

# Ethical Sourcing Transparency Policy

## Our Commitment

As businesses within the Wesfarmers' Kmart Group<sup>1</sup>, Kmart Australia and Target Australia, are committed to conducting 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. To support and implement this commitment, Kmart Group has established an Ethical Sourcing (ES) Program.

Supply chain transparency is a cornerstone principle of our ES program and wider sustainability commitments. A fully transparent supply chain will assist Kmart Group to ensure that each Supplier in the supply chain meets our ethical sourcing and sustainability standards.

## Purpose & Application

This Policy sets out ethical sourcing transparency requirements that Suppliers must follow when supplying products to Kmart Group. It applies to Suppliers of Kmart Australia and Target Australia of the following branded products:

- Kmart Group own brands
- Brands licensed by Kmart Group (licensed brands)
- Brands exclusive to Kmart Group
- Supplier owned brands that do not qualify as national/international brands<sup>2</sup>

## Types of Suppliers

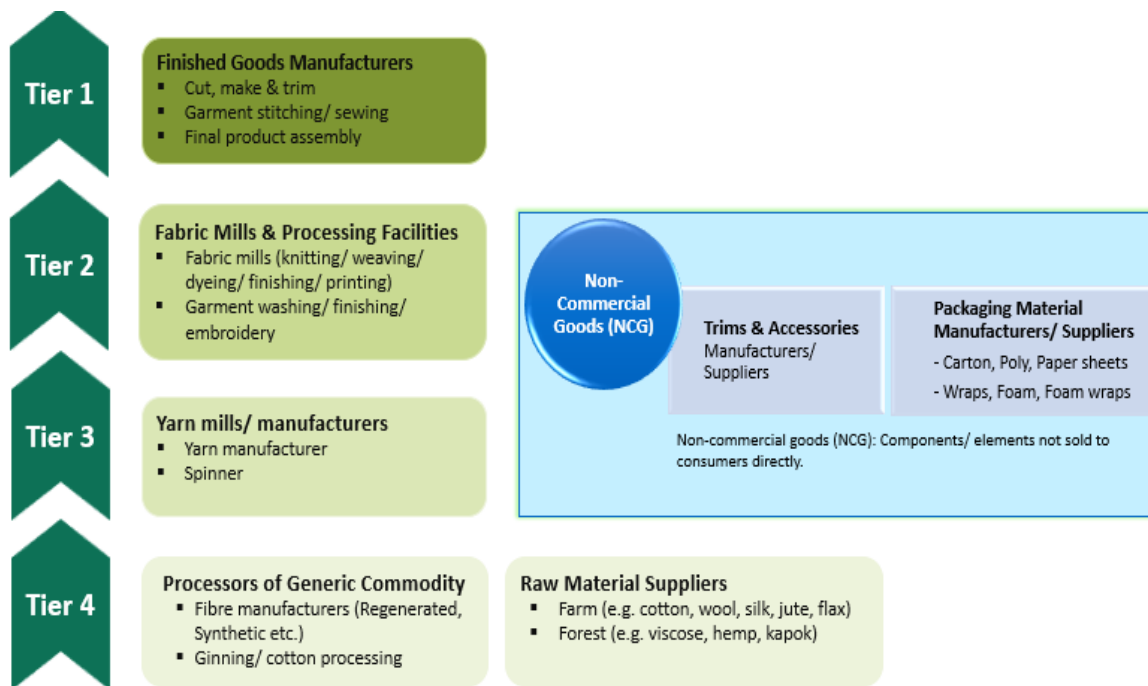
We sell a diverse range of products with complex and varying multi-tiered supply chains, ranging from finished goods manufacturers, processing facilities, component manufacturers, down to Suppliers of raw materials. Given that each category of product will have a different supply chain, we have provided an example of how an apparel product might fit into a Four Tier categorisation.

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<sup>1</sup> For the purposes of this Policy, the Kmart Group refers collectively to the businesses trading as Kmart Australia Limited, Target Australia Pty Ltd and their sourcing entities, including KAS Group Asia. It excludes Catch, which is subject to a separate but consistent policy.

<sup>2</sup> National/international brands are third party brands nationally or internationally known and sold externally to Kmart Group

## Apparel Supply Chain Example



## Transparency Requirements

Upon request and in the form requested by Kmart Group, Suppliers must disclose information about the supply chain through which it, or its approved Subcontractors, manufacture the goods supplied under any Kmart Group order. Such information may relate to any Tier in the supply chain and may include, among other things:

- Name and address of any Supplier in the production process (all Tiers), including service providers.
- Processes and components used in the production process.
- Materials, including raw materials used in the production process and their country or region of origin.
- Information relating to work force composition, including number of workers, wages and benefits, age and gender, country or region of origin.
- Information relating to environmental impacts of the production process or materials used in production, such as GHG emissions, energy use, waste, water, chemicals, pollution, impacts on biodiversity.
- Information relating to product packaging.
- Information relating to any third-party service providers used during the production process or transportation of products.
- Information specifically required to be disclosed under the Kmart Group Ethical Sourcing Code.
- Information required as part of a High Risk designation (see section 11 of the Kmart Group Ethical Sourcing Program Supplier Manual).

As part of its commitment to ethical sourcing and transparency, Kmart Group may make public or publish any of the above information, including the name and address of any Supplier in the supply chain.

## **Compliance**

Compliance with this Policy is a mandatory requirement under the Kmart Group Ethical Sourcing Code, which all Suppliers must adhere to pursuant to their Supplier terms and conditions.

Non-compliance with the policy may result in penalties, including cancellation of orders and/or termination of business with Kmart Group.