



Kmart Group Sustainability Report 2025



About Kmart Group

Kmart Group includes Australia's most loved retail brands – Kmart and Target. It also includes Anko, a product development, sourcing and retail business with global operations.

Kmart was established in 1969 with the opening of its first store in Burwood, Victoria. Today, Kmart is a leading product development company and trusted retail brand, operating 323 stores across Australia and New Zealand. The business employs approximately 38,000 team members. Kmart's vision is to be where families come first for the lowest prices on everyday items.

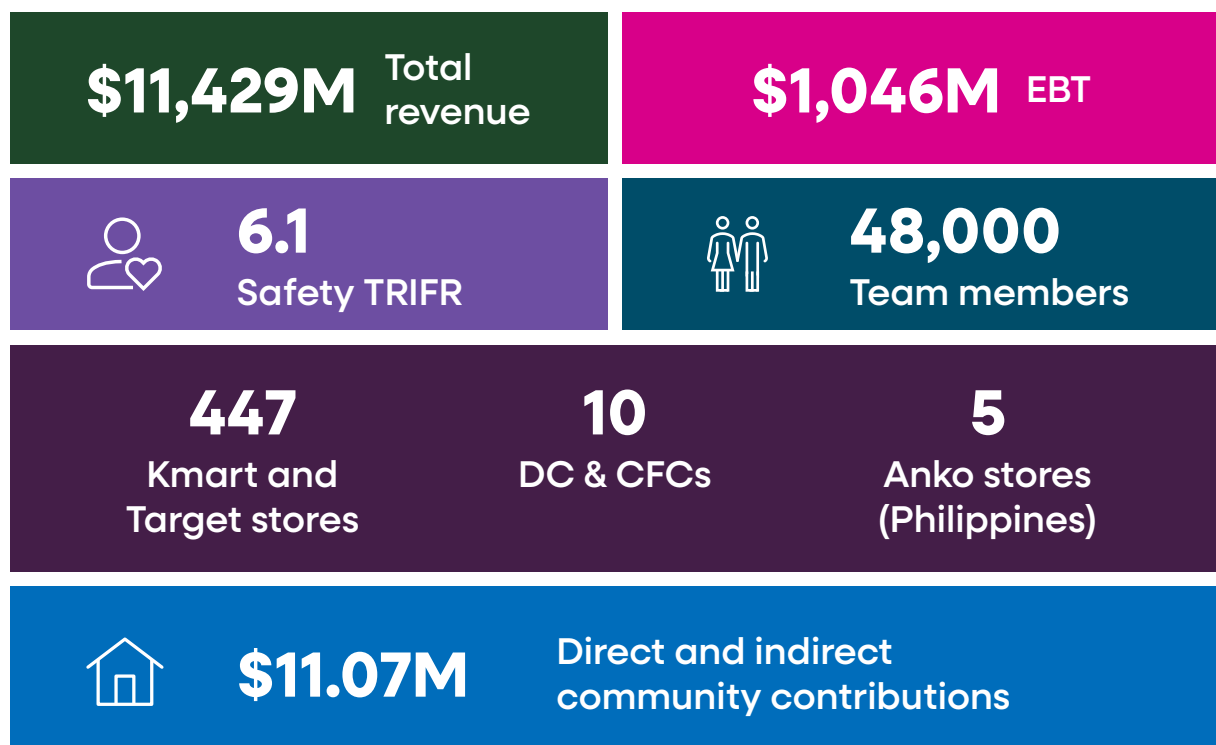
Target started in 1926 as a drapery store in Geelong, Victoria. It has since evolved into a well-recognised retail destination for apparel and soft home furnishings.

Target operates 124 stores across Australia, employing around 10,000 team members. Its vision is to deliver quality products at low prices.

Together with Anko, Kmart and Target form the Kmart Group, which is committed to making everyday living brighter for customers. The Group is focused on strengthening its core business and accelerating growth through five strategic pillars:

1. Better products at even lower prices
2. Stores our customers and team members love
3. Low-cost leadership through operational excellence
4. A winning online offer
5. Profitable global growth

Our Performance*



*July 1 2024–June 30, 2025



Program Progress





Our Team



4.4%

Aboriginal and Torres Strait Islander team member representation

1.8%

Aboriginal and Torres Strait Islander representation in leadership

6.1%

2025 TRIFR (vs 6.5% for 2024 TRIFR): decrease of the total recordable injury frequency rate

46.4%

Women represent 46.4 per cent of all leadership roles



People



1,386

supplier factories in ethical sourcing program

1,223

supplier factories audited

360,000

gifts from across Australia supporting families through the Kmart Wishing Tree Appeal over the Christmas period and beyond

91,000

Australian kids participated in NBL Game Time clinics

\$11.07M

direct and indirect community contributions



Climate and Circularity



82.1%

waste diverted from landfill

12.6%

reduction in scope 1 and 2 emissions (against FY24)

100%

of electricity needs are matched by energy from renewable sources*

*Since October 2025



Our Team



Our Challenge

A Place to Belong

We celebrate and reflect the diversity of the communities in which we operate and are committed to creating an inclusive and safe environment where everyone feels valued and respected.

Our Approach

Kmart Group is committed to providing an inclusive and accessible environment for team members and customers. Our diversity and inclusion strategy is built on three pillars: Equity, Experience, and Engagement, with five key focus areas:

1. Safety
2. Gender balance in leadership roles
3. Aboriginal and Torres Strait Islander employment
4. Disability employment and accessibility
5. LGBTQIA+ inclusion

Safety (TRIFR)

Kmart Group achieved a Total Recordable Injury Frequency Rate of 6.1 (compared to 6.5% for 2024), which is an improvement driven by a focus on back of house safety, proactive leadership safety conversations, and targeted hazard risk reduction activities for known injury risks.

A national review of the Kmart Group safety committee was undertaken, resulting in an updated structure, including the introduction of state-based committees to improve information sharing between sites and Kmart Target Leadership Team.

There are over 4,000 members on the Kmart and Target SafeSpace Action Squad WorkVivo channel, where team members can share safety wins and opportunities at stores and distribution centres.

Kmart Group continues to invest in and focus on a new safety management system (SafeSpace) and a separate 'all in one' digital software solution intended to support safety efficiencies, compliance and real time data insights.

Gender Balance in Leadership Roles

Kmart Group maintained 40:40:20 gender balance across general manager, senior manager and manager positions. Women represent 46.4 per cent of all leadership roles.

In FY25, Kmart Group introduced superannuation contributions on unpaid parental leave for up to 52 weeks for eligible team members.

Reconciliation

Aboriginal and Torres Strait Islander team members represent 4.4 per cent (1,959 team members) of Kmart Group's 'at work' Australian workforce, which is above the national parity rate of 3.8% (according to the last ABS census). The Kmart Group continues its Deadly Store Program, with stores located in areas of high representation of Aboriginal and Torres Strait Islander peoples. These stores are designed to increase cultural awareness and connection, better serve customers, and to deliver dedicated Indigenous employment outcomes. Representation of Indigenous team members in leadership roles is at 1.8 per cent (79 team members), an increase of five team members in FY25. Participation in the Wesfarmers Indigenous Leadership

Program and a new Indigenous Leadership Initiative titled 'Take a Deadly Walk' have contributed to career advancement outcomes. The division has also maintained a strong focus on building cultural competence, completing 12,536 instances of cultural awareness training during the year.

Disability and Accessibility

Team members identifying with a disability increased from 1.8 per cent (823 team members at work) to 2.2 per

cent (962 team members at work). In FY25, Kmart Group participated in the Career Pathway Pilot, which saw 36 team members with disability take part.

LGBTQIA+ Inclusion

Kmart Group continued its Welcome Here program, which provides team members and leaders with LGBTQIA+ awareness training, and saw the program expand into New Zealand in financial year 2025.

Q CASE STUDY

Kmart Group Career Pathways Pilot

Kmart Group is committed to inclusion and diversity, aiming for a workforce that reflects the communities it serves. As part of this commitment, the business joined an 18-month Career Pathways initiative funded by the Australian Government Department of Social Services. In collaboration with Kmart Group, a pilot program was developed to support the career advancement of people with disability.

Initial co-design workshops with team members informed the pilot using lived experience. These sessions revealed that 'career' means different things to different people, highlighting the need for personalised development paths. They also identified the value of disability confidence training to overcome societal barriers like stigma and bias.

Following the pilot design, workshops were held, focusing on inclusive leadership, setting career goals, and creating personalised development plans aligned with both aspirations and business structures.

Participants and leaders worked together on these plans, supported by workplace adjustments. Of the 38 participants, 32 progressed their plans, with 22 achieving tangible career advancements – such as leadership roles, training programs, and permanent positions.

Kmart and Target will continue the program with a new cohort in the 2026 financial year.



People



Ethical Sourcing

Our Challenge

Kmart Group's ethical sourcing program includes a compliance framework designed to support its Ethical Sourcing Code.

The complexity and depth of our supply chains remains a key challenge. We continue to focus our efforts on measures to improve supply chain traceability and transparency.

Our Approach

This year we continued our factory audit program. All own and licensed brand finished goods fall within the Kmart Group audit program regardless of country location or product type.

Suppliers of Kmart or Target own-brand and licensed brand apparel and home textiles products are required to complete a survey about the yarn and fabric manufacturers in their supply chains. The survey supports continued efforts to map the Group's Tier 2 and 3 upstream processing facilities.

The survey identified that in FY2025, 1,246 upstream processing facilities

(Tier 2 and 3) were involved in yarn (spinner), weaving, knitting, dyeing, printing, finishing or washing.

This year, 1,161 Tier 1 supplier sites manufacturing own and licensed brand finished goods underwent 1,409 third-party ethical sourcing audits (compared with 1,146 Tier 1 supplier factories and 1,293 third-party ethical sourcing audits in 2024) and 62 Tier 2 processing facilities underwent 77 audits. Kmart Group conducted due diligence enquiries on 1,246 Tier 2 and 3 suppliers used in the production of own-brand clothing, towel and bedding ranges. Kmart and Target publish factory lists (including names and addresses) on their websites for Tier 1, 2, and 3 facilities.

This year, Kmart Group completed a review of its ethical sourcing program to set the strategic direction of the program for the next three years. The strategy focuses on continuous improvement in supplier due diligence processes across Kmart Group's supply chain, including strengthening due diligence on Tier 4 for some product categories.





Living Wage and Responsible Purchasing

Kmart Group continued its membership in the living wage collaboration: Action, Collaboration, Transformation (ACT). In May 2024, the Group, signed a binding agreement with IndustriALL to support a new standardised collective bargaining agreement in Cambodia in the Garment and Footwear sector to be implemented at factory level.

In 2025 financial year, Kmart Group took steps to implement the agreement including engaging with suppliers about signing up to the standardised collective bargaining agreement.

📍 CASE STUDY

Empowering Women Across Our Supply Chain: A Milestone Achieved

In 2020, Kmart Group set a goal to help at least 100,000 female workers at supplier factories access training in health, education or professional skills by December 2025. This goal was achieved ahead of schedule. As of June 2025, a total of 108,465 female workers across 57 factories had completed training programs delivered through strategic partnerships with BSR's HER project and RISE (Reimagining Industry to Support Equality).

A key component of the initiative is the peer educator model, which trains selected female workers to share knowledge and facilitate learning with their colleagues. This approach is intended to build internal capacity, promote ongoing knowledge sharing beyond the initial training period, and contribute to a sustainable learning environment.

The initiative aligns with Kmart Group's commitment to responsible sourcing practices. In addition to workplace benefits, participants reported positive decision making in areas such as health and household financial management.

Our Partners



The International Accord

The International Accord is a legally binding agreement between garment brands and trade unions to promote worker safety through independent factory inspections and remediation efforts.



Better Work

Better Work is a collaboration of the ILO and IFC which brings together governments, employers' and workers' organizations, global brands, factory owners, and workers to improve working conditions in the garment industry and make the sector more competitive.



RISE

RISE is an initiative to support collaborative industry action at scale, to advance gender equality in global garment, footwear, and home textiles supply chains.



Cascale

Cascale is the global nonprofit alliance empowering collaboration across the consumer goods industry to Combat Climate Change and Support Decent Work for All.



Community

Our Challenge

Kmart Group is committed to creating meaningful, positive impact in the communities it serves, in collaboration with team members, customers, and community partners.

Our Approach

Kmart Group's community approach focuses on three key areas. We are committed to helping families thrive by supporting those experiencing hardship through targeted programs, aligning with our purpose of making everyday living brighter. Disaster resilience is a key focus to provide meaningful relief and recovery for communities impacted by natural disasters. We are also dedicated to advancing education and employment opportunities for Aboriginal and Torres

Strait Islander youth, working closely with the First Nations and Diversity and Inclusion team to deliver on our Reconciliation commitments.

In 2025, Kmart Group contributed more than \$11 million to its community partners, through direct and indirect contributions.

Over the Christmas period, the Kmart Wishing Tree Appeal made an extraordinary contribution of \$10.36 million to communities across Australia and New Zealand. This generosity enabled us to support more than 146,000 families with Christmas gifts and provide financial assistance to over 29,000 families. Together with The Salvation Army, we were able to support those in need during the festive season. We are proud to share that this represents a 31 per cent increase on the previous year's impact.

Community Contributions

Kmart Group – Direct	\$1.93M
Kmart Group – Indirect	\$9.14M
Total contributions	\$11.07M



Program Overview (Australia & New Zealand)

Kmart Wishing Tree Appeal (Kmart)

The Kmart Wishing Tree Appeal is Australia's largest and longest-running gift collection drive. The 2024 KMTA collected over 360,000 gifts across Australia & New Zealand, as well as raising over \$1.45 million in financial donations – supporting those in need.

Salvation Army Family Appeal (Kmart)

The Salvation Army Family Appeal is an annual campaign that provides financial and practical support to families in need, particularly during times like Christmas. Over \$230,000 was raised through our store network, through coin donations and register round ups, to support the Salvation Army deliver its national programs.

Local store program (Kmart)

Over \$85,000 was donated at a local store level, supporting local community groups across Australia and New Zealand.

RizeUp (Kmart)

RizeUp is an organisation that supports families affected by domestic violence. Over \$100,000 in gift cards, financial support and product donations were donated to RizeUp.

Australian Childhood Foundation (Target)

Australian Childhood Foundation is a leading not-for-profit dedicated to supporting children and young people heal from trauma. Target raised more than \$260,000 to fund services throughout Australia, including in remote and regional communities.

International

Kmart Group donated \$70,000 to The VIDYA Foundation, which supports communities in Delhi by providing access to education.

@ CASE STUDY

Kmart Wishing Tree Appeal



In 2024, the KMTA marked its 37th year, achieving a milestone of more than 14 million gifts distributed across Australia and New Zealand since its inception. In FY2025, the KMTA appeal generated over \$1.45 million in financial donations through in-store customer coin collections, product sales, register round-ups, as well as online financial donations, in addition to collecting more than 360,000 gifts. These contributions enabled The Salvation Army across Australia and New Zealand to provide support to families in need.

“It’s when times are tough that we see the best of the Australian spirit. If you can spare it, please give generously, knowing the presents you leave under your nearest Wishing Tree will be treasured on Christmas morning by those most in need.”

Anthony Albanese

Prime Minister of Australia

At the Kmart Wishing Tree Appeal launch, Canberra, 2024



📍 CASE STUDY

NBL



GAMETIME by Kmart, now in its sixth year, is a community engagement initiative in partnership with the National Basketball League (NBL), which aims to foster a love for basketball among young people and strengthen connections with families, schools, and local communities across Australia and New Zealand.

The program has reached over 500,000 children since its launch, with more than 91,000 participants in basketball clinics last year (14 per cent increase on the previous year), with over 900 clinics delivered across metropolitan and regional schools since the 2017-2018 season. The basketball clinics are free to all children and aim to break down barriers to sports participation while promoting a fun, inclusive environment that encourages physical activity and peer connections.

Our Partners



The Salvation Army

Every day, The Salvation Army helps thousands of people across Australia and New Zealand facing struggles such as homelessness, family and domestic violence, financial crises, and addiction. Through holistic care, it builds community, offering hope by meeting local needs, as well as advocating for social change.



Royal Children's Hospital

The Royal Children's Hospital (RCH) Foundation supports the work of The Royal Children's Hospital, helping provide world-class care, research, and innovation in treatment for sick children and their families. Through generous community and corporate support, the Foundation funds vital equipment, medical advancements, and programs to offer every child access to the best care.



RizeUp

RizeUp is a national organisation creating real, lasting change for individuals and families fleeing domestic and family violence. RizeUp delivers practical support that helps victim-survivors rebuild their lives, breaking the cycle, restoring dignity, and making sure no one has to return to danger.



NBL

The National Basketball League (NBL) is committed to giving back to the community by providing children and families with free access to basketball games and experiences. Through these initiatives, the NBL aims to inspire young people, promote inclusion, and encourage active, healthy lifestyles while sharing the excitement of the game with those who might not otherwise have the opportunity to attend.



Climate and Circularity: Reducing Our Operational Impact



Scope 1 and 2 Emissions

Our Challenge

Kmart Group's operations include its stores, offices, and distribution centres. Scope 1 emissions are largely attributable to natural gas used for heating, LPG for forklifts, fuel in fleet vehicles and small refrigerant losses from cooling systems. Scope 2 emissions come from grid electricity use.

Kmart Group is committed to achieving net-zero Scope 1 and 2 (market-based) emissions by 2030. The strategy to achieve this is based on three pillars:

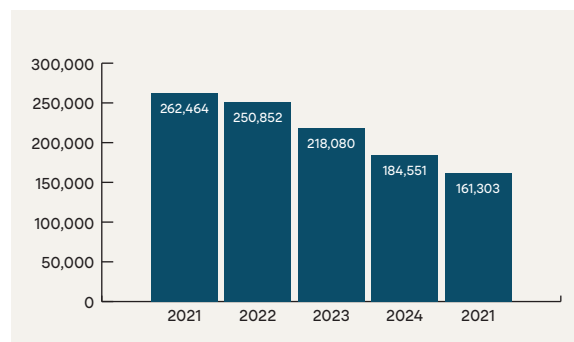
1. Improve energy efficiency across all facilities
2. Match the electricity needs of all stores, offices, and distribution centres with renewable sources
3. Explore options to reduce emissions from other fuels (refrigerants, natural gas etc.) through electrification of heating and cooling assets and, to the extent that there are unavoidable Scope 1 emissions, purchasing offsets.

Operational Energy

Kmart Group's FY25 Scope 1 and 2 emissions (market-based) were 161,303 tCO₂e and are 51.8 per cent below our 2018 baseline.

Kmart Group achieved its 100 per cent renewable electricity target in October 2025. This means that the electricity needs of 447 stores, 10 distribution centres, and 12 national and international offices across Kmart and Target are matched by renewable electricity from LGCs, PPAs, and (where feasible) on-site solar.

Kmart Group Market-Based Scope 1 and 2 Emissions (tCO₂e)



Q CASE STUDY

Natural Refrigerant

Refrigerant leakage from store cooling systems is a major Scope 1 emission source for Kmart Group. In FY25 Kmart Group commissioned its first low-emissions refrigerant chiller at its Helensvale, Queensland store. The chiller uses refrigerant gas with a significantly lower greenhouse warming potential than conventional refrigerants, reducing the impact from losses during routine operation.

Kmart Group has achieved a 19.6 per cent reduction in total electricity use since 2017¹. Energy efficient lighting design and energy efficient heating/cooling in stores, has reduced electricity consumption by 5.6 per cent from the 2021 financial year baseline (in kWh/m²).

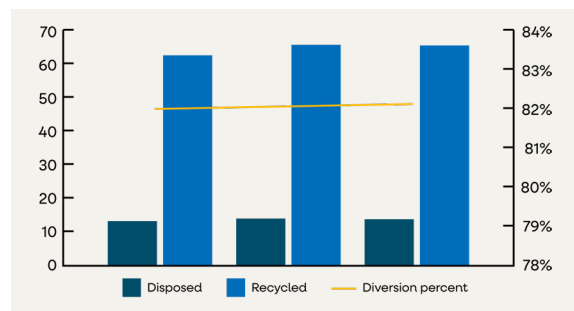
Kmart Group installed three rooftop solar systems in FY25, for a total of nine systems across the store network and continues to take steps to improve energy efficiency and reduce Scope 1 emissions sources.

¹Reference: Wesfarmers Sustainability Databook FY21 and FY25
FY17 energy consumption = 1.68 petajoules
FY25 energy consumption = 1.35 petajoules

Operational Waste

Kmart Group provides recycling for cardboard, soft plastics, and containers at all stores and DCs. In FY25 the Group achieved 82.1 per cent landfill diversion. In FY25, Kmart Group commenced uniform recycling for all store team member uniforms, with collected items being recycled by Upparel.

Waste (ktonnes)



@ CASE STUDY

Kmart Group's Hanger Reuse Program

In FY2025, over 60 per cent of hangers and clips used in Kmart and Target stores were reused, totalling over 300 million hangers and clips, and avoiding 4,000 tonnes material from landfill. Hangers and clips that are recovered in store are returned to Pact Reuse Retail Accessories for reuse.





Climate and Circularity: Reducing Our Products' Impact



Scope 1 and 2 market-based emissions make up 2.03 per cent of Kmart Group's total emissions, while Scope 3 emissions comprise 97.97 per cent of emissions.

Scope 3 emissions arise from a wide range of activities across suppliers, products and geographies. These emissions are outside the Group's direct control and reflect the Scope 1 and Scope 2 emissions of upstream and downstream suppliers, customers, and team members. The sources of these emissions are complex and we have continued to mature our approach to calculating our Scope 3 emissions inventory.

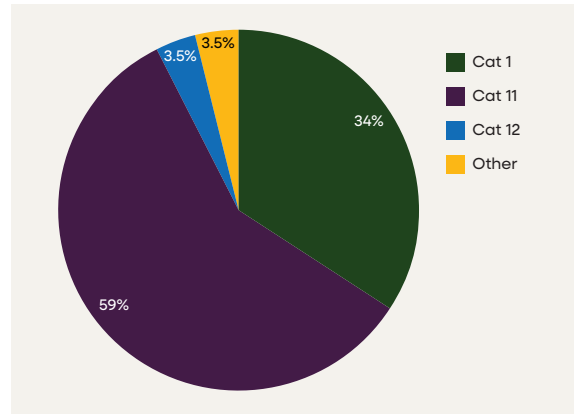
Kmart Group's FY25 emissions are shown in the chart below where:

Category 1 – Purchased goods and services arise from the 'cradle-to-gate' emissions of products sold and include the extraction, processing and production of key raw materials. Significant emission sources in this category arise from the production of plastics, aluminium, and textiles.

Category 11 – Use of sold products includes emissions generated when customers use the products sold by our businesses, such as electricity in appliances. These emissions are influenced by product design and the emissions intensity of the electricity grids in which the products are used.

Category 12 – End-of-life treatment of sold products includes emissions that are released when products are disposed of at the end of life (such as waste disposal in landfills, recycling or reprocessing).

Kmart Group FY25 Emissions by Source



In FY26, we plan to focus our program activity on three areas:

1. Reducing emissions from raw materials (Category 1)
2. Reducing emissions from (energy used) in manufacturing (Category 1)
3. Collaborating for a Circular Economy (Category 12)

Kmart Group's Category 11 emissions (use of sold products) are difficult to reduce. Improving energy efficiency, whilst maintaining performance, of some high energy consuming products (such as heaters) is difficult. There may be scope to reduce emissions through the design of some products such as vacuums. Assuming the Australian electricity grid decarbonises, Kmart Group's Category 11 emissions are expected to reduce.

1. Reducing Emissions from Raw Materials

In FY25, Kmart Group worked with suppliers to expand data collection to include product material and design. Using this data, Kmart Group developed raw material transition opportunities in collaboration with its merchandise and sourcing teams to support product-level emissions reductions over time.

Transition opportunities may include:

- Substituting synthetic materials with natural raw materials
- Transitioning to raw materials with lower emissions (i.e. recycled content)

Kmart Group also advanced its Scope 3 emissions calculation methods, by refreshing its product lifecycle assessments. The improved data quality will support more precise emissions calculations and estimation of the effectiveness and impact of initiatives.

Kmart Group makes use of industry certification programs including: Forest Stewardship Council® (FSC®), Global Organic Textile Standard (GOTS) and Global Recycling Standard (GRS).

2. Reducing Emissions from Manufacturing

In FY25, Kmart Group collected energy and fuel consumption data from 144 strategic suppliers.

In FY26, Kmart Group intends to:

- Work with suppliers to explore whether energy demand can be aggregated to leverage economies of scale and facilitate access to discounted renewable energy.

- Trial the Apparel Impact Institute's (All) Clean by Design tool with a strategic supplier, in an effort to identify energy efficiency opportunities in apparel manufacturing.

3. Collaborating for a Circular Economy

During the year, Kmart Group worked with RMIT University and the Queensland Department of Circular Economy and Waste Reduction on a national research study to better understand the causes of fashion waste and barriers to better practice. The study is intended to inform industry action and provide baseline data from which to track progress toward a circular economy for textiles. Read the study here: [Keeping Clothing Out of Landfill](#).

During the year, Salvation Army Stores were awarded funding by the Queensland Government's Department of Environment, Science, Tourism and Innovation to build Australia's first textile sorting and decommissioning facility. Having co-funded the initial feasibility study for this plant, Kmart Group continues its collaboration with Salvation Army Stores to contribute towards developing responsible end-of-life systems for textiles in Australia.



Sources

Wesfarmers 2025 Annual Report

https://www.wesfarmers.com.au/docs/default-source/reports/wesf-ar2025-final_interactive_spreads.pdf?sfvrsn=affaefbb_5

Wesfarmers 2025 Modern Slavery Statement

https://www.wesfarmers.com.au/docs/default-source/sustainability/sustainability-2025/2025-modern-slavery-statement.pdf?sfvrsn=bd77ecbb_3

Wesfarmers 2025 Sustainability Databook

<https://www.wesfarmers.com.au/sustainability/fy2025/our-data>

