
Environmental, Social & Governance Due Diligence Report

Project Kingfisher - Target Co Pty Ltd

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1. Scope and Methodology

EY has been engaged by Wesfarmers Limited to conduct environmental, social, and governance due diligence on Target Co Pty Ltd ("HomeStyle") in connection with Project Kingfisher. This assessment covers regulatory compliance, climate-related risks and opportunities, supply chain sustainability, workforce and social matters, and governance frameworks.

2. Environmental Assessment

2.1 Carbon Emissions Profile

Scope	Emissions (tCO ₂ e)	% of Total	Trend (YoY)
Scope 1 (Direct)	4,280	1.2%	-3.1%
Scope 2 (Electricity - Location)	18,450	5.3%	-8.4%
Scope 2 (Electricity - Market)	12,320	3.5%	-15.2%
Scope 3 (Upstream supply chain)	298,500	85.4%	+2.1%
Scope 3 (Downstream / use of products)	28,150	8.1%	+1.5%
Total (Market-based)	343,250	100.0%	+0.8%

The Company has made progress on Scope 1 and 2 emissions reduction, primarily through a power purchase agreement with a solar farm in western Victoria (operational since 2024). However, Scope 3 emissions remain the dominant contributor and present the greatest challenge for alignment with Wesfarmers' group-level decarbonisation targets.

2.2 TCFD Alignment

Target Co has not yet published a standalone climate report aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework. As a private company, this has not been a regulatory requirement. However, following the introduction of mandatory climate reporting under AASB S2 for large entities from FY25, the Company will need to implement TCFD-aligned reporting within 12-18 months of acquisition.

3. Supply Chain Assessment

3.1 Supplier Geographic Concentration

Country	# of Suppliers	% of COGS	Modern Slavery Risk Rating
Vietnam	42	28%	Medium-High
China	31	22%	Medium-High
Indonesia	18	12%	High
India	14	8%	High
Australia	87	18%	Low
Other (Europe, Japan)	23	12%	Low
Total	215	100%	-

3.2 Modern Slavery Act Compliance

The Company publishes an annual Modern Slavery Statement as required under the Modern Slavery Act 2018 (Cth). Our review of the FY24 Statement identified several areas requiring improvement to align with Wesfarmers' group standards:

Gap 1: Only 68% of Tier 1 suppliers have completed the Company's ethical sourcing assessment (vs. Wesfarmers' target of 100% for material suppliers).

Gap 2: No systematic assessment of Tier 2 suppliers has been conducted. The Company relies on Tier 1 suppliers' self-declarations regarding sub-contracting arrangements.

Gap 3: Two factory audits in Indonesia (FY24) identified working hours non-compliance which remain in remediation status.

4. Governance

Target Co operates under a simplified governance structure typical of a founder-led, private company. The Board comprises four members: Michael Chen (Chair and Managing Director), Sarah Chen (Executive Director), one independent non-executive director, and the CFO. This structure will require significant enhancement post-acquisition to comply with ASX Corporate Governance Principles and Wesfarmers' group governance framework.

We recommend that the post-acquisition integration plan include appointment of at least two additional independent directors, establishment of Board sub-committees (Audit, Risk, Remuneration, ESG), and implementation of Wesfarmers' standard delegation of authority framework within 6 months of completion.