



SUBMISSION FROM WESFARMERS TO SENATE INQUIRY INTO MODERN SLAVERY

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Introduction

Wesfarmers Limited, one of Australia’s largest publicly listed companies, is pleased to make a submission to the Senate inquiry into Modern Slavery.

Wesfarmers welcomes the inquiry and supports the concept of establishing an appropriately drafted Modern Slavery Act in Australia. Wesfarmers opposes slavery in all its forms and all its businesses strive to source products in a responsible manner including working with suppliers to improve their social and environmental practices.

Wesfarmers is familiar with the United Kingdom’s *Modern Slavery Act 2015* due to its operations in the United Kingdom. Wesfarmers has published a statement under that Act which can be viewed [here](#).

Wesfarmers profile

From our origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has become one of Australia's largest listed companies with operations covering: supermarkets; department stores; home improvement; office supplies; coal mining; chemicals, energy and fertilisers; and industrial and safety products. The primary objective of Wesfarmers is to provide a satisfactory return to its shareholders and to do so in a sustainable, ethical way.

The company aims to achieve this by:

- satisfying the needs of customers through the provision of goods and services on a competitive and professional basis;
- providing a safe and fulfilling working environment for employees, rewarding good performance and providing opportunities for advancement;
- contributing to the growth and prosperity of the communities in which it operates by conducting existing operations in an efficient manner and by seeking out opportunities for expansion;
- responding to the attitudes and expectations of the communities in which the company operates;
- placing a strong emphasis on protection of the environment; and
- behaving with integrity and honesty in dealings both inside and outside the company.

Given the breadth of our businesses, we have an interest in supporting strong and vibrant communities throughout our supply chain. We do this through the products we sell and the jobs we provide, as well as through our direct and indirect contributions to the community. Wesfarmers makes a significant contribution to the communities in which it operates by providing goods and

services that have an impact on the quality of life of all our customers, by employing more than 220,000 people and being among Australia's highest 10 tax payers.

Our relationship with more than 15,000 suppliers across the Group is very important to us. In financial year 2016 we paid \$45,525 million to our suppliers in more than 20 countries.

The retail industry supply chain is recognised as carrying a higher risk of child labour, forced labour and lack of right to freedom of association, due to the lower skill level required in many manufacturing and production processes. With the majority of our businesses operating in the retail sector, ethical sourcing practices are a focus for Wesfarmers.

Terms of reference

The prevalence of modern slavery in the domestic and global supply chains of companies, businesses and organisations operating in Australia

Wesfarmers' retail businesses source products for resale from a range of locations. Some of the major locations we source from outside Australia include China, Bangladesh, Europe, Indonesia, India, Thailand, New Zealand, Vietnam, South Korea and Malaysia. Buying products from these regions creates economic benefits for them as well as allowing our businesses to provide affordable products to consumers.

The breadth, depth and interconnectedness of our supply chain make it challenging to manage ethical sourcing risks including child labour, forced labour, right to freedom of association and underpayment. It is especially challenging to manage these risks among 'tier-two' suppliers i.e. those who supply services and products to our suppliers. We are committed to working with our suppliers to adhere to ethical business conduct and proactively address these issues through a range of actions.

We have a Group-wide [Ethical Sourcing Policy](#), which sets the minimum standards expected of our divisions. We believe the vast majority of our supply chain operates ethically, however we have identified and acted on breaches by some of our suppliers, and it is clear from public reports that other companies have been challenged in this area. A Modern Slavery Act would encourage all Australian businesses to establish ethical sourcing policies and practices. We believe a collective effort from all retailers, particularly large retailers, operating in Australia would better tackle this problem in the retail industry.

Identifying international best practice employed by governments, companies, businesses and organisations to prevent modern slavery in domestic and global supply chains, with a view to strengthening Australian legislation

Wesfarmers is committed to preventing modern slavery in domestic and global supply chains and would welcome strengthening Australian legislation to mitigate the risk of unethical practices occurring in our supply chain.

To mitigate the risk of unethical practices occurring in our supply chains, the relevant Wesfarmers businesses (Coles, Bunnings, Target, Kmart, Officeworks and Wesfarmers Industrial and Safety) apply an ethical sourcing audit program to certain suppliers. We publish the findings of our audits in our annual sustainability report and believe similar transparency from other large retailers

operating in Australia would provide better oversight to the entire retail industry to ensure modern slavery is not occurring in our supply chains.

Whether a Modern Slavery Act should be introduced in Australia

Wesfarmers supports the concept of establishing an appropriately drafted Modern Slavery Act in Australia.