

TEMPLE &  
WEBSTER  
GROUP

Modern  
Slavery  
Statement  
**FY20**



# Introduction

**At Temple & Webster, we believe everyone wants to live more beautifully, and our vision is to make the world more beautiful, one room at a time.**

We understand that, in reality, this starts at the beginning of the supply chain where many different parties can be affected by our business operations.

Modern slavery is an umbrella term that's used to describe serious exploitative practices including human trafficking, slavery, servitude, forced labour, worst forms of child labour, debt bondage, deceptive recruiting and forced marriage. These abuses are serious crimes under Australian law.

While we have developed strong relationships with supply partners who share our values and ethics, we know how important it is to understand all aspects of our business operations and supply chain so that we can recognise any associated modern slavery risks and better assess and address them.

We acknowledge that risks of modern slavery may be present in some form across most tiers of our supply chain, and we are committed to taking steps to assess and address these risks as part of our due diligence process as we have a zero tolerance for any form of modern slavery.

This Modern Slavery Statement outlines the actions taken to assess and address modern slavery risks in our business operations and our supply chain over the financial year ending 30 June 2020 and is in accordance with the Modern Slavery Act 2018 (the Act).

This statement has been reviewed and approved by our Board of Directors.



# Our structure, operations and supply chain

## **Temple & Webster is Australia's leading pure play online retailer of furniture and homewares.**

Through our online store [www.templeandwebster.com.au](http://www.templeandwebster.com.au), we sell a diverse range of indoor and outdoor products for the home to both residential and commercial (trade) customers in Australia. Temple & Webster offers a curated selection of approximately 180,000 products (as at 30 June 2020) on sale from hundreds of suppliers. We run an efficient drop-shipping model whereby products are sent directly to customers from our suppliers, enabling faster delivery times and allowing us to offer a wide variety of items for sale without the need to hold inventory.

Our drop-ship range is complemented by private label ranges which we source and import directly from overseas suppliers and manufacturers.

We procure a range of products and services from 200 suppliers to support and facilitate our business operations such as cleaning, security, catering, electronics, energy & utilities, IT support services, logistics & transport, marketing, third-party labour hire, warehousing (3PL) and professional services.

Our team consists of over 350 people across our onshore and offshore operations.

We source retail goods directly from nine different countries, including; Australia, China, India, Malaysia, Philippines, Taiwan, Turkey, USA, and Vietnam.

We work with over 500 different local and offshore suppliers to procure a range of products such as art, furniture, cookware, décor accessories, appliances, lighting, rugs, textiles and toys.

Our registered office and principal place of business is located in Sydney, Australia. We only deliver within Australia and do not operate showrooms or stores at this time. Temple & Webster Group Ltd is listed on the Australian Securities Exchange under the code TPW and was first listed on 10 December 2015.

This Modern Slavery Statement covers Temple & Webster Group Ltd (the holding company) and all subsidiaries.

# Governance structure

We are committed to a high level of ethical standards, which we will continue to maintain and improve. We embed risk management practices throughout all levels of our organisation to ensure we fulfil our corporate governance commitments to our stakeholders.

Our Board of Directors is responsible for the overall governance of Temple & Webster as outlined in our Corporate Governance Statement.

The Audit and Risk Management Committee meets as frequently as required in order to undertake its role effectively but at a minimum, meets four times a year to assist the board in assessing the effectiveness of our risk management strategy.

## **Our key supporting governance policies include:**

- Code of Conduct
- Diversity Policy
- Whistle-Blower Policy
- Grievance Policy
- Anti-Corruption and Bribery Policy\*
- Draft Anti-Slavery Policy (due for release H2 FY21)

*\*Policy drafted FY20, released FY21*



# Classification of potential risks in our supply chain

Supply Chain Sector	Category	Risk Identification / Indicators	Priority Rating
Trade suppliers	Imports – Temple & Webster private label brands	<p>We acknowledge that inherent risks of modern slavery are present in the furniture manufacturing industry. Based on the geographical locations which we source product from, we have identified the potential risk for forced labour, child labour, deceptive recruitment and bonded labour.</p> <p>Given that we have a direct relationship with these manufacturers, we have decided to prioritise due diligence and risk mitigation in this category.</p>	HIGH – work with high-risk suppliers from ethical factory audit review (see page 7)
	Dropship - Local supplier sourced brands	<p>We acknowledge that inherent risks of modern slavery are present in the furniture manufacturing industry. Based on a review of the product types procured through this category, we have identified the potential risk for forced labour and child labour.</p> <p>We will undertake a geographical risk analysis of our dropship suppliers in FY21 to better understand and identify potential modern slavery risks.</p>	High – conduct geographical risk assessment of dropship suppliers

# Classification of potential risks in our supply chain

Supply Chain Sector	Category	Risk Identification / Indicators	Priority Rating
Operational suppliers	Logistics and Transport	We acknowledge that inherent risks of modern slavery are correlated with the transport industry in Australia. These risks can be associated with recruitment of migrant labour and underpayment of wages.	High - undertake due diligence with transport partners
	Electronics	We acknowledge that inherent risks of modern slavery are associated with the offshore manufacturing of electronics and IT equipment. These risks can be associated with forced labour and deceptive recruitment practices in certain countries.	Low – leverage with suppliers is low. Conduct additional risk assessment before implementing mitigative measures
	Motor Vehicles	We acknowledge that inherent modern slavery risks are associated with the operating of motor vehicles, predominantly due to forced labour and deceptive recruitment practices. We identified minimal risk in this function as we were limited to a single driver who was a direct employ of Temple & Webster.	Low – no longer an active operational function
	Cleaning and Security Services	We acknowledge that inherent modern slavery risks are associated with the sourcing and recruitment of cleaning and security services, predominantly due to forced labour and deceptive recruitment. These risks can be associated with recruitment of migrant labour and underpayment of wages.	High - need for these services has increased since the COVID-19 pandemic. Undertake due diligence with cleaning and security service provider(s)

# Actions to assess & address Modern Slavery risk

We undertook various actions throughout the reporting period to assess and mitigate modern slavery risk.

## **Independent Gap Analysis Review**

We engaged consultants to conduct a review of existing policies, processes and our internal modern slavery risk assessment. The Gap Analysis report outlined key focus areas and recommendations for improvement, some of which we have actioned as part of our efforts throughout FY20 to address modern slavery. We will continue this in FY21.

## **Anti-Slavery Policy**

We have drafted an Anti-Slavery Policy outlining our key commitments in meeting modern slavery legislation and modern slavery due diligence. The policy is due for release in H2 FY21.

## **Development of a Modern Slavery Action Plan and Evaluation Tool**

As part of our management system approach to addressing modern slavery, we engaged a consultant who helped us develop an action plan to assist in prioritisation and measurement. This sets out a step-by-step approach of key activities to assess, mitigate and evaluate modern slavery risks.

## **Supplier Onboarding**

Included in our mitigation strategy, private label suppliers must undergo an ethical factory audit (or provide an existing third party audit report relevant to this reporting period) as part of our onboarding process. This process is managed through our Quality and Compliance Team.

## **Independent Factory Audits**

Around 84% of private label suppliers have undergone an ethical factory audit with either BSCI, Sedex or QIMA. The QIMA Factory ethical audits have been independently reviewed to understand risk at a factory level and to identify potential red flags associated with modern slavery. Suppliers have been allocated a risk rating and have been prioritised for follow up of corrective actions. We identified seven factories that have been flagged for action and follow up.

The CEO, executive team, members of the buying team and our Quality and Compliance Manager reviewed the report findings and mitigation strategies.

A number of factories have requested that audits be postponed until 2021 due to COVID-19 constraints. We aim to have 100% of private label supplier factories audited by the end of FY21.



## Training

Understanding modern slavery is key to mitigating risk, so we see this as an important part of our strategy. To date, we have had a number of training and awareness sessions including:

- Training for the senior executive team and board on the fundamentals of modern slavery and our legal obligations under the Modern Slavery Act 2018
- Training for the senior executive team and members of staff on key modern slavery indicators and our level of risk. This included high-risk geographical locations, high-risk products, materials, sectors, vulnerable worker types and COVID-19-related human rights and modern slavery impacts
- One-on-one training for our Quality and Compliance Manager with a consultant on many aspects of modern slavery and human rights, including the understanding of 'cause, contribute, linked to' relating to our risk profiles and the remediation process.





# Actions to assess and address COVID-19 risk

Throughout the reporting period, we have identified a number of risks associated with the pandemic and have implemented a number of key strategies to mitigate these risks. These include a review of BSCI and Sedex audit reports to ensure COVID-19 related health and safety measures are being accounted for,

and changing local supplier payment terms for our dropship suppliers to help offset negative cashflow during the pandemic.

We have also not procured any personal protective equipment (PPE) which are classified as extremely high-risk products for modern slavery.

## Remediation

We understand our responsibility to provide or participate in remediation where it has been identified that we have 'caused or contributed to' modern slavery.

We have established both formal and informal mechanisms where employees can raise concerns and issues relating to unethical, illegal or improper behaviour through our Whistle-blower Policy. This aims to provide the appropriate protections for employees, contractors, volunteers, company officers and suppliers. We also have a company Grievance Policy which outlines the process for raising and resolving grievances within the workplace. We ensure grievances are managed in a systemic, fair and timely manner.

We engaged consultants to provide our company with a Remediation Procedure and Response Plan to ensure that we have processes in place when an instance of modern slavery is found. The procedure helps us to understand the process of remediation and ensures that we have the proper controls, resources, access to third-party partners, and allocation of responsibility internally to provide support to the rights holder (victim of modern slavery).

We will continue to investigate tools, platforms and resources to ensure that we are aware of workers' grievances and any issues within our supply chain.

# Assessing effectiveness

Monitoring and measuring the effectiveness of our due diligence system is key to verifying if our policies, programs, procedures and training have been effectively integrated into our business activities and to ensure they are working.

## **We have initiated a number of measures to monitor our effectiveness:**

- Engaging a consultant to review and evaluate our internal modern slavery risk assessment
- Developing a Modern Slavery Action Plan and Evaluation Tool which includes indicators to help track and evaluate our actions and performance
- Evaluating external social audits and creating a supplier scorecard to assess and track their performance against key modern slavery indicators
- Reporting findings from our supplier factory ethical audits to the executive team with recommendations for improvement
- Independently reviewing the template that we use to conduct factory ethical audits to ensure that we are capturing key modern slavery risk indicators

This approach has been integrated into our existing governance framework, we will continue to monitor and track our performance in assessing and addressing modern slavery risk throughout the various levels of governance in our risk management structure.



# Consultation

Our managing director and CEO led the preparation of this Modern Slavery Statement. This included consultation with the executive team regarding modern slavery risks, mitigation

strategies, evaluating effectiveness, remediation and due diligence. The executive team also reviewed our progress and adherence with the requirements of the Act.

# Future priorities and commitments

As part of our commitment to continual improvement, we will engage with internal and external stakeholders and industry experts to better understand this evolving space, learn more about how we can be most effective in addressing modern slavery, and will adapt our response to modern slavery appropriately.

Our goals and commitments for FY21 include:

- Ensuring that 100% of our private label suppliers undergo an independent ethical factory audit to allow us to appropriately identify associated risk and develop corrective action plans if necessary
- Develop and implement a modern slavery education and training program for internal stakeholders
- Conduct a geographical risk assessment on our dropship suppliers to identify and better understand the associated risks
- Release our Anti-Slavery Policy



# Approval of Modern Slavery statement

This statement relates to our financial year 2020 and was approved by Mark Coulter (CEO) and our Board of Directors on 30 March 2021

A handwritten signature in black ink that reads "Mark Coulter". The signature is written in a cursive style with a long horizontal stroke at the end of the name.

Mark Coulter



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