

Modern
Slavery
Statement
FY21



Introduction

At Temple & Webster, we're committed to making the world more beautiful.

We understand that in order to see our vision come to life, we must work closely with our partners to develop greater transparency across our operations and supply chains so that we can identify opportunities to show continuous improvement in all risk areas.

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. We have a zero tolerance policy to all forms of modern slavery.

Our first reporting period in financial year 2020 allowed us to gain valuable insights into the conditions and practices established at our offshore suppliers' factories. This information has guided our corrective measures in financial year 2021 and will continue to guide priorities and corrective measures. We have also implemented a process to track supplier ethical performance.

In addition to the above, we have also established an understanding of the risks associated with our onshore supply partners, with a specific focus on geographic risk.

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 engaging with all stakeholders throughout the supply chain to improve our understanding of those risks, so that they can be managed and addressed effectively.

We understand that it will require time to be able to influence material change across our supply chains and operations, which is why our approach to date has been largely focused on assessing the risk associated with our tier one suppliers, as this will provide the necessary foundations for our continuous improvement plan.

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 2021 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 the leading pure play online retailer of furniture and homewares in Australia.

Through our online store www.templeandwebster.com.au, we sell a diverse range of products for the home and office to both residential and commercial (trade) customers in Australia. Temple & Webster offers a curated selection of over 200,000 products (as at 30 June 2021) on sale from hundreds of suppliers. We run an innovative 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 over 250 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 500 people across our onshore and offshore operations.

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

We work with over 700 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

Although we are a young company, we take our social and ethical responsibilities very seriously. 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. Corporate governance policies and statements can be found on our [investor relations website](#).

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.

During this reporting period, we established an in-house legal and risk department to review, improve, implement, and manage our organisational risk framework. This will be used to report, track, and measure any direct modern slavery risks identified throughout the reporting period. All recorded risks will be reviewed on a regular basis as part of our governance and risk management framework.

For the specific purposes of compliance with the Act and continuous improvement, we have also established an internal Modern Slavery Committee, consisting of key stakeholders responsible for supply chain management. The Committee meets as frequently as required and is responsible for the actions taken within each reporting period to assess and address modern slavery risks. The Modern Slavery Committee will be required to report regularly on modern slavery risk to the Audit and Risk Management Committee.

Our key supporting governance policies include:

- Code of Conduct
- Diversity Policy
- Whistleblower Policy
- Grievance Policy (Internal HR policy)
- Anti-Bribery and Corruption Policy
- Anti-Slavery Policy (Internal HR policy)
- Information Security Policy



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 continued to use this position of influence and prioritise due diligence and risk mitigation in this category.</p>	<p><i>High</i></p> <p>Implement an ethical audit framework which prioritises corrective action plans (where necessary) to address key risk areas and display continuous improvement</p>
	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 geographic origin of manufactured products procured through this category in FY21, we have identified the potential risk for forced labour, child labour, deceptive recruitment and bonded labour.</p> <p>We will be conducting a survey of our dropship suppliers in FY22 to build greater transparency and understanding of the associated modern slavery risks, which will inform our mitigative actions in future reporting periods.</p>	<p><i>High</i></p> <p>Continue due diligence and conduct survey of dropship suppliers</p>

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, especially during 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
	Electronics	We acknowledge that inherent risks of modern slavery are directly linked to 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> 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 employee of Temple & Webster.	<i>Low</i> 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.	<i>High</i> Need for these services has increased since the COVID-19 pandemic. Undertake due diligence with cleaning and security service provider(s)

Classification of potential risks in our supply chain

Supply Chain Sector	Category	Risk Identification / Indicators	Priority Rating
Operational suppliers	Third-Party Labour Hire	We acknowledge that inherent risks of modern slavery are associated with the recruitment of third-party labour. These risks can be associated with various labour issues such as 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
	Catering and Hospitality	We acknowledge that inherent risks of modern slavery are associated with 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

Actions to assess & address Modern Slavery risk

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

Geographic Risk Assessment of our Dropship Range

We analysed 100% of our partner supplied (dropship) range to validate the country of manufacture for these products. This exercise allowed us to complete a high-level risk assessment on each of those countries and assign a risk rating based on various geographical factors. This work has allowed us to develop greater transparency and scope beyond our local tier one suppliers. By assigning a risk rating to each of the geographical regions from which our dropship products are manufactured, we were able to develop a prioritisation plan which will allow us to focus our mitigation efforts on the key risk areas in future.

Education and Training

Ensuring that our team understands the core areas of modern slavery are key to mitigating risk and showing continuous improvement across all functions of our business. In FY21, we commenced phase two of our training program which focused on:

- Training for our Modern Slavery Committee on the fundamentals of modern slavery, our obligations under the Act, and key modern slavery risk indicators relative to our business
- Education for our Modern Slavery Committee on the actions we have taken to date and why these were prioritised
- Agreement on content for a more robust training program to be facilitated for all employees in FY22.



Anti-Slavery Policy

In FY21, we developed and circulated (internally) an Anti-Slavery Policy outlining our key commitments in meeting modern slavery legislation and modern slavery due diligence. The policy will be uploaded to the Temple & Webster Group website in FY22.

Independent Factory Audits

99% of private label suppliers have undergone an ethical factory audit with either BSCI, Sedex or QIMA. We have continued to support the one supplier who has yet to undergo an ethical factory audit due to the serious operational pressures and constraints sustained as a result of the COVID-19 pandemic. They remain open and willing to collaborate with us in this space and we plan to conduct this factory audit as soon as it is possible to have auditors on-site at the factory.

As per the audit process, suppliers have been allocated a score and will be prioritised accordingly for implementation of corrective actions. We aim to have corrective action plans (where necessary) in place with our key private label suppliers by the end of FY22.



Actions to assess and address COVID-19 risk

Reporting period FY21 was a challenging time for our team and suppliers due to global lockdowns and restrictions. We implemented a range of initiatives to support and help our key stakeholders manage the various risks which emerged from the COVID-19 pandemic.

For example, our category and buying teams were made aware of the human rights risks associated with COVID-19 to help them better understand the risks and provide them with options for working with suppliers.

This includes identifying alternate solutions to cancelling orders which are subject to extended lead times, as this could result in workers not being paid. Similarly, we cancelled a number of orders at the request of our suppliers to assist and help them get back on track.

We worked closely with our suppliers throughout FY21 when they were unable to meet agreed supply targets, helped to minimise the associated impact, and ensured they were supported.

Remediation

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

In FY21, we have not had cause to implement any remediation actions.

Through our Remediation Procedure and Response Plan, we have processes in place if an instance of modern slavery is found.

In FY21, we have continued to investigate tools and resources to ensure that we have adequate guidance and support to assist in the effective implementation of remediation procedures in the event that we identify a case of modern slavery within our operations and supply chains.

We are currently in discussion with an organisation that specialises in helping victims of modern slavery and will engage with them further during the FY22 reporting period.

We also have established 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 systematic, fair and timely manner.

Assessing effectiveness

Our focus in FY21 was to develop a greater understanding of the modern slavery risks associated with our tier one suppliers. This included completing phase one of our ethical audit program for 99% of private label suppliers, and a geographic risk assessment of our dropship supply chains. An internal Modern Slavery Committee was established, comprised of key stakeholders in the procurement function, to inform, oversee, and assess our actions in response to modern slavery. The committee will meet as frequently as required.

Our Modern Slavery Committee has commenced work to establish an ethical audit framework for our private label suppliers, which will allow us to monitor and assess the effectiveness of our actions in each reporting period. This framework will be implemented across all private label suppliers in FY22 and will be reviewed annually by the Modern Slavery Committee.

We understand that the review of actions taken to assess and address risk across our dropship suppliers will be an ongoing process, but it is one that we are firmly committed to building on, particularly through greater engagement with our local supply partners. We will set targets annually to develop a more detailed risk profile of our dropship supply chains. This will allow us to assess the effectiveness of those targets at the end of each reporting period. It will also provide learnings for future commitments and actions.

The methodology used in the last two reporting periods has been integrated into our risk and governance framework.

The framework allows us to track, measure, and report on modern slavery risks. This will help us assess the effectiveness of our actions in each reporting period.



Consultation

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

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

Future priorities and commitments

We remain committed to continual improvement in each reporting period. We will continue to engage across all areas of our operations and supply chains, and collaborate with industry experts to help guide us and ensure our actions are effective, measurable, and can be integrated into our existing risk management structure.

We have a newly established sustainability function within the business which will continue to liaise with the Modern Slavery Committee and oversee the work undertaken in response to modern slavery and human rights risk.

Our priorities for FY22 are:

1. Key private label suppliers have received corrective action plans (if necessary), building on the findings from ethical factory audit reports
2. A risk-audit framework is in place with all private label suppliers to facilitate continuous improvement in key areas
3. Phase three of our modern slavery education and training program is provided for all onshore employees
4. Modern slavery questionnaire sent to all dropship suppliers
5. Agreements with operational suppliers identified as high priority are reviewed
6. Our Anti-Slavery Policy is published to our investor relations website

Approval of Modern Slavery statement

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

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

Mark Coulter



Modern Slavery Statement FY21