



Introduction

Temple & Webster is committed to building a more sustainable future.

As a trusted Australian retailer of furniture and other items for the home and office, we understand the importance of building meaningful and collaborative partnerships with our suppliers so we can work together to deliver our vision of making the world more beautiful one room at a time.

We have learnt many things since our first modern slavery reporting period in FY20. These lessons have given us a greater understanding of potential risks within our vast supply chains and have been the catalyst for improving mechanisms to assess and address those risks.

Actions that highlight our progress include:

- auditing direct import suppliers against ethical frameworks and administering corrective plans
- surveying our local dropship suppliers about modern slavery risks
- continually rolling out tailored employee training
- embedding controls into supply-related processes to manage ongoing modern slavery risks
- developing policies and procedures to address human rights abuses.

The term 'modern slavery' is used to describe the restriction and violation of a person's right to freedom, for personal or commercial gain. It includes exploitative practices such as human trafficking, slavery, servitude, forced labour, the worst forms of child labour, debt bondage, deceptive recruiting and forced marriage.

We continue to build on knowledge gained over the past three years to ensure our efforts to combat modern slavery are effective and authentic. This includes establishing a baseline risk profile for each of our direct suppliers, against which we can continually measure the effectiveness of our actions. We can also use these profiles to guide future priorities that will give us better visibility of deeper tiers of our full supply chains.

This Modern Slavery Statement outlines the actions taken to assess, address and mitigate modern slavery risks in our business operations and our supply chains over the financial year ending 30 June 2022. It has been created in accordance with the Modern Slavery Act 2018 (Cth).

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

Our structure, operations and supply chains

Temple & Webster is the leading pure play online retailer of furniture and homewares in Australia.

Through our online stores at www.templeandwebster.com.au and www.thebuild.com.au, we sell a diverse range of products for the home and office to residential and commercial (trade) customers in Australia.

Our registered office and principal place of business is in Sydney, Australia. We only deliver within Australia and do not operate showrooms or stores at this time.

Our team consists of more than 550 people across onshore and offshore operations.

Temple & Webster Group Ltd listed on the Australian Securities Exchange under the code TPW on 10 December 2015.

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

Temple & Webster offers a curated selection of more than 240,000 products (as at 30 June 2022) from hundreds of suppliers. We use an innovative dropshipping model whereby products are sent directly to customers from our suppliers. This enables fast delivery and allows us to offer a wide variety of items for sale without the need to hold inventory.

Our dropship range is complemented by private label ranges, which we source and import directly from overseas suppliers and manufacturers.

We source retail goods directly from 10 countries other than Australia, including China, Egypt, India, Indonesia, Malaysia, Philippines, Taiwan, Thailand, Turkey and Vietnam.

We work with more than 750 local and offshore suppliers to source products such as artworks, furniture, cookware, décor accessories, appliances, lighting, rugs, textiles, toys and DIY items.

We procure a range of products and services from more than 300 suppliers to support and facilitate our business operations. These include cleaning; security; catering; electronics; energy and other utilities; IT support; logistics and transport; marketing; third-party labour hire; warehousing (third-party logistics); and professional services. We have also invested in an Israeli artificial intelligence and augmented reality startup.

We have a longstanding charity partnership with Women’s Community Shelters. We support the organisation by providing furniture and homewares, volunteering time towards projects, and through fund-raised cash donations.

Governance structure

As a growing company, we understand the necessity of having governance structures in place to ensure our actions are ethical, and that we operate with integrity and in a sustainable manner. This is important for all our stakeholders, including the people and communities that our supply chains affect.

Our Board of Directors is responsible for the overall governance of Temple & Webster, as outlined in our Corporate Governance Statement. All supporting corporate governance policies and statements can be found on our [investor relations website](#).

Our Audit and Risk Management Committee meets as frequently as required to undertake its role effectively, with a minimum of four meetings each year. The committee assists the Board in assessing the effectiveness of our risk management strategy.

By prioritising actions across high-risk areas and where we have the most leverage with direct import suppliers, we have continued to identify corrective actions and improvements that we will track, measure and enforce throughout our next reporting period. We will review these actions as regularly as required as part of our existing risk and governance framework.

For the purposes of this statement, we consider that we have 'leverage' in relationships where we have a relatively large spend with a supplier, and the supplier is willing to collaborate with us to address modern slavery.

Our risk-audit framework details our policy for managing non-compliances and instances of modern slavery identified in our supply chain. In line with this framework, we will cease working with suppliers that fail to meet our requirements to address identified modern slavery risks within a prescribed timeframe.

During this reporting period, we grew our sustainability function by hiring a dedicated sustainability officer to assist in integrating our existing modern slavery and human rights risk management framework into our wider environmental, social and governance strategy. Our vision over the next three years is to assess and address modern slavery as part of a broader ethical procurement strategy that will elevate the practices of our suppliers as we continue to grow.



Classification of potential risks in our supply chains

Sector	Category	Risk identification/ indicators	Priority rating	FY22 actions
Trade suppliers	Imports – Temple & Webster private-label brands	<p>We acknowledge risks of modern slavery are inherent in the furniture manufacturing industry. Based on the geographical locations from which we source products, we have identified potential risks for forced labour, child labour, deceptive recruitment and bonded labour.</p> <p>Given that we have direct relationships with manufacturers, we have continued to use this position of influence and to prioritise due diligence and risk mitigation in this category.</p>	<p><i>High</i></p> <p>Continue to prioritise corrective action plans (where necessary) to address key risk areas and display continuous improvement</p>	<ul style="list-style-type: none"> - Implemented a risk-audit framework to manage ongoing auditing and non-compliances - Developed supplier corrective action plans, building on findings from factory ethics audits
	Dropship – Brands sourced from local suppliers	<p>We acknowledge that risks of modern slavery are inherent in the furniture manufacturing industry. Based on a review of the geographic origin of manufactured products procured through this category in FY21, we have identified potential risks for forced labour, child labour, deceptive recruitment and bonded labour.</p> <p>Based on the findings of our survey in FY22, we will collaborate with key dropship suppliers to assess and address modern slavery risks within our collective supply chains.</p>	<p><i>High</i></p> <p>Continue due diligence, share learnings, and develop actions to address modern slavery in supply chains</p>	<ul style="list-style-type: none"> - Distributed a modern slavery risk questionnaire to dropship suppliers to establish a risk profile and guide future collaboration

Classification of potential risks in our supply chains

Sector	Category	Risk identification/ indicators	Priority rating	FY22 actions
Operational suppliers	Logistics and transport	We acknowledge that risks of modern slavery are inherent in the transport industry in Australia, and may have been exacerbated by the COVID-19 pandemic. These risks can be associated with recruitment of migrant labour and underpayment of wages.	<i>High</i> Undertake due diligence with transport partners and implement controls to manage modern slavery risks	- Reviewed existing agreements with all logistics and transport suppliers - Improved modern slavery clause for inclusion in new agreements
	Electronics	We acknowledge that risks of modern slavery are inherent in the offshore extraction of raw materials and manufacturing of electronics and IT equipment. These risks can be associated with forced labour, child labour and deceptive recruitment practices in certain countries.	<i>Low</i> Undertake due diligence to understand available mitigation measures	- No actions undertaken in FY22 due to low priority rating and minimal leverage
	Cleaning and security services	We acknowledge that modern slavery risks are inherent in 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.	<i>High</i> The need for these services has increased throughout the pandemic. Undertake due diligence with cleaning and security service provider(s) and implement controls to manage modern slavery risks	- Reviewed existing agreements with cleaning and security suppliers - Improved modern slavery clause for inclusion in new agreements

Classification of potential risks in our supply chains

Sector	Category	Risk identification/ indicators	Priority rating	FY22 actions
Operational suppliers	Third-party labour hire	We acknowledge that risks of modern slavery are inherent in the recruitment of third-party labour. These risks can be associated with unreasonable disciplinary procedures and lack of entitlements.	<i>Low</i> FY21 due diligence process showed that our third-party labour provider had appropriate documentation and policies in place in relation to modern slavery	- No action undertaken in FY22 due to low priority rating and findings from previous due diligence assessments
	Catering and hospitality	We acknowledge that risks of modern slavery are inherent in the procurement of catering services. These risks can be associated with forced labour, bonded labour, and deceptive recruitment practices.	<i>High</i> Undertake due diligence with catering service providers and implement controls to manage modern slavery risks	- Reviewed existing agreements with catering and hospitality suppliers - Improved modern slavery clause for inclusion in new agreements

Actions to assess & address modern slavery risks

We undertook various actions throughout the reporting period to assess and address modern slavery risks.

Supplier corrective action plans

In FY22, we engaged an independent external consultant to assist in reviewing reports from ethical audits of our suppliers' factories. To ensure we are showing continuous improvement, we have developed corrective action plans for key suppliers ('key' is defined by contribution to revenue) to assist them in understanding their modern slavery risks and to guide them in addressing those risks.

This exercise led to the development of a corrective action register, which will continue to serve as a risk profile for ongoing reporting on our supply chains. The register will be a critical component of our efforts to assess the effectiveness of our actions to address modern slavery risks.

In FY23, all private-label suppliers will have received corrective action plans (if deemed necessary). These plans will help us to establish a baseline risk metric for direct import suppliers, for tracking and measuring purposes.

Risk-audit framework

Our risk-audit framework sets out clear guidelines and parameters for addressing risks identified in factory audits. The framework will be central to the effective management of modern slavery risks in our operations and supply chains.

In FY22, we formally implemented the framework to:

- ensure suppliers are supported and guided by findings from third-party audits
- determine the frequency of factory audits based on previous findings and risk ratings
- establish a timeframe for suppliers to address instances of modern slavery or identified risks
- define our actions where a supplier fails to address identified modern slavery risks in the prescribed timeframe.



Education and training

We have continued the phased implementation of our modern slavery awareness training for our team to ensure they know what modern slavery is, how it relates to our business, and how team members can report a concern. In FY22, all onshore employees received access to bespoke training based on our learnings from the previous two reporting periods. This training helps them to develop their understanding of modern slavery and the impacts that business operations have on human rights for vulnerable workers around the world.

Just under 90% of our team had undertaken the training in FY22. We expect all team members will have completed the training by the end of FY23.

Anti-Slavery Policy

To further show our commitment to addressing modern slavery, and to strengthen our existing governance structure, we published our Anti-Slavery Policy on our [investor relations website](#). We believe it is important for businesses to show their stance and policy towards modern slavery as it establishes accountability and opportunity for growth with future learnings. Our long-term vision is for this to evolve into a broader human rights policy that sets out our commitment to safeguarding human rights.



Supplier questionnaire

Combining our efforts to collaborate with supply partners and assess risks within our dropship supply chains, we developed a modern slavery questionnaire to:

- assess potential modern slavery risks in dropship supply chains
- identify existing synergies, focusing on opportunities to collaborate with our suppliers in addressing modern slavery risks
- inform the development, prioritisation and implementation of future actions to assess and address modern slavery within our dropship supply chains.

Building on the geographic risk assessment of our dropship range in FY21, the results from this questionnaire will provide a comprehensive overview of potential modern slavery risks within our local tier-one supply chains. Importantly, it will also highlight which of our suppliers may require extra support and guidance where they had not previously considered modern slavery risks within their organisational scope.

Operational supplier contract review

We have undertaken risk assessments of our operational suppliers in previous reporting periods, which have allowed us to prioritise actions for each of them. These assessments were prioritised based on our leverage with these suppliers, the modern slavery risks associated with their industry, and whether the supply relationship would continue into the following fiscal year.

In FY22, guided by our legal team, we reviewed the contracts of all operational suppliers identified as high priority, to assess whether they included a clause for managing modern slavery risks. We developed a standardised modern slavery clause to be included in contracts where no specific clause previously existed. In doing so, we will establish clear expectations by outlining our policy and requirements in relation to modern slavery, and set the foundations for deeper discussion around future collaboration to assess and address risks in our shared supply chains.



Actions to assess and address COVID-19 risk

Although challenges remained, we began to see a transition back to business as usual in FY22 as the COVID-19 pandemic evolved.

We maintained previous initiatives to support and help our key stakeholders manage the various risks that emerged throughout the pandemic, including:

- making modern slavery awareness training available for all onshore team members
- working with suppliers to review the contents and timing of shipments, to avoid cancellations
- enhancing planning and forecasting to allow our suppliers sufficient time to schedule production of our orders
- developing corrective action plans focused on better management of work hours to ensure that overtime hours are voluntary for workers in supplying factories.

Remediation

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

In FY22, we have not had cause to implement any remediation actions.

In FY22, we have continued to engage an organisation that specialises in human rights law and helping victims of modern slavery. We will work closely with this organisation to review our existing remediation procedure for completeness, and to assist in the practical implementation of grievance mechanisms across our complex supply chains.

We acknowledge the sensitive nature of remediating instances of modern slavery. We are committed to maintaining processes that focus on the needs and wellbeing of the victim, and prioritise removing them from the situation of modern slavery in a safe manner.

Where our audits reveal areas of concern, we will also work with our supply partners to develop corrective action plans and integrate remediation protocols into our shared operations. Our aim is to achieve consistency and aid our efforts to further influence positive change in parts of our supply chains beyond our tier-one suppliers.

Assessing effectiveness

Our focus in FY22 was to build on the information we had gathered from previous reporting periods to commence actions to address identified modern slavery risks in our supply chains. A key component of this was to work with an independent external consultant in reviewing factory audit reports for our key suppliers and developing appropriate corrective actions where required. This initiative helped us to better understand the potential reality behind audit findings, and available solutions to address these findings. It highlighted the importance of regular factory audits as part of due diligence and to assess the ongoing effectiveness of our actions.

This led to the development of an ethical audit checklist and corrective action register, both of which will enable us to report, track and measure supplier management of modern slavery risks. Once we have reviewed all supplier audit reports in FY23, we will have established a baseline measure to inform future actions. This is critical to our ability to show continuous improvement, and to assess the effectiveness of actions taken to address risks. It will enable us to gauge whether suppliers have allowed previously addressed risks to recur.

To further support these initiatives, we developed and implemented a risk-audit framework to inform the frequency of future factory audits for our direct import suppliers, in a manner that is commensurate with their associated level of risk. The framework guides us in prioritising actions and resources in the areas with the highest risk. A key component of the framework was to establish clear guidelines and timeframes for managing modern slavery risks, which creates accountability for us and our suppliers. The framework details actions to be taken by us in the event that risks are not addressed within the agreed timeframe.



Consultation

Our Chief Executive Officer, Mark Coulter, led the preparation of this Modern Slavery Statement. This included consulting with new business units, the executive team, the Head of Quality, Compliance and Sustainability, and the Modern Slavery Committee

regarding modern slavery risks, mitigation strategies, training, evaluating effectiveness, resourcing, remediation and due diligence. The Audit and Risk Committee also reviewed our actions, progress and adherence with the requirements of the Modern Slavery Act.

Future priorities and commitments

We are committed to expanding the scope of our engagement and collaboration with wider industry partners, human rights experts and professional consultants who can help educate and guide us towards effective and meaningful change within our operations and supply chains.

We will continue to prioritise our efforts in the areas where we can have the most impact and influence, and which are most relevant to our industry. We believe this approach will help to educate and empower our partners to address the challenges associated with protecting human rights. It is important that we grow with partners who share in our vision to make the world more beautiful.

Our quality, compliance and sustainability team will continue to develop and implement guiding policies, frameworks and governance structures to ensure we, and our suppliers, are effective in achieving this goal.

Our priorities for FY23 are to:

1. Build on the findings from our ethical factory audit reports, ensuring 100% of private-label suppliers have been sent corrective action plans (where required)
2. Develop and deliver a modern slavery education and training program specifically for Australian-based employees who work in procurement
3. Engage and collaborate with key dropship suppliers to facilitate knowledge sharing and develop actions to address modern slavery risks
4. Develop and share our Modern Slavery Charter with all dropship suppliers
5. Build on the learnings from our Modern Slavery Charter to develop an internal Supplier Code of Conduct.

Approval of modern slavery statement

This statement relates to our financial year 2022 and was approved by CEO Mark Coulter and our Board of Directors.

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

Mark Coulter



Modern Slavery Statement FY22