

Subject: Invitation to respond - Kmart on our COVID-19 tracker

In the 12-month period directly before the COVID-19 outbreak:

Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context.

1. What are the maximum number of days from invoice date within which you pay your suppliers (e.g. 30, 60, 90, 180 days)?

Our payment terms are OA 90 days. This is supported with trade financing through Prime Revenue. Through this option, suppliers have an option of accessing payments within 1-7 days after goods get shipped.

2. When is payment for orders typically made (i.e. after shipping, upon receipt of goods, partial payment in advance of production, etc.)?

Payment for orders is made after they have been handed over to our nominated freight forwarder at origin. Proof of cargo handover is through the freight cargo receipt.

3. In this period, have you asked suppliers for a discount after placing an order? **Y/N**
 - a. If yes, what percentage of FOB was the discount (if varying, please list all percentages)?

No

4. Do your contracts have clauses for financial penalties:
 - a. For suppliers for contract non-compliance (e.g. for late delivery, wrong specs etc.)? **Y/N**

We are not able to confirm Y/N at this time as it requires legal review – please leave our response blank for this question.

- b. For you (the buyer) to be held financially liable (in the form of a payment premium or otherwise) for changes in orders after a PO has been raised (order volume, order specs, order deadline etc.)? **Y/N**

Same as 4a. We are not able to confirm Y/N at this time as it requires legal review – please leave our response blank for this question.

In the period since the COVID-19 outbreak:

Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context.

5. Have you committed to pay in full for:
 - a. All completed orders? **Y/N**

Yes in Bangladesh. In other countries discussion with suppliers are ongoing.

b. All in-production orders? **Y/N**

Yes in Bangladesh. In other countries discussion with suppliers are ongoing.

6. Have you extended your usual payment times? **Y/N**

a. If yes, what are current payment terms (in days, e.g. 90, 180, 230 etc.)?

No

b. Are you supporting suppliers with access to local finance with a letter of credit or through other means? **Y/N**

As mentioned above, all our suppliers have access to trade financing through Prime Revenue

7. Have you requested a discount for any orders? **Y/N**

Yes. We have asked for and received a discount from suppliers in some countries. Our approach has been to work with suppliers on a case-by-case basis – assess their individual needs and concerns – and reach mutually agreed outcomes. In some countries, such as Bangladesh, following discussions with suppliers we agreed to accept all product and suppliers will be paid in full.

If yes what, percentage of FOB (if varying, please list all percentages)?

We are not able to provide detailed figures at this time as discussions are ongoing.

8. Have you taken any other steps (outside of order payment) to ensure workers in your supply chain have been paid wages for March and April, or will be paid wages or otherwise provided for during periods of lockdown? **Y/N**

Yes. We are in regular contact with our suppliers and working in partnership with Better Work and ACT to support and monitor the situation.

9. Where production is ongoing, have you taken steps to ensure suppliers are implementing measures to protect garment workers from infection (i.e. social distancing, sanitising practices, providing adequate protective equipment)? **Y/N**

Yes.

Kmart and Target have shared workplace safety guidelines provided by the local governments, WHO and ILO/BetterWork with suppliers. The ethical sourcing team are following up with suppliers to ensure these guidelines are followed, which includes regular handwashing, disinfecting, temperature checking, and social distancing procedures in the factories.

Kmart and Target have partnered with ELEVATE (training provider) to organise a COVID-19 webinar for our suppliers, focusing on:

- the preventive health and safety measures for factories to implement before resuming operation; and
- the effective worker commination and support to the workers.

10. Are you paying shareholder dividends? **Y/N or N/A for companies without public shareholders**

N/A. Kmart Australia and Target Australia are owned by Wesfarmers Group. We are not in a position to answer this question at this time.

11. Please add any additional comments (optional):

Kmart Australia and Target Australia have 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 support employers during the COVID-19 crisis, and establish sustainable systems of social protection for a more just and resilient garment industry. Working together with other brands, trade unions, international organisations, government and other key stakeholders, specific measures will be developed to deliver on these priorities. The working group is led by the ILO in partnership with the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC). Further information on the initiative can be found on the ILO website.