
BUNNINGS GROUP

COMMUNICATION ON PROGRESS



Reporting period: 1 July 2020 to 30 June 2021

STATEMENT OF CONTINUED SUPPORT

To our stakeholders,

I am pleased to confirm that Bunnings Group reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress for financial year ending 30 June 2021, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

Michael Schneider
Managing Director
Bunnings Group

DESCRIPTION OF ACTIONS

Human Rights

Bunnings Group respects and supports the dignity, wellbeing, and human rights of workers in our supply chain and operations. In 2021, under our parent company Wesfarmers, Bunnings released its sixth [Modern Slavery Statement](#) and [Our Approach to Human Rights](#) report which details how we manage our most salient human rights risks.

Training the Bunnings team and suppliers was a major focus throughout the year, with over 1,200 Bunnings team members and more than 300 suppliers and manufacturers completing online modern slavery and human rights training. Bunnings' Ethical Sourcing Program is regularly reviewed in response to emerging human rights and modern slavery risks. During the financial year, Bunnings' Modern Slavery Remediation Requirements were revised to include the ILO's 11 Indicators of Forced Labour. The requirements outline basic preventative measures suppliers should take to minimise this risk as well as remediation actions, should a case of forced labour be identified.

In March 2021, Bunnings signed an open letter to the New Zealand Government in support of introducing Modern Slavery legislation. In the coming year, Bunnings will continue to expand its Ethical Sourcing Program towards its long-term objective of achieving appropriate human rights due diligence covering all goods for resale, goods not for resale and services.

Labour

Bunnings recognises their role in upholding human rights with Bunnings' robust Ethical Sourcing Program continuing to evolve in line with industry developments. Bunnings takes a risk-based approach to the ethical procurement of goods and services based on the United Nations Guiding Principles on Business and Human Rights (UNGPs), 'Protect, Respect and Remedy' framework. This program includes relevant provisions in supplier trading terms, sourcing policies, human rights due diligence for high risk suppliers, training and education, which is underpinned by the [Bunnings' Ethical Sourcing Code of Conduct](#).

In accordance with the UNGPs, Bunnings works collaboratively with suppliers and manufacturers to remediate issues identified through third-party audits. In the financial year, 138 manufacturing sites remediated more than 1,370 non-conformances identified via third-party audits, which improved working conditions for over 50,000 workers in 15 countries.

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Bunnings' grievance mechanism program, Speak Up, continued during the year, with 119 factories throughout China participating in the program. In response to worker feedback, Bunnings delivered an online training module during the year, providing practical advice and guidance to factory management teams about how to effectively manage production needs and working hours. During the year, Bunnings also expanded the scope of its Speak Up Program by making it available to in-store service providers such as cleaners and security guards across Australia and New Zealand.

Environment

Carbon & Energy

Bunnings recognises business has an important part to play in reducing carbon emissions and addressing climate change.

Reducing energy consumption and transitioning towards more renewable energy across its network underpins Bunnings' efforts to reduce carbon emissions.

In October 2020, Bunnings announced plans to source 100 per cent renewable electricity by 2025, to help achieve its target of net zero Scope 1 and 2 emissions by 2030.

During the financial year, Bunnings delivered continued progress against its emission reduction targets, with emissions reducing by 11 per cent.

The reduction is attributed to energy efficiency initiatives and expanded generation of renewable energy. In addition, Bunnings purchased 30 per cent GreenPower for most large sites in Australia from 1 July 2020.

Bunnings continued to expand the network of solar photovoltaic (PV) systems. During the year, 21 sites had solar PV systems installed with 85 sites in total completed as at 30 June 2021. The total installed capacity of these systems is over 22 megawatts, equivalent to powering 4,500 households.

To accelerate energy efficiency across the store network, LED lighting is a standard inclusion for all newly built stores and is being gradually retrofitted across the existing network. During the year, LED upgrades were completed at 43 warehouses and 12 smaller format stores. At the end of the financial year, 191 warehouses, 25 smaller format stores and five trade centres were using LED lighting, equating to 58 per cent of the network.

During the year, Bunnings also installed next generation LED ceiling lights at the Bunnings Port Lincoln store in South Australia. Made from recycled CDs and plastics, it was an Australian-first retail installation and will roll out across a number of stores in the next financial year.

In February 2021, Bunnings launched a new trial store design at the new Bunnings Melton East store in Victoria. Design features include a highly-insulated roof with no skylights to reduce heat gain and loss, insulated walls rather than concrete panels to improve thermal efficiency and an insulated wall between the warehouse and timber yard to maintain the warehouse comfort levels with greater levels of efficiency. The store also has a 300 kilowatt solar PV system. The relative energy performance from these initiatives will be monitored to inform future store designs.

The focus for the next financial year will be to develop new pathways to reduce reliance on traditional energy by transitioning to renewable sources, with the aim to find solutions that benefit the business, customers, and the environment.

Waste & Packaging

Reducing operational waste, minimising packaging, and providing product recycling solutions for customers remain key to Bunnings' efforts to reduce waste and packaging across the network.

During the year, Bunnings focused on identifying opportunities for reduction and substitution of packaging across its product range. To help achieve this, an online portal was developed to capture baseline packaging data for Bunnings' directly sourced products. In the coming financial year, the portal will be expanded to incorporate additional suppliers to Bunnings.

As a signatory to the Australian Packaging Covenant Organisation (APCO), Bunnings is committed to its target of 100 per cent sustainable packaging by 2025. During the financial year, Bunnings continued to work with suppliers to

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understand requirements to transition to sustainable packaging by 2025 and incorporated APCO's Sustainable Packaging Guidelines into its packaging guidelines and range review process.

Bunnings also continued to include the Australasian Recycling Label (ARL) on packs to help customers better understand packaging recycling, with over 500 products now displaying ARL information. Bunnings will continue to work with suppliers to implement the ARL to additional products in the coming years.

Reducing operational waste is an important opportunity for Bunnings. To accelerate waste diversion, Bunnings undertook targeted waste audits in key stores across the Australian network, with the aim of providing an assessment of the current waste being generated, recovered, and sent to landfill. The audits will help inform waste reduction actions for the business in the coming financial year.

Bunnings continued to work with social enterprises, businesses, and not-for-profit organisations to provide recycling programs for batteries, electrical items, waste paint and packaging.

During the year, over 7,500 kilograms of batteries were collected from customers through 13 metropolitan Melbourne stores and over 1,500,000 kilograms of e-waste was collected from customers through Bunnings' South Australian network. The e-waste collected includes power tools, fans and heaters and is recycled through Minda's Unplug N' Drop Program. With Bunnings' support, ongoing employment is provided through this program for 50 people with a disability.

Paint recycling events were reintroduced at Bunnings stores later in the year as COVID-19 restrictions eased. As a result, seven Paintback events were hosted at Bunnings stores, collecting over 40,000 kilograms of waste paint and packaging.

In the coming financial year, Bunnings will heighten its focus on waste reduction across the business through improved reporting and management of waste streams and increased diversion from landfill. There will also be a continued effort to collect product packaging data to aid the reduction and transition of primary, secondary, and tertiary packaging across the Bunnings product range.

Responsible Sourcing

Bunnings' responsible sourcing program focuses on identifying and mitigating potential social and environmental risks associated with sourcing timber. Bunnings' goal is to ensure all timber and wood products originate from legal and well managed forestry operations.

To reduce the risks associated with uncertified natural forest timber procurement, in August 2018 Bunnings revised its [Responsible Timber Sourcing Policy](#) (Policy). The revision requires all natural forest timber products to be independently certified to Forest Stewardship Council® (FSC), Programme for the Endorsement of Forest Certification (PEFC) or other equivalent standard by the end of 2020, with FSC preferred in highly contentious regions.

In December 2020, Bunnings released an addendum to its Policy to acknowledge and reflect the legitimate challenges encountered by incumbent suppliers that had been adversely affected by COVID-19. This addendum granted an extension to seven affected suppliers beyond the December 2020 Policy certification deadline. Bunnings continues to work closely with these suppliers to monitor their progress to complete certification of existing natural forests or transition to a low-risk plantation source.

During the year, Bunnings also reviewed and updated its due diligence process to monitor timber supplier performance in accordance with its Policy and increased the frequency of timber supplier surveys to facilitate more accurate and regular monitoring. Bunnings' responsible timber sourcing survey is required to be completed by suppliers of timber, wood or fibre products to Bunnings, and captures the timber species, country of harvest, forest type, country of manufacture, applicable timber certification, and product claims for timber products including component and composite products which have a percentage of timber inputs.

Bunnings recognises responsible sourcing practices apply to other commodities and raw materials and further exploration of risks associated with other key commodities will be undertaken in the coming financial year.

Anti-Corruption

Bunnings is committed to complying with the laws and regulations of the countries in which we operate and to acting in an ethical manner, consistent with the principles of honesty, integrity, fairness, and respect.

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Bribery and related improper conduct are serious criminal offences for the company and any individuals involved. They are also inconsistent with the [Wesfarmers Anti-bribery Policy](#), which prohibits Directors and employees in the Group from engaging in activity that constitutes bribery or corruption. The policy provides guidelines for the conduct that constitutes bribery or corruption. The Board is provided with details of any material breaches of the Anti-bribery Policy in accordance with Wesfarmers' reporting processes and procedures, for immediate attention if and as required. Relevant Bunnings team members undertake Anti-Bribery training on a periodic basis.

MEASUREMENT OF OUTCOMES (1 July 2020 to 30 June 2021)

Greenhouse gas emissions (tonnes CO ₂ e)				
Scope 1 & 2 ¹	Scope 1 & 2 ²	Scope 3 ³	Total	Total
Location Based	Market Based		Location Based	Market Based
234,472	110,267	7,658,123	7,892,596	7,768,390

Waste (tonnes)	
Disposed	Recovered
31,759	35,167

Water use (megalitres)
1,364

Modern slavery and ethical sourcing training			
Number of people trained		Total hours training delivered	
Suppliers	Team Members	Suppliers	Team Members
328	1,392	169.00	782.00

Ethical sourcing audit program findings	
Total number of suppliers registered on your books	6,276
Suppliers not covered by the audit program	5,979
Number of suppliers covered by the audit program	297
Suppliers audited during the financial year	111
Suppliers part of the audit program but not audited during the financial year	186
Suppliers audited during the financial year with no critical breaches	51
Suppliers audited during the financial year with critical breaches identified	60
Factories covered by the audit program	984
Factories covered by the audit program, but not audited during the financial year	647
Factories covered by the audit program, with critical breaches during the financial year	98
Total number of critical breaches	197