



TARGET SUSTAINABILITY REPORT 2014



At Target, we want to ensure we are making a positive difference for customers, team members, supplier partners, by minimising our environmental impact, being active members of our communities, promoting diversity and ensuring our products are sourced ethically.

We are a department store retailer with a presence throughout metropolitan and regional Australia and a growing online business. We sell a wide range of products for the contemporary family, including apparel, homewares and general merchandise.

We have a national network of over 300 stores generating sales of over \$3.5 billion. We employ over 21,000 team members across our stores, support offices and direct sourcing operations in Asia.

Our purpose:

Making fashion, style and quality affordable

About this report:

This report outlines the social and environmental contributions by Target Australia throughout the 2014 calendar year. All data tables displayed throughout this report are captured from the financial reporting period of July 2013 to June 2014. More information about the collection of this data can be found in the 2014 Wesfarmers sustainability report at www.wesfarmers.com.au





A message from our Managing Director

I am pleased to share with you our progress on sustainability throughout 2014. At Target we strive to be a sustainable, ethical and socially responsible business. We work to make a positive difference in all parts of our business by being active members of our communities, promoting diversity, ensuring our products are sourced ethically and by minimising our environmental impact.

A major highlight this year was achieving our 50,000th Buddy Bag packed for the Alannah & Madeline Foundation to help kids fleeing violent situations. This cause is close to our hearts, and we are proud to have supported the foundation for over six years now.

I am also proud that we have increased our commitment to diversity through the launch of our Aboriginal & Torres Strait Islander Plan, which has already begun to create genuine employment and commercial opportunities for Indigenous communities since launching earlier in the year.

Our strong safety record continued to improve with a number of initiatives launched to achieve a 32 per cent reduction in our lost time injury frequency rate and a 13 per cent reduction in total recordable injury frequency rate.

We continued to strengthen our ethical sourcing practices including establishing an office in Bangladesh and increasing our transparency by publishing our Bangladesh suppliers names on our website with a commitment to sharing our entire list by end of 2015.

We have also increased our commitment this year to reducing our environmental footprint by investing in energy efficiency initiatives across our network of stores.

These highlights and more are shared throughout this report. While we are making great progress, we still have a lot to do. I am looking forward to sharing ever bigger and better things in 2015.

A handwritten signature in black ink that reads "Stuart Machin".

Stuart Machin
TARGET MANAGING DIRECTOR

PEOPLE & SAFETY

Target's Aboriginal and Torres Strait Islander Strategy

This year Target has increased its commitment to Aboriginal and Torres Strait Islander engagement. We recognise we have an opportunity as a major Australian retailer to help make reconciliation a reality. We are committed to playing an active role to improve the economic participation of Aboriginal and Torres Strait Islander communities across Australia.

This commitment started with the Target leadership team undertaking a full day of cultural awareness training to better understand the issues still present today and learn how Target can play a role in making reconciliation a reality.

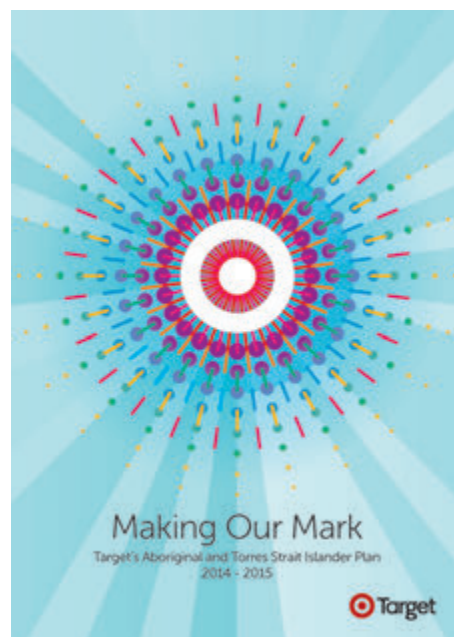
From there, an Indigenous Affairs Manager role was established in April 2014 to develop a strategy to increase our levels of Indigenous employment, support Aboriginal and Torres Strait Islander enterprise and increase the understanding of and respect for Indigenous culture across the Target team.

To achieve this, our plan concentrates on:

- Cultivating meaningful relationships
- Developing our understanding and respect of Indigenous cultures
- Building genuine Indigenous employment and business opportunities

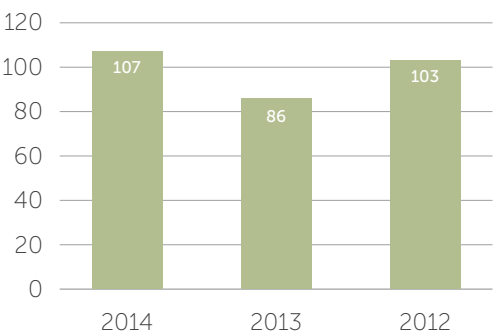
Highlights this year:

- Indigenous Affairs Manager appointed to develop and implement Aboriginal and Torres Strait Islander employment and supplier strategies.
- Launched Aboriginal and Torres Strait Islander Plan.
- Partnered with Geelong Football Club in 2014 to host 'The Gathering', a healthy lifestyle camp for 40 Aboriginal and Torres Strait Islander young people in the Greater Geelong region.
- From 2012 to 2014, Target has supported Indigenous students to study undergraduate degrees through Deakin University's Institute of Koorie Education. This funded scholarships that assisted six students to pursue tertiary education.
- Senior Leadership Team participated in cultural awareness training in April 2014. Cultural awareness training delivered for merchandising team on respecting Indigenous intellectual property.



PEOPLE & SAFETY

Aboriginal and Torres Strait Islander employees (self-identified)



You can learn more about Target's commitment to reconciliation in our **Aboriginal and Torres Strait Islander Plan** which is available at www.target.com.au/company/indigenous-engagement

Safety at Target

Our safety performance continued to improve on previous years, with a 32 per cent reduction in our lost time injury frequency rate to 5.7 and 13 per cent reduction in total recordable injury frequency rate to 37.8.

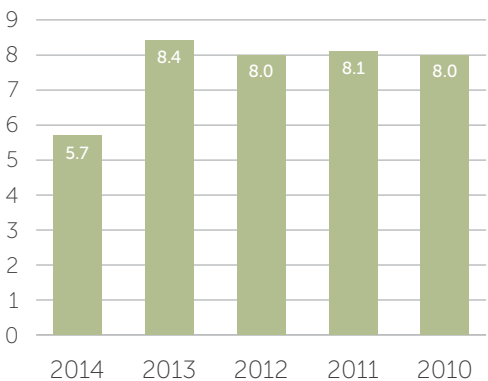
Open workers compensation claims reduced by 28 per cent which exceeded expectations for the year and new worker's compensation claims also reduced by 16 per cent.

The positive results were attributed to factors such as an increased focus on hazard and claims management at stores, improved manager safety knowledge through coaching and training and the introduction of a new web-based site operational health and safety plan.



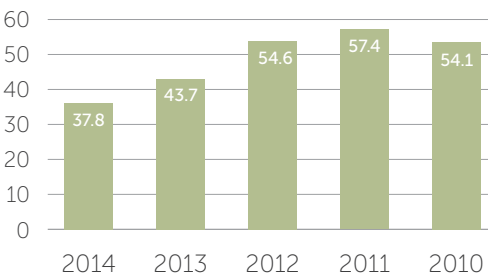
Safety Incidents

Lost time injury frequency rate (LTIFR)¹



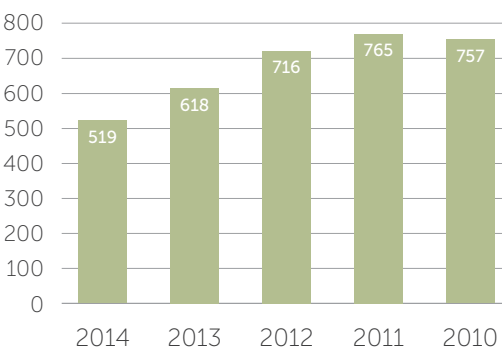
¹ LTIFR is the number of Lost Time Injuries, divided by the total hours worked multiplied by one million

Total recordable injury frequency rate (TRIFR)¹



¹ TRIFR is the number of Lost Time Injuries and medical treatment injuries, divided by the total hours worked multiplied by one million

Workers' compensation claims



PEOPLE & SAFETY

Achievements

Target Site Operational Plan

In July 2013 the Target Safety Team released a Web Based Safety Management Tool called the Site Operational Plan – Safe, Secure, Sustainable replacing a paper based plan in use since 2008. The new plan allows Target sites to plan, schedule and capture safety activities to enable them to provide a safe workplace. The plan also captures asset management and sustainability actions and was nominated for the 2014 Wesfarmers Innovation Awards.

InjuryCARE 1300 launch

InjuryCARE 1300 enables Team Members to have immediate phone access to a nurse for work related injuries. This expansion of the original InjuryCARE program also eliminates delay and additional paperwork for stores to access medical treatment for injured team members.

The program has been an immediate success with extremely positive feedback from managers and team members.

Due diligence workshop

In June 2014, a due diligence workshop was provided to the top 45 leaders of Target. The one hour workshop covered the health and safety duties of officers within the business and explored ways to ensure officers effectively manage health and safety within their area of responsibility. Participants used real-time interactive devices to respond to questions asked during the workshop.

Leadership & Development

Retail Leaders Program

We are excited to have recently launched our new Retail Leaders Program. Retail Leaders is a development program focusing on high potential and high performing team members at Target. The program aims to accelerate the development and progression of future store leaders.

A world-class framework has been developed to focus on the skills, knowledge and experience necessary to be a successful leader at Target. Participation in the Retail Leaders Program includes a structured development program, appointment in a hands-on caretaking role, peer support through the Retail Leaders Buddy Program and mentoring from a senior leader.

The initial pilot is well underway and consists of 14 team members identified through our talent review process. Embracing our commitment to increasing the representation of women in leadership, 50% of our retail leader participants are female (30% of coaches are also female).

There will be a further intake of future store managers in April 2015.



ETHICAL SOURCING

At Target, we believe that our presence in Bangladesh and other developing countries can be a catalyst for improving the lives of thousands of workers. We want our customers to be confident that the products they buy from us have been produced in safe, fair and equitable working conditions.

Throughout 2014 we have conducted hundreds of factory audits to ensure workers are being treated properly, and that their working conditions are safe and secure. Over this time, our business has been particularly focused on Bangladesh factory suppliers. While only approximately five per cent of store range is sourced from Bangladesh, recent factory tragedies have reinforced the need for retailers operating in that country to ensure they play an active role in improving working conditions and safety standards.

We continue to invest in an ethical and transparent supply chain. This year we established a Target direct sourcing office in Bangladesh employing more than 30 people which allows us to stay close to our Bangladesh factory partners, and make sure they are operating safely and in a manner Target and our customers expect.

These initiatives are the next steps in our journey to building a world-class, transparent and ethically-driven sourcing program. Target is proud of its transparent sourcing model, and is committed to ongoing improvements.

Increasing our transparency:

In 2014, Target published a list of its Bangladesh factory partners as part of its commitment to ensuring transparency and safe working conditions in its overseas supplier factories. Supply chain transparency is key to our commitment to improving working conditions and safety standards in Bangladesh and other sourcing countries.

We have a responsibility to ensure that everyone who works for our business, whether directly or indirectly is safe in their workplace. This is also a concern for our customers, who want to know that the products they purchase from Target are sourced and produced ethically. Target is one of the first Australian retailers to publicly commit to publishing details of its factory suppliers.

Oxfam Australia has applauded our actions stating that "Target's disclosure of Bangladesh supplier factory locations will enable researchers, NGOs and civil society groups to independently check workers' conditions by speaking to workers on site, we urge other Australian retailers to be open about where they source their garments."



ETHICAL SOURCING

Factory Auditing

During the year, we continued our commitment to improve working conditions in our supplier factories. This included strengthening our Ethical Sourcing Code (ESC), an improved risk assessment audit, ESC induction training for our buying teams and raising our factory grading scale. This year, Target's ESC program covered 1142 factories that manufactured house-brand products to our business for resale. 1089 factories met our minimum ESC requirements with the remaining needing compulsory conditions for improvements and re-audits following up on corrective action plans.

Critical breaches were found in 10 factories, mostly being for attempted bribery. These factories were subsequently deregistered resulting in no further orders being placed.

Some larger national branded suppliers have invested in their own ESC. Where a supplier can demonstrate this on a public website, and where their policy is equivalent to Target's ESC, Target will endorse the external policy. This year Target endorsed 158 suppliers, the endorsement program puts a greater emphasis on performing due diligence on all vendors to ensure they have their own ethical sourcing practices.

The factories under our audit program were in a range of countries, including China, Bangladesh, Thailand and India.



Better Business, Better Workers Program by Impactt

This year we joined Impactt's Benefits for Business and Workers Program (BBW). Thirteen of our Bangladeshi supplier factories have signed on to participate in the program throughout 2014.

BBW is an innovative training and consultancy program which focuses on improving factories' productivity, efficiency, quality and human resources management and delivering better jobs for workers. BBW trained factories invest in their workforce, deliver proper induction systems, have better communications and better access to skills development and promotion, increasing employee satisfaction and prompting a sense of self-worth. Workers are able to enhance their skills, and access promotion, achieving better social mobility.

Learn more about the program at impacttlimited.com

Target Asia Charity Donation - HK\$3 Million!

Our Target Asia team partnered with Rotary International on 29 June 2014 to donate HK\$3 million (approx. \$450,000 AUD) worth of women and men's apparel and accessories to four local non-government organisations; Caritas Hong Kong, Christian Action, Salvation Army and St. James' Settlement. All goods and funds raised will help support those in need. A group of beneficiaries of the donated goods attended the handover ceremony together with representatives of the four non-government organisations.



COMMUNITY

At Target, we are passionate about community. Our community programs and partners have a shared vision centred on safe, happy families. In 2014 we delivered with the help of our customers over 2.5 million dollars to important causes to achieve this vision.

Target & the Alannah & Madeline Foundation: 50,000 Buddy Bags Milestone

Since 2008, Target has supported the Alannah and Madeline Foundation, which cares for children who have experienced or witnessed serious violence and advocates for children's safety and wellbeing.

Target is the principal sponsor for the foundation's Buddy Bags Program. This program supports children in emergency care, who have often had to leave home quickly because of a threat to their safety, without the chance to collect basic items. These children can arrive in emergency accommodation with just the clothes they are wearing.

Buddy Bags are backpacks containing pyjamas, socks, underwear, toiletries, a pillowcase, book, journal and a teddy bear. These basic items help children settle into emergency accommodation, providing essentials to maintain their daily routine and offering them simple comforts.

Through sales of reusable bags at store checkouts, Target has donated more than \$2 million over the last six years to buy, fill and distribute buddy bags across Australia wherever and whenever they are required. With Target's help, in October 2014 the 50,000th Buddy Bag was packed to be donated to children fleeing domestic violence – a bittersweet milestone.

In addition to funding the program, Target team members regularly volunteer at the Alannah and Madeline Foundation office to help pack and distribute buddy bags across Australia.

Learn more about the buddy bag program at:
<http://www.amf.org.au/BuddyBags/>



COMMUNITY

Target Kids Teaching Kids Week

2014 Target Kids Teaching Kids Week was launched on 5th of September 2014 at the Docklands Library, Melbourne. The launch event signified the beginning of the 2014 Target Kids Teaching Kids Week which ran from 8 – 12 September across Australia. Over 15,000 students from more than 500 schools in every state and territory participated in Target Kids Teaching Kids Week. We saw hundreds of workshop presentations on many environmental topics, from water conservation to the endangered eastern-barred bandicoots, renewable energies and over-fishing, just to name a few.

"In 2014 Kids Teaching Kids celebrates 15 years and these students join a 'green army' of over 80,000 students that have been fighting the good fight for the environment and declaring war on issues such as pollution, habitat destruction and global warming in towns and cities right across the country. Our Kids Teaching Kids green army has been achieving some phenomenal results for the environment but equally important is what it does for the kids. Sure they have fun, but independent research shows they learn greater resilience, confidence and self-reliance so kids win, communities win and the environment wins." *Arron Wood, Founder and Managing Director Kids Teaching Kids.*

As principal sponsor of this program Target aims to foster the creativity and enthusiasm of Australian school kids and encourage them to lead the country to an environmentally sustainable future.

Learn more at <http://www.kidsteachingkids.com.au/>



COMMUNITY

Christmas Appeal

Target have partnered with UnitingCare since 1991 for our annual Christmas gift giving campaign, which has seen over 1.7 million gifts and hundreds of thousands of dollars' worth of gift cards distributed into our local communities. UnitingCare Australia is one of the largest providers of community services in Australia, providing services to more than 2 million disadvantaged Australians each year.

Throughout the 2013 campaign titled 'Operation Santa', Target collected over 30,000 gifts and more than \$78,000 in gift cards to help over 26,000 less fortunate Australian Families at Christmas time.



The Gathering with Geelong Football Club

In July 2014, Target partnered with Geelong Football Club to host 'The Gathering', a healthy lifestyle camp for 40 Aboriginal and Torres Strait Islander young people from across the greater Geelong region.

The camp included talks from Geelong players including Mathew Stokes, Allen Christensen, Travis Varcoe and Steven Motlop, who encouraged participants to make healthy decisions that can improve their wellbeing.

As part of the wellbeing focus, employment was presented as a key theme. Employment plays an integral part in self-esteem and the economic benefits create the freedom to make positive choices.

To promote and showcase employment, camp participants visited Target Geelong to find out what it's like to work in our stores. Participants toured the departments, the stock reserve and the receiving dock and were encouraged to consider career opportunities with Target.

Partnering with Geelong Football Club on The Gathering provided the opportunity to get to know the Geelong Aboriginal community while encouraging young people to consider working with Target.



COMMUNITY

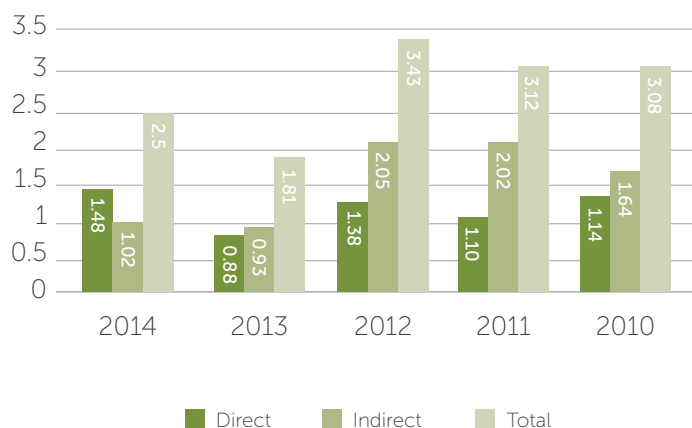
SIDS & Kids – Red Nose Day

SIDS and Kids are dedicated to saving babies' lives through the elimination of sudden and unexpected infant deaths, and supporting bereaved families. They deliver on their vision through world class education, research, evidenced based intervention and advocacy.

Target supports SIDS & Kids Red Nose Day by selling promotional merchandise at all stores during the campaign month of June. In 2014, our customer's purchased \$151,991 worth of Red Nose Day product.



Community contributions (\$ million)



ENVIRONMENT

Energy

This year, we developed and invested in a robust energy efficiency program that has reduced demand by 8 percent in the first half of 2014/15.

Highlights this year:

- **Energy Audits**

130 high energy consuming stores have been identified and audited. From these audits, remedial works have been completed to reduce overall energy demand and contribute to offsetting the increase in energy use caused by extended store trading hours and record high temperatures across the store network in 2014

- **LED lighting upgrades**

Energy efficient LED lighting is now Target's national design standard for new stores and has been recently installed across 16 Target stores. As part of a major redevelopment of Target Frankston, a new LED lighting system was designed and installed to enhance customers shopping experience while using 55 percent less electricity. Since opening, the new-look store is using 30 percent less electricity than the same period last year.

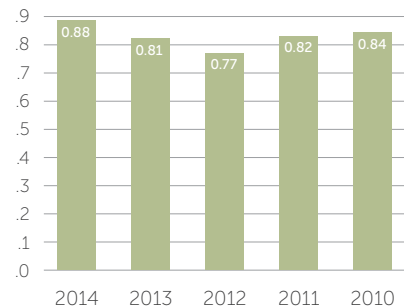
- **Integration and automation of building controls**

To reduce the need for team members to manage and operate store lighting, air conditioning and equipment outside of operating hours, we have integrated and automated building controls to improve efficiency across 203 of our largest energy using stores.

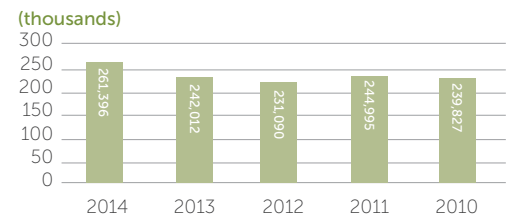
- **Installation of Interval Data Meters**

Interval energy data meters at 220 stores and facilities are now in place to improve our ability to monitor and manage consumption of electricity. These data meters help identify unusual consumption patterns so issues can be found and repaired resulting in significant reductions to demand. Additional sites continue to be connected.

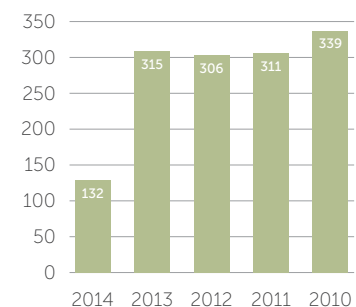
Energy use (petajoules)



Greenhouse gas emissions (tonnes CO₂e)



Water use (megalitres)



ENVIRONMENT

Waste

This year, Target funded the collection and recycling of 12 tonnes of televisions and computer waste, under the National Television and Computer Recycling Scheme Product Stewardship Agreement with DHL Supply Chain. Our contribution to this scheme provided access to 97% of unwanted electronics with 90 percent of the collected materials recycled.

We are working to reduce the quantity of our waste and to divert as much as possible to recycling, both in our operations and for our customers. This year a number of activities aimed at tidying our stores to improve the customer experience and team member safety contributed to an increase of 6% in our waste. We diverted 22.2 tonnes of recyclable waste and 7.7 tonnes went to landfill.

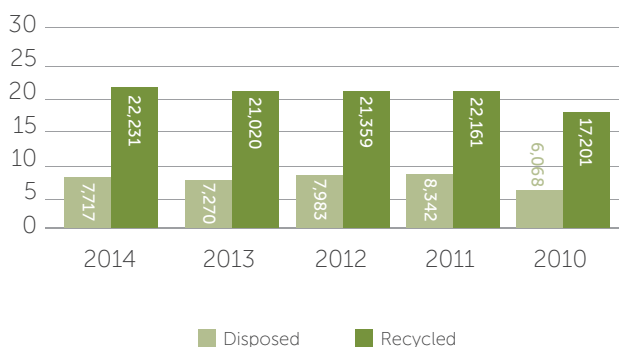
As a retailer, we can have an impact on waste by considering the life cycle of the products we sell and make changes to how products are packaged. Target has made commitments in relation to packaging under the Australian Packaging Covenant (APC), to which Wesfarmers is a signatory.

The APC is a voluntary packaging waste reduction and recycling initiative between governments, the packaging industry, retailers and consumer brand owners.



Waste (tonnes)

(thousands)



FIND OUT MORE

For Enquiries: sustainability@target.com.au

Or Visit our website: www.target.com.au/aboutus

Target Indigenous Plan: Target.com.au/indigenous

Wesfarmers Sustainability Report can be found
at www.wesfarmers.com.au

This report was prepared in December 2014.