilitate ethical sourcing of branded marketing collateral such as clothing, brochures and promotional material

5,456 training hours on ethical sourcing delivered across team members and selected suppliers

Launched modern slavery awareness training for all team members to educate them on supply chain risks and internal policy

BUNNINGS GROUP



Highlights in FY20:

Updated the Code of Conduct, established specific remediation requirements for critical breaches (modern slavery and child labour) and supported tier one manufacturing sites of directly imported goods for resale to register onto Sedex

Supported the remediation of more than 1,400 non-conformances, with more than 860 related to improving the health and safety conditions for workers in the supply chain



Wesfarmers structure, operations and supply chain



Wesfarmers is a diversified conglomerate established in **1914**



Approximately **107,000** team members in Australia, Bangladesh, China, Dubai, India, Indonesia, New Zealand and the United Kingdom



More than **487,000** shareholders



Headquartered in Western Australia



Wesfarmers' diverse businesses cover home improvement, outdoor living and building materials; general merchandise and apparel; office and technology products; manufacturing and distribution of chemicals and fertilisers; industrial and safety product distribution; and gas processing and distribution.



Paid nearly **37,000** tier one suppliers **\$19.3 billion**, from more than 20 countries

WESFARMERS GOVERNANCE

The Wesfarmers Audit and Risk Committee has responsibility for overseeing the Group's response to modern slavery risks. Modern slavery risk management is a permanent item on the Wesfarmers Operating Framework and is discussed by the Board and the Wesfarmers Audit and Risk Committee. The Board approves the Group's Ethical Sourcing and Modern Slavery Policy. The Audit and Risk Committee receives regular reporting on modern slavery risk management.

The Wesfarmers Leadership Team reviews emerging risks and opportunities, leads stakeholder engagement and facilitates the sharing of best practice throughout the Group. Each divisional board and each divisional management team has responsibility for identifying and managing any material risks in accordance with the Group's Risk Management Framework. Divisional audit, risk and compliance committees also oversee modern slavery risks relevant to the division.

WESFARMERS SUPPLIERS

Wesfarmers divisions do not own the factories where their products are manufactured but engage third party suppliers to undertake production. By buying from manufacturers in Australia and overseas, Wesfarmers businesses support the economic development in the countries where they source from. Suppliers to Wesfarmers businesses employ thousands of people.

Suppliers are fundamental to Wesfarmers businesses. Wesfarmers divisions work hard to choose the right suppliers. There are diverse factors that inform which suppliers Wesfarmers divisions choose to partner with. These may include quantitative factors such as price, quantity, quality and lead times and qualitative factors such as values alignment, ethical sourcing, labour practices, capacity for us to be a meaningful customer and whether the supplier works with other like-minded large global brands.

The Group's businesses directly source products for resale and products not for resale as well as services.

Goods for resale are finished products such as home improvement products, clothing, general merchandise and office supplies, predominantly sourced by Wesfarmers retail businesses.



Goods not for resale may include items such as IT equipment that supports the Group's operations, retail store fit out materials as well as raw materials used in processes undertaken by the Group's industrial businesses.



Services the Group procures include IT services, cleaning and transport logistics.



All products and services carry the risk of modern slavery in their supply chains. Wesfarmers divisions have identified some products and services that carry a higher level of modern slavery risk such as electronics (specifically phones and laptops), timber, cleaning contractors and cotton. Wesfarmers businesses source from a range of locations with the largest volume of product sourced from Australia, Bangladesh, Cambodia, China, India, Indonesia, Pakistan and Vietnam. Wesfarmers divisions' approach to the management of modern slavery risk reflects an awareness of heightened risk of sourcing particular products from certain countries.

WESFARMERS DUE DILIGENCE PROCESS

Wesfarmers businesses have adopted a risk-based approach to modern slavery due diligence. They have mainly focused on tier one suppliers (the primary site of manufacturing) in their supply chains that are supplying own-brand products, products that are directly imported, and increasingly local suppliers of branded products.

When the Group began its ethical sourcing work some years ago, it was identified that own-brand products for resale was the area where Wesfarmers could make the most significant contribution and focused its efforts accordingly. Goods not for resale, national brands and service supply chains have also been identified as carrying modern slavery risks. The Group's divisions extended their work to focus on those areas by further understanding their supply chains. Some divisions are expanding their audit programs to consider goods not for resale, services and tier two suppliers.

Human rights risk assessments are embedded into the due diligence review for potential acquisitions. A checklist has been developed with modern slavery as an item to consider in due diligence processes.

WESFARMERS POLICIES

The policies and frameworks that support the Group's day-to-day operations require that we respect and safeguard universally recognised human rights.

Consistent with the principles in our Code of Conduct, Wesfarmers is committed to complying with the laws and regulations of the countries in which our businesses operate and making positive economic, social and environmental contributions, consistent with the principles of honesty, integrity, fairness and respect. The Group's policies prohibit any activities involving modern slavery and are committed to safe and healthy working conditions, including the right to freedom of association and collective bargaining.

The Wesfarmers Ethical Sourcing and Modern Slavery Policy sets the minimum standards expected of the Group's divisions. All Wesfarmers divisions have developed policies appropriate to their industries, which are updated regularly to ensure they are aligned with international best practice. The Group's divisions' suppliers are required to adhere to the policies.

Wesfarmers expects its partners and stakeholders to adhere to ethical business conduct standards that are consistent with its own. The Group is committed to working with all its stakeholders to fulfill this common goal.

IMPACT OF COVID-19 ON HUMAN RIGHTS AND MODERN SLAVERY

The disruption caused by COVID-19 presents emerging human rights risks, including increased risks to worker health and safety and modern slavery in key sourcing countries.

In response to COVID-19, many governments enforced border closures and restricted internal movement, which has limited the ability of Wesfarmers divisions' ethical sourcing teams to complete audits of suppliers and monitor the remediation of identified critical breaches. Audit programs resumed slowly towards the end of FY20 as factory shutdowns lifted country by country, with further extensions on audit renewal provided to some suppliers on a case-by-case basis.

Wesfarmers businesses undertook the following initiatives:

- Bunnings offered suppliers financial support to cover the cost of a 12-month 'B' Supplier Ethical Data Exchange (Sedex) membership for tier one manufacturing sites, relieving a small financial burden. Bunnings paid for the membership fees of 143 factories.
- Kmart Group and Workwear Group endorsed the Call to Action 'COVID-19: Action in the Global Garment Industry', which aims to generate action across the global garment industry to protect workers' income, health and employment and establish sustainable systems of social protection for a more just and resilient garment industry.
- Kmart and Target partnered with ELEVATE and Blackwoods with Sedex to organise webinars for suppliers, focusing on the preventive health and safety measures for factories to implement before resuming operation.
- Officeworks maintained regular communication with local and international suppliers and suggested measures to reduce health, safety and hygiene risks among vulnerable workers. In addition, worker surveys were conducted at selected sites to gain a greater insight of the impact COVID-19 is having on workers.

Ethical sourcing has been a key area of focus for the Wesfarmers Group for almost a decade and COVID-19 has highlighted the importance of investing in strong, sustainable supply chains. As the risk of modern slavery increases, the Group's divisions are continuing their focus on managing the unpredictable challenge COVID-19 presents to the Group's supply chains.

Risks of modern slavery practices in Wesfarmers operations and supply chains

IN WESFARMERS OPERATIONS

Wesfarmers has identified the residual risk of modern slavery in Wesfarmers operations as low. The Group's divisions monitor and address human rights issues in their operations under Wesfarmers Code of Conduct, Equal Employment Opportunity Policy and Inclusion Policy.

Around 84 per cent of the Wesfarmers workforce is covered by collective agreements with the remaining 16 per cent employed via individual agreements. Agreements confer minimum pay and entitlements and typically provide for consultation regarding significant operational changes. Wesfarmers recognises the right of team members to negotiate collectively, with or without the involvement of third parties.

Other human rights issues that can arise within Wesfarmers operations include equality, fair pay, discrimination and safety. While these are not necessarily indicators of modern slavery risk, the Group acknowledges they are potential labour rights issues.

Team member safety is Wesfarmers' highest priority and the Group sees the benefits of a relentless focus on providing safe workplaces while acknowledging and taking opportunities to improve performance.

IN WESFARMERS SUPPLY CHAINS

The key identified modern slavery risk for all the Group's businesses is tier one suppliers not complying with Wesfarmers labour standards, including health and safety, excessive working hours, unpaid work, below legal minimum wages, forced labour, child labour and limited or no freedom of association.

Modern slavery risk is heightened in the Group's supply chain by three factors, including:

1. **Outsourcing:** There is an increased risk of unfair working conditions for people when the Group's suppliers outsource activities relating to the Group, and the Wesfarmers divisions do not have clear line of site over who is supplying the end product.
2. **Labour hire:** There is an increased risk of unfair working conditions for people who are employed by third party labour hire companies. Third party labour hire companies may be contracted to provide call centre, distribution centre and cleaning services and to work in horticulture facilities.
3. **Country of sourcing:** Wesfarmers divisions have identified specific risks in certain countries

Country	Risk	Example of product/service sourced
Australia	Migrant labour exploitation	Cleaning contractors
Bangladesh	Excessive overtime	Apparel
Cambodia	Human trafficking	Apparel
China	Freedom of association, excessive overtime, forced labour	Apparel, electronics, general merchandise, office supplies
Indonesia	Forced labour, bonded labour, migrant labour exploitation	Apparel, general merchandise
Malaysia	Forced labour, bonded labour, migrant labour exploitation	IT products, office supplies, electronics, general merchandise
Thailand	Migrant labour exploitation	General merchandise
Turkey	Migrant labour exploitation	Apparel
Vietnam	Excessive overtime	Apparel, general merchandise, office supplies, electronics

Wesfarmers divisions have a direct relationship with their tier one suppliers that enables them to actively manage these risks. There may be a heightened risk of modern slavery among tier two and tier three suppliers and others further down the supply chain, where the divisions do not have clear visibility because they do not have a direct relationship.

Actions taken to address key identified modern slavery risks

1. Selecting suppliers

While all the Wesfarmers divisions manage their own ethical sourcing programs, all businesses are required to follow a risk-based approach when deciding whether to conduct detailed due diligence on a supplier, based on factors including the goods or services, country of origin and supplier. Before any division contracts with a new supplier, the division assesses the risk profile of that supplier against the divisional criteria and requires high-risk suppliers to complete a risk assessment questionnaire and/or be audited. Suppliers are assessed to identify the risks of the supplier possibly breaching Wesfarmers ethical sourcing and modern slavery policies. Wesfarmers businesses have different roadmaps to guide their strategies for working with suppliers:

- Bunnings, Officeworks and Wesfarmers Industrial and Safety use the Sedex platform to streamline ethical and human rights compliance and monitoring. Sedex houses risk assessment information and shares social compliance audits across its platform. This maintains visibility and drives consistency across supply chains.
- Bunnings requires tier one manufacturing sites for all directly imported products to complete either a Bunnings Workplace Standards Self-Assessment questionnaire or the Sedex Self-Assessment Questionnaire as part of the supplier on-boarding process. High-risk tier one manufacturing sites must also complete a third party ethical sourcing audit prior to purchase orders being approved.
- Kmart Group has implemented an ethical sourcing on-boarding process, supported by mandatory ethical sourcing audits for all own brand and licensed brand tier one suppliers. Suppliers of national brand products, which are considered lower risk, are subject to a vendor endorsement process meaning they must meet minimum ethical sourcing standards before they are approved.
- Officeworks requires all suppliers to undergo a risk assessment, which includes providing suitable evidence of an effective ethical sourcing program or the supplier joining Sedex and completing appropriate third party ethical sourcing audits. New suppliers of goods and services can only be registered once the ethical sourcing criteria have been satisfied.
- WesCEF continues to develop its supplier roadmap and roll-out its Ethical Sourcing and Modern Slavery Policy to key suppliers.
- The Wesfarmers Industrial and Safety risk model for on-boarding categorises suppliers as high or low risk based on inherent country and product factors, with high-risk suppliers required to complete mandatory ethical sourcing audits and low-risk suppliers undertaking a desktop review prior to approval.

2. Communicating the Group's Ethical Sourcing and Modern Slavery Policy to suppliers

Wesfarmers divisions work with suppliers to source goods and services in a manner that aligns with their policies. Wesfarmers businesses must, as far as practicable, encourage their suppliers to promote best practice and continuous improvement, require their supplier to comply with certain minimum standards and provide the Wesfarmers businesses with rights of termination if the supplier is unable or unwilling to work towards full compliance with those minimum standards.

While not all these minimum standards are directly relevant to modern slavery, they are important to Wesfarmers' holistic modern slavery and ethical sourcing approach.

This year the Wesfarmers businesses undertook initiatives to communicate their policies to their suppliers. For example:

- Wesfarmers' corporate office once again undertook a modern slavery risk assessment of its suppliers.
- Bunnings established remediation requirements for modern slavery which are deemed critical breaches of the Bunnings Ethical Sourcing Code of Conduct. The remediation requirements draw on international best practice (e.g. International Labour Organisation conventions, Dhaka Principles for Responsible Recruitment, and Six Steps to Responsible Recruitment (Employer Pays principle)) and place the rights of the victim at the centre of Bunnings' response.
- Kmart Group rolled out a new Ethical Sourcing Code and accompanying audit program, which incorporates new minimum standards to mitigate the risk of modern slavery. This included new standards specifically addressing migrant labour and hiring practices.

3. Mapping the Group's supply chains

To manage business and sustainability issues across the Group's complex supply chains, Wesfarmers divisions map their tier one suppliers. Where possible, our divisions are also mapping tier two and tier three suppliers for high-risk products. For example:

- Kmart Group committed that by July 2022, it will identify and publish 100 per cent of tier two processing facilities that produce Kmart and Target own-brand clothing, towel and bedding products.
- Officeworks requires all factories that produce Officeworks own-brand products (as well as local suppliers that are unable to provide enough evidence to demonstrate they have a robust ethical sourcing program in place) to disclose the manufacturing site of their products, to complete the Sedex self-assessment and to complete an independent audit when requested.

4. Building long-term relationships

Wesfarmers divisions aim to build long-term direct supplier relationships that help them to work with suppliers to safeguard human rights. This may have several additional benefits. For example, long-term relationships and long-dated orders may provide increased certainty for the Group's suppliers' may lead to increased efficiencies and productivity, and may result in the delivery of enhanced services and products.

5. Resourcing for ethical sourcing and modern slavery

All retail divisions have dedicated ethical sourcing teams in place to proactively manage ethical sourcing and modern slavery risks. WesCEF has included responsibility for ethical sourcing management in existing roles. Merchandise and procurement team members responsible for managing supplier relationships are central to the approach taken in all divisions in the management of ethical sourcing and modern slavery risks.

Kmart Group has teams in Bangladesh, China and India; Blackwoods has a team in China; and Workwear Group has teams in India, Bangladesh and China. Having in-country teams helps our businesses to understand potential ethical sourcing and modern slavery risks and build strong links with suppliers, government and non-government organisations in the countries they source from.

6. Collaborating with other businesses, government and non-government organisations

The Group supports the following globally recognised declarations, principles and goals:

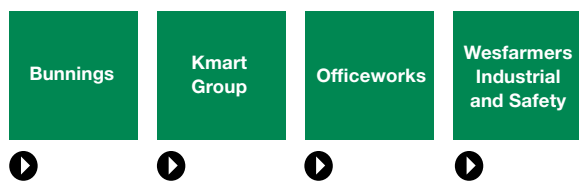
- Universal Declaration on Human Rights
- United Nations Guiding Principles on Business and Human Rights
- United Nations Global Compact
- International Labour Organisation Declaration on Fundamental Principles and Rights at Work
- United Nations Women’s Empowerment Principles
- United Nations Sustainable Development Goals
- OECD Guidelines for Multinational Enterprises

Collaboration with industry-wide initiatives, government and non-government organisations is an important part of managing modern slavery risks.

7. Auditing suppliers

To mitigate the risk of unethical practices occurring in our supply chains, the Group’s retail divisions apply their own modern slavery and ethical sourcing audit programs to certain suppliers using a risk-based approach. Where non-compliance with Wesfarmers Ethical Sourcing and Modern Slavery Policy is identified, the supplier is required to remediate the issue. If a supplier then addresses non-compliance, it is deemed to be an ‘approved’ supplier site. In this way, the audit process is contributing to remediating supplier non-compliance and improving conditions for workers. If a supplier site is not willing or able to address a critical breach or it is considered a severe breach, the Group’s business will not place further orders with that supplier.

The Wesfarmers divisions’ audit programs are detailed on the divisional pages on the Wesfarmers website.



WesCEF established formal processes in relation to ethical sourcing and modern slavery in FY19 as, until this time, the Group’s ethical sourcing risk was focused on goods for resale, an area where WesCEF has minimal exposure. WesCEF is in the process of establishing an audit program for key suppliers.

8. Training and capacity building

The Group maintains an ongoing focus on training and capacity building. The Group’s divisional buying and sourcing teams are kept up-to-date on ethical sourcing and human rights commitments and how actions may impact workers’ rights through training, collaboration, information sharing and capacity building. For example, cross-functional teams in the Group’s businesses regularly collaborate through human rights forums to share lessons learned and improve their knowledge. The findings from the Group’s divisional audit programs and stakeholder engagements are included in training to ensure they continue to improve their understanding of ethical sourcing and human rights. The Group’s divisional ethical sourcing teams also deliver training

on ethical sourcing requirements to other relevant team members, including merchandising and procurement teams, third party auditors, suppliers and factories, so they understand ethical sourcing risks and the standards expected by Wesfarmers businesses.

Blackwoods developed and launched a Modern Slavery Awareness Module to its team members in FY20. The purpose of the training was to provide team members with a deeper understanding of the recent modern slavery legislation, ways to identify potential modern slavery risks, an understanding of the Blackwoods Ethical Sourcing policies and remediation procedures in place to tackle Modern Slavery. Over 90 per cent of Blackwoods team members completed the module within the financial year.

9. Reporting and monitoring of grievance mechanisms

[The Wesfarmers Whistleblower Policy](#), sets minimum standards for the Group’s businesses and contains details of how to make a report under the policy. Each division has external and internal whistleblower channels and the number and nature of whistleblower reports are reported annually to the Wesfarmers Audit and Risk Committee.

The Group’s divisions have established specific grievance mechanisms for workers in their supply chains. For example:

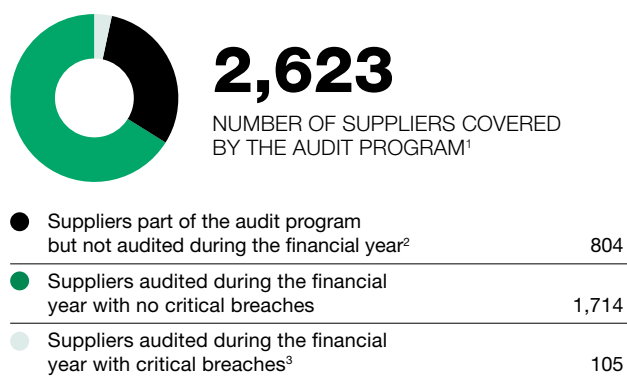
- Bunnings collaborated with a strategic supplier and piloted the Speak Up grievance mechanism in 27 tier one manufacturing sites in China. Speak Up is free for suppliers and is a confidential service available to all workers 24 hours a day. Speak Up complements the Bunnings Ethical Sourcing program by validating audit and risk assessment results and provides visibility of issues outside of the standard audit cadence. This mechanism will become a key focus as many audits were postponed due to COVID-19. With suppliers in more than 29 countries, Bunnings acknowledges there are different socio-cultural barriers that may prevent vulnerable workers from raising concerns, either directly with their employer (the supplier) or with Bunnings. In FY21, Bunnings will measure the efficacy of the Speak Up pilot, strengthen its grievance response accordingly and increase the number of manufacturing sites involved in the program to amplify workers’ voices.
- Kmart and Target have established a factory worker grievance mechanism through their wider ethical sourcing program. The mechanism is publicised to factory workers via a poster in local languages, that all own-brand retail merchandise suppliers are required to display in their factories.
- Wesfarmers Industrial and Safety has systems for employees and workers in its supply chain to raise concerns anonymously. As part of its audit program, worker interviews are conducted as an additional layer of support provided to those within its supply chain.
- Officeworks partnered with ELEVATE to conduct worker voice surveys with selected suppliers to gain a greater insight into factory working conditions and worker grievances. Officeworks is using the findings to inform its approach to enable the effective reporting and remediation of grievances.

Assessing the effectiveness of actions being taken to assess and address modern slavery risks

1. Ethical sourcing audit programs

Wesfarmers divisions measure the coverage of their ethical sourcing audit programs, including the total number of factories audited, the number and nature of critical breaches, the number of suppliers with critical breaches and the speed of remediation and improvement.

Ethical sourcing audit program findings



¹ There were 2,623 active suppliers covered by the audit program as at 30 June. A supplier may have more than one factory.

² The supplier may be audited every two years if it had no previous findings.

³ In FY20, there were 340 critical breaches across 105 suppliers.

During FY20, the Group's divisions identified 340 (2019: 127) critical breaches across 105 (2019: 90) suppliers. Identifying critical breaches helps us to identify potential modern slavery and ethical sourcing risks and we believe it is something all businesses should publicly support, to continually improve and have a greater impact.

The majority of critical breaches included allegations of excessive overtime, transparency (record keeping and documentation), safety (building and fire safety), unauthorised subcontracting and bribery.

Where non-compliance with our Modern Slavery and Ethical Sourcing Policy is identified, the supplier is required to remediate the issue within an appropriate period of time, depending on the nature and severity of the non-compliance. If a supplier then addresses the non-compliance, it is deemed to be an 'approved' supplier. In this way, our audit process is contributing to remediating supplier non-compliance and improving conditions for workers by addressing any issues. If a supplier is not willing or able to address a critical breach or it is considered a severe breach that cannot be remediated (such as bribery), our business will stop buying from the supplier site.

Of the critical breaches, 161 were remedied promptly, 135 had action plans that were on track at the end of the reporting period, four critical breaches related to three suppliers that were exited immediately and no further supply orders were placed at the remaining 17 suppliers with 40 critical breaches.

2. Training and capacity building: the Group's divisions measure the number of training hours on ethical sourcing and human rights delivered and the number of people reached

Our divisional ethical sourcing teams deliver training on ethical sourcing and human rights as appropriate to their businesses.

Division	2020	
	Number of people trained	Total hours of training delivered
Bunnings	562	229
Kmart Group	3,153	4,573
– Kmart	2,507	3,613
– Target	646	960
Officeworks	24	48
WesCEF	47	47
WIS	3,388	5,456
Corporate	225	75
Group total	7,399	10,428

3. Effectiveness of complaints or grievance mechanisms: the divisions capture the number of people who make whistleblower reports through the divisions' hotlines and other avenues

Wesfarmers provides effective company-based grievance mechanisms to identify and escalate issues pursuant to our Whistleblower Policy. Wesfarmers continues to build human rights awareness and knowledge among team members, encouraging them to voice their concerns without fear of retribution and with full confidentiality, if required.

This year we received around 380 reports from whistleblowers which were primarily work-related grievances in our operations. These reports directed to protected disclosure officers across the group reported alleged harassment, bullying and discrimination issues, with other disclosures relating to potential fraud, safety issues and breaches of our Code of Conduct. All reports assessed as suitable to be addressed under the Whistleblower Policy during the year were investigated and resolved or are still under investigation.

ASSESSING THE EFFECTIVENESS OF ACTIONS (continued)

4. Stakeholder engagement: the Group regularly engages with stakeholders to understand their expectations about the Group's performance

Many third party organisations such as Corporate Human Rights Benchmark and Baptist World Aid provide ratings on the Group's performance and help to drive the Group's program to reduce modern slavery risk. Wesfarmers divisions work collaboratively with non-government organisations on a range of projects. This year non-government organisations engaged with the Group on ethical sourcing and human rights generally as well as formally through collaborations.

The Group supports a range of initiatives that aim to improve working conditions in suppliers' factories as set out below.

Organisation	Participating division
ACT: Action, Collaboration, Transformation (ACT) in Bangladesh, a ground-breaking agreement between global brands, retailers and trade unions to transform the garment, textile and footwear industry by achieving living wages for workers through collective bargaining at the industry level, linked to purchasing practices	Kmart Group, Workwear Group
Association of Professional Social Compliance Auditors (APSCA): The industry association created to support individuals and organisations by promoting the use of independent social compliance audits as a tool to advance workplace conditions globally	Bunnings, Officeworks, Wesfarmers Industrial and Safety
ELEVATE: An organisation specialising in sustainability, including ethical sourcing and modern slavery. Our divisions' relationship with ELEVATE helps them keep up-to-date with industry initiatives and regulations to stay at the forefront of responsible sourcing and social and environmental compliance	Bunnings, Kmart Group, Officeworks, Wesfarmers Industrial and Safety
Forest Stewardship Council (FSC): In addition to sustainable forestry practices, FSC standards consider the social and economic wellbeing of workers, to ensure harvesting sites are free from forced or bonded labour	Bunnings, Officeworks
International Labour Organisation/International Finance Corporation Better Work Program: An organisation to improve working conditions and respect of labour rights for factory workers	Kmart Group
Sedex Data Framework Taskforce: The taskforce develops a data framework that supports Sedex members to measure social performance, specifically the impact to workers in the supply chain	Bunnings
The Accord on Fire and Building Safety in Bangladesh: An independent agreement designed to ensure a safe working environment in the Bangladeshi garment industry	Kmart Group, Workwear Group
The Better Cotton Initiative (BCI): A global not-for-profit organisation overseeing the largest cotton sustainability program in the world. BCI's sustainable cotton practices include robust standards prohibiting forced labour and promoting decent work	Kmart Group
United Nations Global Compact Network Australia (UNGCA) Modern Slavery Community of Practice: The purpose of this group is to share emerging best practices to build common capability in addressing modern slavery and human rights risk management among Australian businesses	Bunnings, Officeworks, Wesfarmers


5. Independent reviews































Wesfarmers occasionally commissions independent human rights risk assessments to identify the most relevant human rights risks and understand whether those risks are being appropriately addressed in direct operations, contracted activities and the Group's supply chains. The assessments typically examine human rights risks at the Group level and the business division level and make long-term recommendations to be implemented over a multi-year period. During the last year, the divisions continued to action recommendations from a risk assessment commissioned in 2018.

ASSESSING THE EFFECTIVENESS OF ACTIONS (continued)

6. Self-assessment

Each division completed a self-assessment of its performance against the Group's modern slavery minimum standards. The table below summarises the results together with explanatory comments on the focus for the coming year:

 Completed
  In progress
  Focus for the coming year

Wesfarmers modern slavery minimum standards	Kmart Group 1	Bunnings	Officeworks	Wesfarmers Industrial and Safety	Wesfarmers Chemicals, Energy and Fertilisers
Accountability for modern slavery issues, with an identified risk owner					
Supply chain mapping and risk assessment				 5	
				 5	
	 2	 3	 4	 6	 11
On-boarding and contracting				 7	
Audit and compliance program				 8	 12

ASSESSING THE EFFECTIVENESS OF ACTIONS (continued)

6. Self-assessment (continued)

Wesfarmers modern slavery minimum standards	Kmart Group 1	Bunnings	Officeworks	Wesfarmers Industrial and Safety	Wesfarmers Chemicals, Energy and Fertilisers
	✔	✔	✔	✔	✔
Training	✔	✔	✔	✔	⚠ 13
Complaints mechanism	✔	✔	✔	⚠ 9	✔
	✔	✔	✔	⚠ 10	✔
Remediation	✔	✔	✔	✔	✔
Stakeholder engagement	✔	✔	✔	✔	✔
Review	✔	✔	✔	✔	✔

ASSESSING THE EFFECTIVENESS OF ACTIONS (continued)

6. Self-assessment (continued)

Planned focus areas for the next 12 months	
Note 1	Catch Group, which was acquired in August 2019 has undertaken work to comply with each of these minimum standards but that work is not yet complete and is a focus for the coming year.
Note 2	Kmart and Target will identify and publish 100 per cent of tier two processing facilities that produce own-brand clothing, towel and bedding products in FY22.
Note 3	Through the Responsible Timber Sourcing program, Bunnings is mapping its timber supply chains back to the forest. Bunnings is focused on expanding other high-risk raw material supply chains for additional environmental or human rights due diligence.
Note 4	Through FSC certification, Officeworks has addressed the modern slavery risks of wood and paper product suppliers beyond tier one who are considered to be high risk. Officeworks is focused on expanding its due diligence beyond tier one suppliers to other high-risk raw materials.
Note 5	The planned focus for Wesfarmers Industrial and Safety is goods not for resale and services that require further review across each business. Blackwoods and Workwear Group have completed risk assessments of their tier one suppliers. NZ Safety Blackwoods, Greencap and Coregas are in the process of conducting risk assessments of their tier one suppliers.
Note 6	Blackwoods Group has completed a risk assessment for own brand and national brand suppliers but this is still in progress for new service providers. NZ Safety Blackwoods will focus on service providers beyond tier one. Greencap will continue to focus on its tier one suppliers that it has assessed to be high risk. Workwear Group is continuing work on suppliers of goods for resale beyond tier one. High-risk goods not for resale and services are also a priority for FY21. Coregas will assess the risk of suppliers beyond tier one.
Note 7	Blackwoods Group has completed due diligence for own brand and national brand suppliers. This is in progress for new service providers. NZ Safety Blackwoods will review its due diligence process for new suppliers. Greencap has established its due diligence process for cleaners and suppliers of branded goods not for resale as these are considered high-risk suppliers. Greencap will review its due diligence process for any additional high-risk suppliers identified in FY21. All new sub-contractor contracts include modern slavery clauses. Workwear Group has a supplier on-boarding approach that includes an assessment of risk that is undertaken prior to placing orders. This will be further embedded. Coregas' process is that all new suppliers are reviewed prior to placing orders. This will be further embedded. The supplier on-boarding process is aligned with the ethical sourcing program and risk model. The audit program is focused on high-risk suppliers, including own brand, customised brand and branded goods not for resale. Each Wesfarmers Industrial and Safety business will plan and prioritise all other suppliers as part of their own strategy.

Planned focus areas for the next 12 months

Note 8	Greencap's initial risk assessment focused on high-risk suppliers, including cleaning contractors and own-brand GNFR suppliers that were on-boarded in FY19/20. The focus in the coming year is to have an audit program in place for high-risk tier one suppliers.
Note 9	Workwear Group will explore anonymous reporting and continue to promote the internal ethical sourcing email account and the whistleblower mechanisms. Blackwoods has feedback mechanisms in place via its support of the Association of Professional Social Compliance. Other feedback mechanisms include the internal ethical sourcing email account, targeted anonymous worker interviews during an audit and the whistleblower mechanisms.
Note 10	Wesfarmers Industrial and Safety addresses any grievances/feedback on a case-by-case basis.
Note 11	WesCEF established formal processes in relation to ethical sourcing and modern slavery in FY2019 as, until this time, the Group's ethical sourcing risk was focused on goods for resale, an area where WesCEF has minimal exposure. WesCEF is in the process of establishing an audit program for key suppliers.
Note 12	WesCEF's initial risk assessment was conducted on suppliers on-boarded in FY2019. The focus in FY2021 is to commence an audit program for high-risk suppliers over a two-year period.
Note 13	WesCEF's focus for FY20 was on education for all key team members to understand the Modern Slavery Act and what it means in practice. The focus in FY21 will see training rolled out to more team members.

Wesfarmers is committed to eliminating modern slavery in all its forms from across the Group, and to continuously improve strategies to identify and mitigate modern slavery and ethical sourcing risks. We are pleased to publish this Wesfarmers 2020 Modern Slavery Statement and commit to continuing to track and publicly report on our progress.



Rob Scott
Managing Director

23 September 2020

