

## **Wesfarmers Clarifying Disclosures Responding to the 2020 CHRB Core Assessment**

### **1. Clarifying disclosure relating to A.1.1: Commitment to respect human rights (score 2)**

At Wesfarmers we acknowledge our role and responsibility in seeking to safeguard human rights through ethical and sustainable business practices. We also recognise that human rights is an area of growing importance to our employees, shareholders, customers, and the communities where we operate. There is therefore both a business and a moral case for seeking to ensure that human rights are respected across the Group's operations and supply chain.

We are committed to respecting and supporting 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 of Fundamental Principles and Rights at Work
- United Nations Women's Empowerment Principles
- United Nations Sustainable Development Goals
- OECD Guidelines for Multinational Enterprises

### **2. Clarifying disclosure relating to A.1.2: Commitment to respect human rights of workers (score 1)**

Wesfarmers is committed to respecting the ILO core labour standards, which includes among others, the freedom of association and collective bargaining. This commitment extends to our suppliers as outlined in the *Wesfarmers Ethical Sourcing and Modern Slavery Policy*:

*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.*

<https://www.wesfarmers.com.au/docs/default-source/corporate-governance/ethical-sourcing-and-modern-slavery-policy.pdf>

Kmart Group implements the Wesfarmers policy requirements through the *Kmart Group Ethical Sourcing Code*, which at section 7 states as follows:



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

*Suppliers, to the extent permitted by local laws, 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.*

#### **Supporting Standards:**

*7.1 Factories must have a written policy on freedom of association and collective bargaining. The policy shall be effectively communicated to all workers to ensure they understand their rights.*

*7.2 Factories must not interfere with the right of its workers with respect to freedom of association and collective bargaining. Workers shall have the right not to join worker associations if they so choose.*

*7.3 When operating in countries where trade union activity is unlawful or where free and democratic trade union activity is not allowed, factories shall allow workers to freely elect their own representatives with whom the factory can enter into dialogue about workplace issues.*

*7.4 No worker shall be the subject of harassment, intimidation or retaliation in their efforts to freely associate or bargain collectively.*

*7.5 Factories must not interfere with legal activities of trade unions or their representatives. There must be no discrimination towards workers who are members of trade unions or act as worker representatives.*

*7.6 Workers must have the ability to approach management on issues of concern, on their own or through worker representatives.*

*7.7 Worker representatives must be freely elected without interference from factory management.*

*7.8 Where a collective bargaining agreement is in place, the factory must adhere to the legal terms of the agreement. The collective bargaining agreement must be negotiated freely, voluntarily and in good faith.*

<https://www.kmart.com.au/wcsstore/Kmart/pdfs/Kmart-Group-ES-Code-English.pdf>

### **3. Clarifying disclosure relating to B.2.1: Processes and triggers for identifying human rights risks and impacts (score 1)**

Wesfarmers has implemented robust processes and triggers for identifying human rights risks and impacts in our own operations and supply chain. The governance surrounding those processes is outlined in the 2019 *Wesfarmers Modern Slavery Statement*.

<https://sustainability.wesfarmers.com.au/media/3118/wesfarmers-modern-slavery-statement-2019.pdf>

On page 3 of the statement there is a table headed "The governance of modern slavery risks." While the table heading refers to "modern slavery" risks, the contents of the table relate to processes for identify and managing human rights risks more generally.

Wesfarmers periodically commissions independent human rights risk assessments to identify human rights risks salient to Wesfarmers and to understand whether those risks are being appropriately addressed in direct operations, contracted activities and the supply chain. The assessments typically examine human rights risks at the Group level and the business division level.

In addition to the independent human rights risk assessments, Wesfarmers has implemented a number of ongoing processes to identify human rights risks and impacts within its operations and supply chains:

- The Wesfarmers Ethical Sourcing and Modern Slavery Policy, which among other things, includes requirements that 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. The term modern slavery and ethical sourcing risks is used in the Policy to encompass a wide range of human rights related risks relevant to Wesfarmers, including but not limited to: the ILO core labour standards (child labour, forced and bonded labour, discrimination, freedom of association and collective bargaining), wages and benefits, harassment and abuse, working hours, worker entitlements, health and safety, environment, migrant workers, hiring and regular employment, bribery, and sub-contracting.  
<https://www.wesfarmers.com.au/docs/default-source/corporate-governance/ethical-sourcing-and-modern-slavery-policy.pdf>
- Annual Divisional reporting requirements to the Divisional boards and the Wesfarmers Audit, Risk and Compliance Committee, pertaining to the implementation of the Wesfarmers Ethical Sourcing and Modern Slavery Policy and management of related risks. Emerging risks must be identified in the report.
- Quarterly Human Rights Forum, with representatives from across Wesfarmers at the Group and Divisional level, to provide a coordinated approach to human rights risk management across the Wesfarmers Group. Emerging human rights risks are discussed at each quarterly meeting.
- Modern slavery risk embedded into mergers and acquisitions due diligence. A checklist has been developed with modern slavery as an item to consider in relevant business development due diligence processes; and
- Modern slavery standards embedded into Group procurement decisions: Modern slavery review processes have been included in all Group-wide tender processes and contracts.

#### **4. Clarifying disclosure relating to B.2.2: Assessment of risks and impacts identified (salient risks and key industry risks) (Score 1 and 2)**

The independent human rights risk assessments referenced above in disclosure 3, include assessments of the identified risks salient to Wesfarmers.

In addition, The *Wesfarmers Materiality Risk Assessment* outlines our approach to assessing Human rights & ethical sourcing as a risk to the business for annual reporting purposes.

<https://sustainability.wesfarmers.com.au/our-reporting/materiality-process/>

## **5. Clarifying disclosure relating to B.2.4: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts (score 1 and 2)**

Wesfarmers has implemented robust processes to track, monitor and evaluate the effectiveness of actions to respond to human rights risks and impacts, including:

- Annual Divisional reporting requirements to the Divisional boards and the Wesfarmers Audit, Risk and Compliance Committee, pertaining to the implementation of the Wesfarmers Ethical Sourcing and Modern Slavery Policy and management of related risks. As stated in disclosure 3 above, the term “modern slavery and ethical sourcing risks” encompasses a wide range of human rights related risks relevant to Wesfarmers, including but not limited to: the ILO core labour standards (child labour, forced and bonded labour, discrimination, freedom of association and collective bargaining), wages and benefits, harassment and abuse, working hours, worker entitlements, health and safety, environment, migrant workers, hiring and regular employment, bribery, and sub-contracting.
- A Quarterly Human Rights Forum, with representatives from across Wesfarmers at the Group and Divisional level, to provide a coordinated approach to human rights risk management across the Wesfarmers Group. The forum actively monitors and evaluates the effectiveness of actions responding to human rights risks.
- Internal audits conducted by KPMG of Divisional compliance with the Wesfarmers Ethical Sourcing and Modern Slavery Policy and other Divisional ethical sourcing procedures.
- The independent human rights risk assessments referenced above in disclosure 3, typically examine the extent to which Wesfarmers’ approach to human rights risk management meets stakeholder expectations, incoming regulatory requirements and leading practice globally. They also examine, whether human rights risks are being appropriately addressed / managed under the Divisional and Group framework, and if not, what changes were needed.

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