



22 May 2020

Cr T. Anderson, Mayor of Weston Creek Community Council
info@westoncreek.org.au

Dear Cr Mayor Anderson,

I am writing to advise you of decisions that Kmart Group's parent company Wesfarmers have announced today that will significantly change the Target business and impact its national network of stores.

Following the first phase of a Wesfarmers and Kmart Group strategic review of Target, decisions have been taken to accelerate Target towards being a smaller, more focused and less complex business. The Target of the future will look significantly different to what it does now, with fewer stores and a stronger online presence.

In order to achieve this, we will be converting between 10 and 40 large format stores to Kmart, subject to landlord support. We will also be converting 52 Target Country stores to small format Kmart stores.

Sadly, this means the closure of between 10 to 25 large format Target stores and the closure of the remaining 51 Target Country stores which are not suitable for conversion to Kmart. The remaining Target stores will continue trading under the Target brand, however roles within our Target Store Support Office (TSSO) in Melbourne will be reduced by roughly 50 per cent to reflect the smaller and more focused Target operating model.

Regrettably, our Target store at Weston Creek will be closing as part of this transformation.

We are commencing an extensive process of reaching out to our stores and those team members most impacted by the changes to explain what it means for them.

We recognise that these actions will have a significant impact on a number of our team members and are committed to supporting them through this process. All team members in Target stores scheduled to convert to Kmart will receive an offer of employment from Kmart. Target team members impacted by store closures will be given priority consideration for new roles created in Kmart and Catch as these businesses continue to grow.

In addition, Wesfarmers has established a cross-divisional working group to identify redeployment opportunities for affected team members, including in Bunnings and Officeworks. Where there are no Wesfarmers businesses in town, we're also working with other employers to try and find opportunities for our team. Of course, we understand that this won't always be possible and Target team members who are unable to be redeployed will be provided with access to support services, along with all entitlements.

We are also aware of the impact this transformation will have on the local communities we operate in and on our supplier network. We have commenced notifying suppliers of the changes to provide as much time as possible for them to adjust.

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The decision to transform our network so dramatically has not been easy, and particularly the very difficult decision to close stores is not one that is made lightly, but it is absolutely necessary for the survival and sustainability of the broader business and the thousands of people we employ.

I wanted to reach out directly to inform you of these changes at the earliest possible opportunity.

Should you have any questions about this announcement please contact Tracie Walker, Kmart Group General Manager of Corporate Affairs and Sustainability at Tracie.Walker@wesds.com.au.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Marina Joanou".

Marina Joanou
Managing Director, Target Australia