

NEWS

10 November 2009

Wesfarmers Releases 2009 Sustainability Report

Wesfarmers today released its 12th annual Sustainability Report covering the Group's performance on key environmental, social and economic issues.

Managing Director, Richard Goyder, said the report included details of sustainability outcomes and improvements, as well as highlighting areas where progress still needed to be made, across all nine Wesfarmers divisions. It provides information within five broad categories of activity - people, net environmental footprint, carbon and energy, community support and economic investment.

“The diversity of the Group's operations, ranging across retail, insurance, resources, energy and chemicals, provides both opportunities and challenges as we seek to continue our growth across Australia and New Zealand,” Mr Goyder said.

“As a significant public company with more than 207,000 employees and extensive relationships with shareholders, suppliers, communities and our millions of customers, we are committed to continually improving our sustainability performance.

“The report this year has increased the number of issues reported on, but has been significantly reduced in size as each of our divisions has also developed its own sustainability report tailored to stakeholders' needs. These are available on the divisional websites listed in the report. In particular, there has been a focus on enhancing information in respect to our community support activities with the London Benchmark Group providing a third party assessment covering most of the businesses.

“With respect to climate change and the policy responses to reducing carbon emissions, our focus is very much on energy efficiency initiatives. This report, together with those from the divisions, provides some detail on this, as well as summaries of our greenhouse gas emissions and energy usage.”

The report is available on the company's website at www.wesfarmers.com.au or a hard copy can be requested by emailing info@wesfarmers.com.au

For further information:

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Wesfarmers
Sustainability Report
2009



We believe that a business committed to sustainability must take proper account of the economic, environmental and social impacts of its operations.

This not only delivers better outcomes for society but can have a positive business benefit through an enhanced reputation as a good corporate citizen.

Top left: Ellie shows how easy it is to clean up the environment and bring plastic bags back to Coles for recycling.

Top right: Phil Ugle of Ngalang Boodja Enterprises with marron farmed at the aquaculture project at Premier Coal in Collie, Western Australia.

Bottom right: Corey Chandler preparing a gas cylinder to be filled at Kleenheat's Kwinana depot.

Bottom left: Val Rodrigues, team member at Bunnings warehouse Malaga holding an energy saving light bulb.

WESFARMERS LIMITED
ABN 28 008 984 049

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Wesfarmers
Sustainability Report
2009
our people,
the environment
and the community.



Managing Director's welcome

Each year, we've strived to improve not only our performance, but the open and transparent way in which we give an account of our actions. We're not perfect on either score but a lot of progress has been made.



Welcome to Wesfarmers' 2009 Sustainability Report.

This document provides for our shareholders, and a much broader audience, a detailed and frank account of our performance across a range of issues that are of ever-increasing importance in helping form an assessment of what really makes a company tick.

I've said many times before, and it will always be the case, that long-term financial success is the prime objective of any corporation. But along with this goes the fair and decent treatment of employees (particularly in providing safe working environments), a high degree of sensitivity with respect to interaction with the natural environment and the use of resources such as water and energy, and a willingness to contribute to the communities on whose support companies depend.

Indeed, I maintain that financial success simply can't be sustained without sincere, diligent and unceasing focus on corporate behavioural indicators, such as those mentioned above.

The structure of this year's Sustainability Report is a little different to that of past reports, largely reflecting the significant changes that have occurred in our business in recent years. As with previous reports, however, ensuring that we are open and transparent about our business activities and their impacts remains our overriding consideration.

With origins dating back to 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies and employers. The diversity of our businesses – including retail; coal mining; energy; insurance; chemicals and fertilisers; and industrial and safety products – means we touch many communities every day, in a variety of ways. With this comes a responsibility to operate in a sustainable way and to take account of the interests and views of our stakeholders.

While our company has grown and evolved, we have tried to remain faithful to the fundamental principles that can be traced back to our very early days. Focusing on the effective management of our resources through the application of a disciplined business culture gives us the opportunity to improve performance and this, in turn, underpins the company's sustainability.

Diversity also means that the issues we face are varied and wide-ranging and makes it imperative we get our sustainability objectives right. For the first time this year, we have identified five themes within which to describe our operations: people; carbon and energy; community contribution; net environmental footprint; and economic development.

In many of these areas we've improved. But the safety of our people is a non-negotiable priority and while there has been some progress, we simply have to do much better.

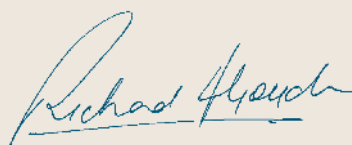
We've also done more in our approach to waste and recycling. This year Wesfarmers signed the National Packaging Covenant on behalf of all our relevant businesses instead of some of them having individual memberships or having been under the umbrella of the former Coles group of companies. The Covenant is a voluntary initiative by government and industry to reduce the environmental effects of packaging. All of our businesses, especially our retail operations, continue to make a significant financial and organisational effort to reduce, reuse and recycle waste.

Greenhouse emissions and energy efficiency remain a big focus for the whole Group. While those emissions were similar to 2007/08, despite growth across our businesses, this was largely as a result of the disruption to gas supplies following the explosion and fire at Varanus Island in Western Australia. This affected several of our industrial operations with significant production shortfalls leading in turn to reduced emissions. However, we are strongly committed to energy efficiency and all our operations continue to look for ways to improve. As part of this commitment we are implementing a new Group-wide information management system to assist in our energy efficiency objectives and with reporting our emissions and energy use to the Federal Government.

With such a wide geographic spread of businesses across Australia and New Zealand comes a responsibility to consider how we might do something in and for the very many communities in which we operate. One way we can make a difference is through financial and in-kind contributions. This year, I want to make special mention of the Victorian bushfires, a national disaster that directly and indirectly affected a huge number of Australians, including many of our employees. Nothing can ever compensate those directly caught up in this tragedy but we were able to make some contribution towards relieving the suffering. The financial help provided by our parent company, our businesses and our customers was significant – more than \$12.5 million was donated to the Australian Red Cross Victorian Bushfire Appeal – and the response of our employees was outstanding. Some of them were right at the frontline of the disaster relief effort: Kleenheat team members provided vital advice for emergency services; Bunnings team members gave direct assistance to local Country Fire Authority and State Emergency Service crews and our retail stores donated goods directly into centres established near the worst-hit areas. Our insurance team members were on hand at emergency centres, fast-tracking client claims and assisting with enquiries. The case study later in this report goes into more detail but I want to take this opportunity to thank everyone from the company who contributed.

In conclusion, this is the twelfth year we've reported publicly on the sustainability issues and challenges faced by the company. Each year, we've strived to improve not only our performance, but the open and transparent way in which we give an account of our actions. We're not perfect on either score but a lot of progress has been made. That's due to the efforts of all our employees and, in particular, those most directly concerned with addressing these issues in the businesses we own.

As with previous reports, your feedback is important to us. A form has been included on the inside back cover and we'd love to hear from you. Alternatively, please contact us through our website www.wesfarmers.com.au



Richard Goyder Managing Director

About this report

This section contains an overview of what is covered in this 2009 report, why it is structured differently this year compared to our previous reports and the methodology we've used.

Objective

As part of Wesfarmers' commitment to sustainability, we produce an annual Sustainability Report. This is a voluntary document developed to communicate our company's philosophy and commitment to sustainability. The objective of this report is to provide information to interested stakeholders about the economic, environmental and social impact of Wesfarmers and the businesses we operate.

What do we mean by 'sustainability'?

In 1984, Wesfarmers set the provision of satisfactory returns to its shareholders as its key priority. Over the past 25 years, the role and responsibilities of business – particularly large companies such as Wesfarmers – have changed significantly. They are no longer judged solely on the quantum of their financial returns, but also on how they manage various external inputs and impacts that contribute to a strong bottom line.

As a result of these changing investor and other stakeholder expectations, the inputs that now drive a company's commercial success have become broader and more complex. Every organisation will have different views and definitions as to what constitutes sustainability and the measures to define their sustainability objectives and performance, depending on the nature and scope of their business operations.

Wesfarmers believes that providing satisfactory returns for its shareholders in 2009 and beyond involves a focus on five key principles and actions. They are:

- **Our people:** As one of the largest private sector employers in Australia, the quality and diversity of our employees is a key competitive advantage for our company. We aim to provide a safe, stimulating and ethical working environment that encourages high levels of personal and professional development.

- **Carbon/energy management:** In an increasingly carbon-constrained world, reducing our carbon footprint is both a commercial priority and an environmental imperative. In line with proposed national emission reduction strategies, we seek to actively set both short-term and longer-term objectives to reduce our carbon footprint, while investing in new technologies that will contribute to the transition to a low carbon economy, as both a technology user and supplier. At the same time, we continue to set internal benchmarks that ensure the efficient and sustainable use of all our energy inputs.
- **Community investment:** A first-rate business environment needs to be underpinned by a cohesive and inclusive community environment. Wesfarmers invests in and recognises those areas of community endeavour which it believes are necessary to contribute to building long-term community cohesion, leadership and innovation.
- **Our net environment footprint:** In addition to energy and emissions, there are a number of inputs and outputs that are part of Wesfarmers commercial operations which have both direct and indirect environmental impacts. These include water usage, packaging, emissions to air, solid and liquid waste, and land rehabilitation. Each of these will be subject to ongoing planning and management to ensure that Wesfarmers continues to reduce its overall environment footprint.
- **A strong economy:** A strong business environment and a strong economy go hand in hand. Wesfarmers seeks to maximise its contribution to the economy through long-term business growth that increases overall economic activity and its capacity to generate additional direct and indirect employment (we currently employ more than 207,000 people), our tax and royalty contribution that enables governments to invest in growing economic and social capital, as well as providing dividends and other investment returns to our more than 500,000 shareholders.

What this report covers

Timing

Coverage is for the financial year ended 30 June 2009. In a few cases where there have been developments subsequent to the end of the reporting period, but prior to the printing deadline, we have included and identified this information to make the report more time-relevant.

The structure

All wholly-owned and/or operationally-managed businesses as at 30 June 2009 are included.

In line with our commitment to continual improvement, changes have been made to the structure of this report. Each of the business unit reports summarises activities across the five key principles listed above, and which highlight their sustainability performance over the reporting period. In many instances, the business units have developed divisional sustainability reports which are available through our website www.wesfarmers.com.au, or on their own websites as specified in their section of this report.

In addition, to improve the collection and reporting of meaningful and accurate data across a variety of different operations, this year each business has supplied information across 13 common core indicators, which all contribute to the five principles: greenhouse gas emissions; energy use; water consumption; solid waste; liquid waste; environmental non-compliance; ethical sourcing; the National Pollutant Inventory; environmental expenditure; contamination; employee data, health and safety; and community contribution and support (in some cases data has been difficult to collect and these situations are described in the report). These indicators and their measurement were developed with the assurance providers

for this report, Net Balance Management Group (Net Balance).

The assurance statement appears at the end of this report. The external assurance process, to the standards specified in the statement, is an important part of Wesfarmers' commitment to transparent reporting of our activities.

The data collection and reporting of our community contribution and support has, for the first time this year, been conducted primarily using the London Benchmarking Group (LBG) methodology. The LBG is an international framework to record and measure an organisation's community investment beyond its financial contribution. The LBG model recognises community contribution in four main categories: cash; time; in-kind contributions; and leveraged contributions where the organisation assists others to achieve objectives. These contributions must be made primarily for the benefit of the community, usually through community groups and charities. The LBG methodology was used for all businesses except Home Improvement and Office Supplies – in these cases the community contributions were verified by Net Balance as part of its broader assurance processes for this report.

Each of our businesses has a specific section in this report. A range of other part-owned businesses such as the Bengalla coal mine in New South Wales, Wespine softwood sawmill in Western Australia, Queensland Nitrates in Queensland and Gresham Partners Group Limited are grouped in the Wesfarmers section of the report. We provide links to websites for readers wishing to find out more about their activities. Within the report we also cover the operations of entities we do not fully own but for which we have operational control in the relevant divisional reports.

Below left: Wesfarmers LPG Process Operator, Brian Fernando, operating a valve in the Amine section of the LNG plant.

Below right: Fresh Produce Manager, Chris Anscombe, refilling the fresh produce section with locally sourced fruit at Coles.



About this report continued



Above: Serviceman fuelling mining equipment from the mobile Service Truck, Curragh.

Right: Kmart team member Rania Fayad packs into a Kmart paper bag. Launched in South Australian stores in March 2008, these bags are a low-cost alternative for customers to purchase.



Safety data

Readers will notice in the safety performance graphs a reference to statistics being for the year to 30 June but 'as at 30 September 2009'. This is because we adjust the numbers to take into account workers' compensation claims lodged or lost time that has been reported up to 30 September relating to injuries sustained in the financial year under review, thus allowing for delayed impacts. It can mean that the numbers reported for a particular year have to be changed in subsequent reports, and also that they could be different to those in the 2009 Wesfarmers Annual Report which is prepared at an earlier date.

Lost Time Injury Frequency Rate (LTIFR – please refer to the glossary) numbers now include contractors unless otherwise specified in the reports of the individual businesses. Where it is possible to calculate a LTIFR for contractors – that is, where there is regular engagement and hours worked are available – the business is required to include this information.

Greenhouse emissions

Greenhouse emissions information contained in this report is generally based on the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (NGERs – as applied in 2008/09), although for indirect emissions (such as Scope 3 electricity emissions, waste and air travel not included in the NGER Act) calculations are done in accordance with the Australian Greenhouse Office (AGO) Factors and Methods Workbook November 2008 version. Readers should note that some of the AGO's (and now NGERs) emissions factors have changed from time to time and, accordingly, year-to-year changes in emissions data may in part be due to this rather than a change in the performance of a business unit in relation to greenhouse emissions. Further information is available at www.climatechange.gov.au

We have used an emission factor for New Zealand-based electricity generation and consumption from the Energy Greenhouse Emissions 1990-2006 document. Further information is available at www.med.gov.nz. These comments mean that the emissions we report here will be different to our NGER Act report which does not include New Zealand, or some other emissions summarised on page 13.

Report preparation

Data collection and report drafting is the responsibility of business unit environmental, safety, sustainability and community relations representatives who are part of a working group convened by our corporate office. Drafts were reviewed by the corporate office prior to detailed discussions with the contributing authors.

This process ensures that ultimate ownership of the report lies with the business units. While this report does not include specific case studies from each of the business units – unlike in previous years – in many instances these have been included in the longer version of the business unit reports which are available online. However, we have included a detailed case study on Wesfarmers' response and contribution to the Victorian bushfire tragedy in February 2009.

Glossary

Within each separate report we aim to eliminate as much jargon and technical terminology as possible and to spell out the names of organisations when they are first mentioned. A general glossary can be found on page 76.

Completeness

We do not claim that this report provides 100 per cent coverage of our sustainability performance. Any gaps in our knowledge will be reduced as our systems improve. This document is a best-endeavour attempt to report openly and honestly based on our current state of knowledge.

Assurance

Internal verification

This report's accuracy and completeness is important and every effort is made to ensure that all statements are properly authenticated. Once the final draft of each business unit report was agreed upon, business unit representatives were required to compile detailed checklists linking report content to documented source material. Representatives from our Corporate Solicitors Office and Group Risk Management department then conducted sample verification checks through site visits and desktop audits and prepared reports for senior management.

External assurance

Assessors from Net Balance carried out an independent assurance on this report using the AA1000 Assurance Standard 2008. The Assurance Statement is published on page 74. This is the third year that Net Balance has assessed the Wesfarmers report. It provides a detailed report to management and the Board's Audit Committee on its assessment of the reporting process, which Wesfarmers will respond to. In addition, most of the information contained in this report about our community contribution has been independently verified by the managing organisation for the London Benchmarking Group model, and the verification statement can be found on page 20. However, as noted earlier, the Home Improvement and Office Supplies data in this area was assured by Net Balance.

Wesfarmers endorsement

Senior management at each of the business units are involved in the preparation and sign-off of the internally-verified report. Each Managing Director and Board of the respective business units signs off on the final, externally-assured report. In addition to the internal and external verification process, the Wesfarmers Audit Committee (a sub-committee of the Wesfarmers Board) reviews the entire document prior to its publication. Richard Goyder, our Managing Director, endorses the final report.

Stakeholder engagement

Wesfarmers and its businesses have an extensive reach throughout Australia and New Zealand and interact with millions of customers each week, as well as many regulators and policy makers, non-government organisations, suppliers and contractors and community-based organisations. Many of these interactions are described in the various sections of this report (and the separate divisional reports). As part of the external assurance process for this report, we understand the AA1000 Standard 2008 requires certain formalisation of these processes, including the mapping of stakeholders which we elected not to pursue this year, and our assurance providers assess the extent to which we are inclusive of our stakeholders. Stakeholder engagement remains a central part of Wesfarmers' obligations and we will work with our assurers through 2009/10 to address those parts of the Standard in this area that are most relevant to our businesses.

Feedback

Wesfarmers welcomes your feedback on this report. A form has been provided for you on the inside back cover; alternatively, you can email info@wesfarmers.com.au; or you can contact any of our business units about their individual reports at the websites listed in their sections.

Other public reports

In addition to this Sustainability Report, information regarding Wesfarmers' activities can be found in:

- the Carbon Disclosure Project (www.cdproject.net);
- the Dow Jones Sustainability Index (www.sustainability-index.com);
- the Australian National Packaging Covenant (www.packagingcovenant.org.au);
- the Energy Efficiency Opportunities Act (www.energyefficiencyopportunities.gov.au) in Australia; and,
- the National Greenhouse and Energy Reporting Act in Australia (www.climatechange.gov.au/reporting/).

This report uses only summarised financial and governance information with much more detail available in our 2009 Annual Report at www.wesfarmers.com.au

Year in review

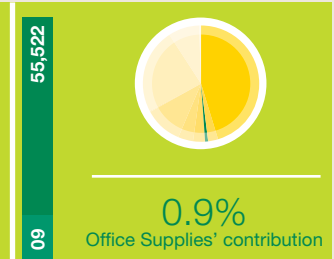
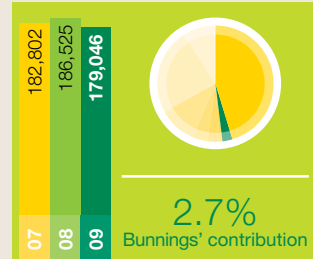
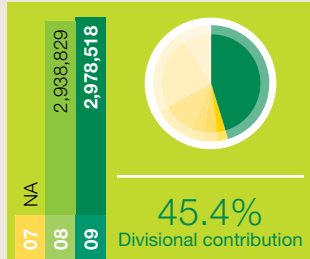
Home Improvement and Office Supplies

Coles

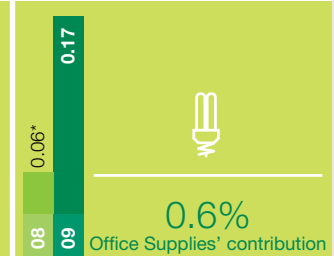
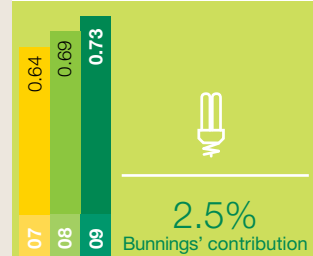
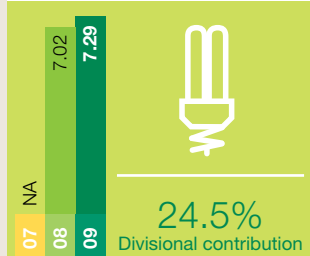
Bunnings

Office Supplies

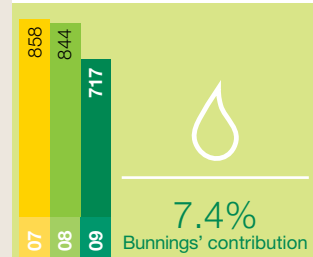
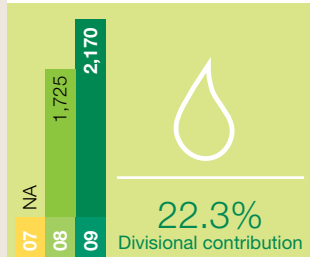
Greenhouse emissions
(tonnes CO₂ equivalent)



Energy use
(million gigajoules)

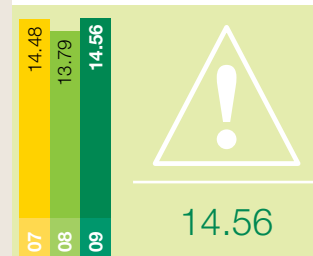
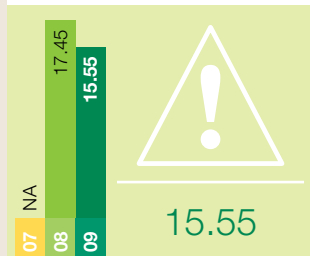


Water consumption
(megalitres)



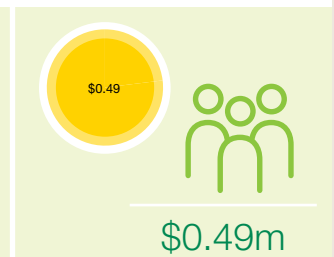
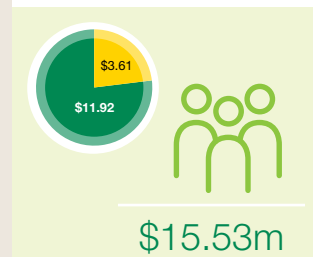
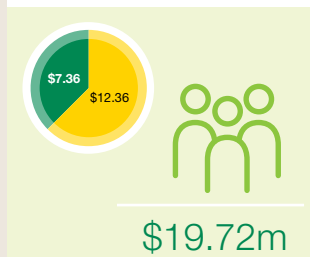
We are currently unable to accurately measure our water use because many of our stores are in shared locations.

Safety data
Lost Time Injury Frequency Rate (LTIFR)



Community contributions*
(\$m)

Cash, in-kind, product ●
Community raised contributions supported by Wesfarmers ●



Sustainability issues

- Reduce our waste to landfill and increase recycling rates
- Improve the energy efficiency of our operations and conserve water
- Develop team members and improve customer service
- Improve workplace safety for our team members and visitors
- Strengthen our support in local communities

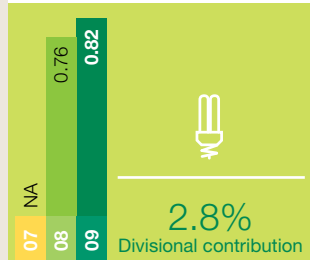
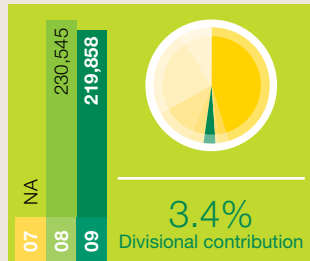
- Progress towards carbon neutrality
- Implement more water saving initiatives
- Reduce supply chain waste and strengthen product sustainability
- Lift customer awareness with information on environmentally-friendly products and projects
- Maintain community involvement
- Further reduce our 'all injuries' rate

- Continued contribution to the wellbeing of the communities within which we operate
- Improved supply chain efficiencies
- Continued development of our waste and emissions data capturing systems
- Improve our safety performance

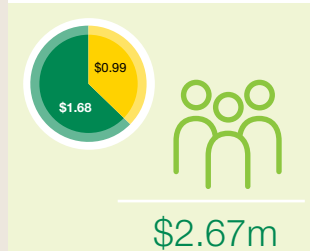
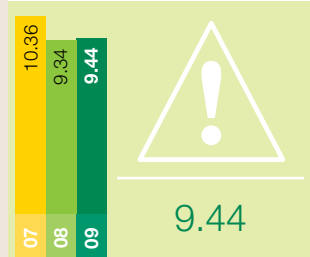
* Including cash, in-kind, product and other assistance as defined by London Benchmark Group (but not management costs)

* In FY08 Office Supplies estimated its energy use.

Target

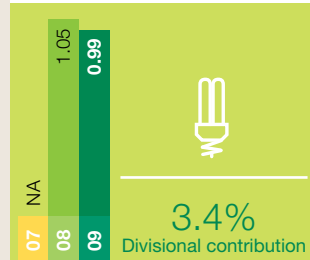
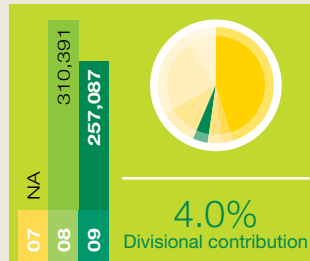


We are currently unable to accurately measure our water use because many of our stores are in shared locations.

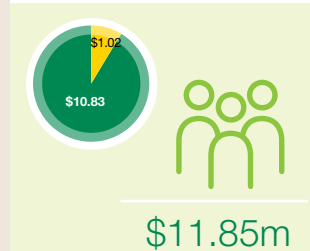
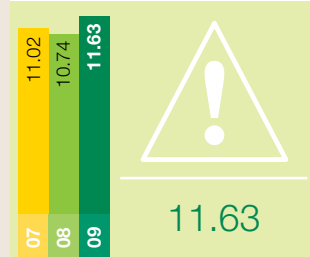


- Improve our safety performance, particularly with manual handling activities
- Increase our investment in recruiting, training and retaining team members
- Continue to support our community partnerships
- Enhance the energy and efficiency of our operations and store design
- Continue to focus on reducing transit packaging and increasing recycling rates

Kmart

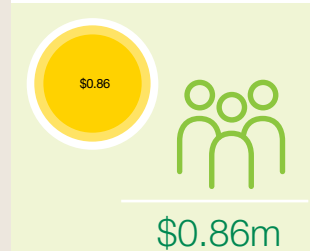
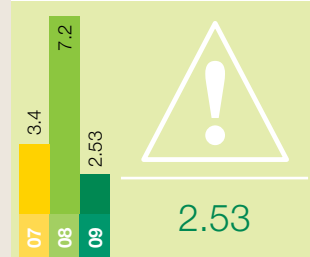
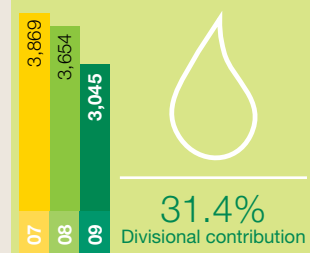
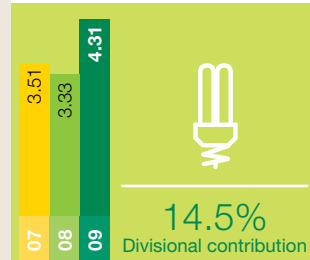
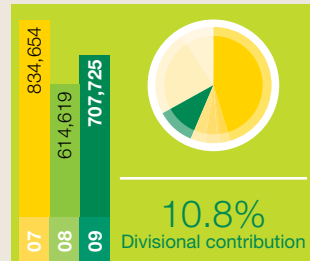


We are currently unable to accurately measure our water use because many of our stores are in shared locations.



- Rebuild a solid foundation, providing a platform for sustainable growth
- Ensure our stores are safe and exceed customer and team member expectations
- Identify and introduce initiatives aimed at reducing our energy use in all stores, and the environmental footprint of new stores
- Develop a greater connection with the communities in which we operate

Resources



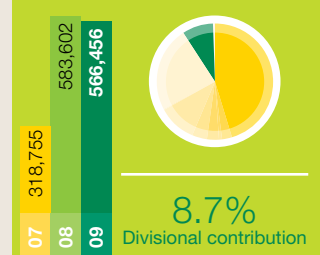
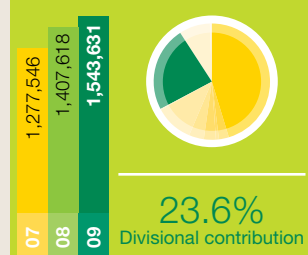
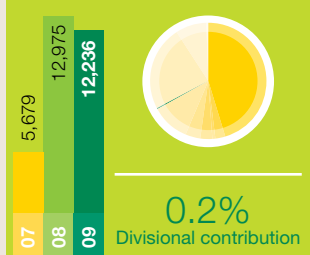
- Continue to support our team in delivering a safe workplace
- Reduce the energy and greenhouse intensity of our mining operations
- Pursue continuous improvement outcomes in all of our operations
- Strengthen our community partnership programmes to support the communities we operate within
- Continue to seek water efficiencies in line with our targets

Chemicals and Fertilisers

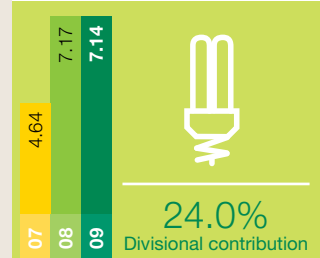
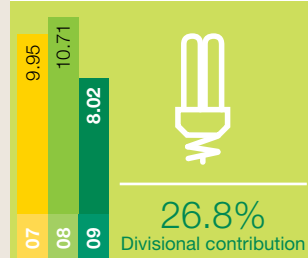
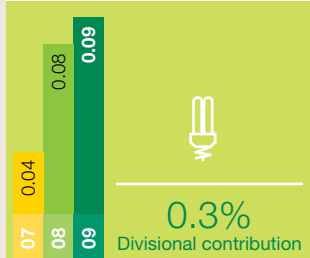
Insurance

Energy

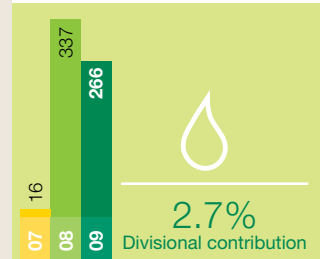
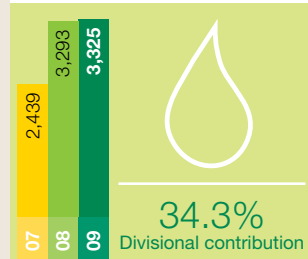
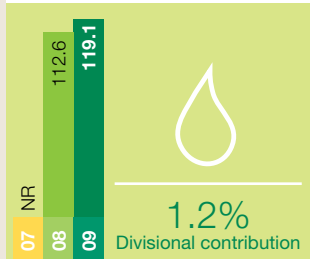
Greenhouse emissions
(tonnes CO₂ equivalent)



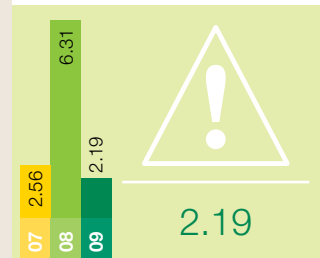
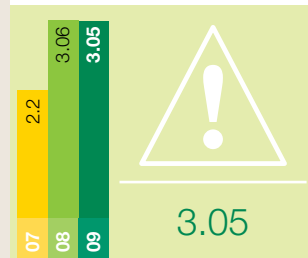
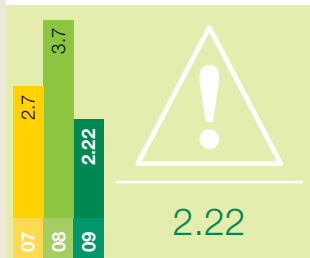
Energy use
(million gigajoules)



Water consumption
(megalitres)

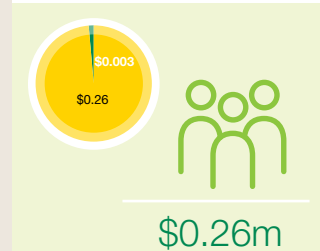
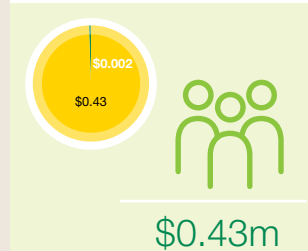
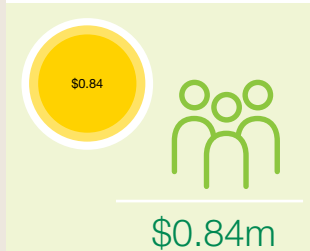


Safety data
Lost Time Injury
Frequency Rate (LTIFR)



Community contributions*
(\$m)

Cash, in-kind, product
Community raised
contributions supported
by Wesfarmers



Sustainability issues

- Ensure we tailor effective insurance solutions to meet our customer needs
- Maintain a focus on mitigating our carbon footprint
- Continue to develop and implement the ISAFE programme to achieve our workplace safety objectives
- Continue to drive improvements in efficiency and customer service
- Attract, develop and retain the best possible people to deliver our business objectives

- Continue to reduce emissions and pursue resource use efficiency initiatives
- Operate our manufacturing facilities to high standards of process safety
- Improve workplace safety, control risk and minimise injury
- Continue to effectively deal with our legacy wastes

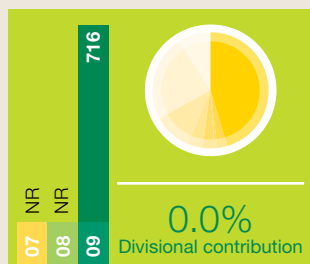
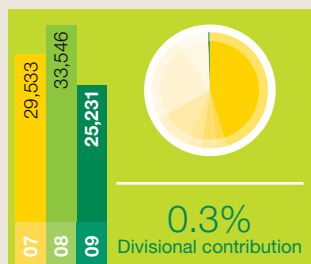
- Continue to drive further improvement in safety performance and develop sound safety culture in our workforce
- Ensure we maintain high standards of safety in our production plants
- Pursue opportunities to utilise alternative fuels and renewable energy in power generation; in particular, growing the LNG market to displace diesel in heavy duty vehicle and power generation sectors

* Including cash, in-kind, product and other assistance as defined by London Benchmark Group (but not management costs)

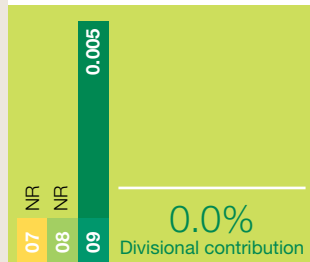
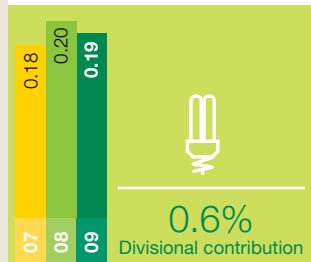
Industrial and Safety

Wesfarmers Corporate Office

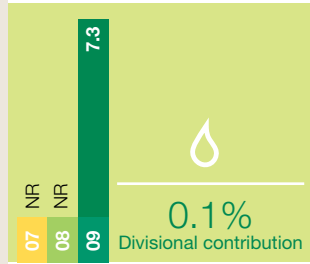
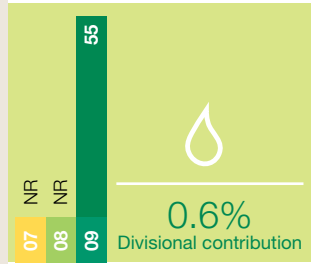
Wesfarmers Group



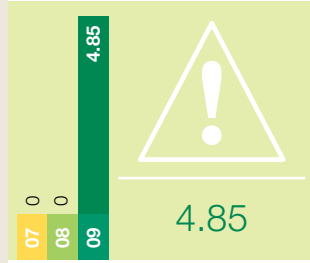
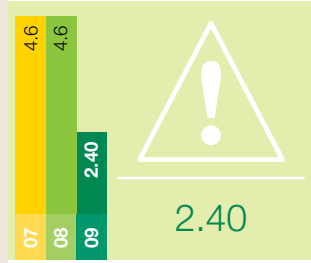
6,546,026
(tonnes CO₂ equivalent)



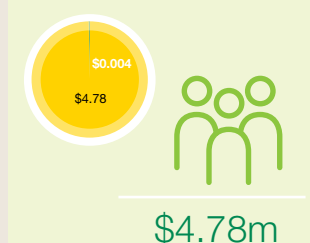
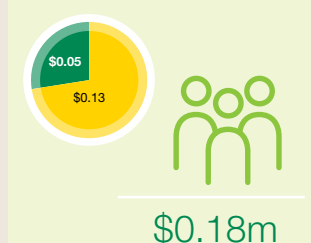
29.76
(million gigajoules)



9,704
(megalitres)



13.06
Lost Time Injury
Frequency Rate (LTIFR)



\$57,615,747

- Continue to drive and improve a safety-focused culture
- Focus on attraction, development and retention of our people
- Continue to develop efficiencies in our energy and water use
- Continue to improve customer service
- Focus on sustainability of our sourced products
- Continue to support the community

- Developing and implementing carbon reduction plans and reporting on them
- Continue our significant contributions to deliver sustained benefits to the communities in which we operate
- Maintain our substantial contribution to public policy processes by engagement with governments, business associations and the community

Sustainability scorecard

The business unit reports outlined in this document include a significant amount of information on the environmental, safety and health performance and community interaction across the business operations of the Wesfarmers Group. There have been some changes to the treatment of data and these changes have been highlighted and explained.

This scorecard section provides:

- snapshots of key data that summarise Wesfarmers' overall sustainability contribution related to economic impacts and outcomes which are referred to in detail in the company's Annual Report for 2008/09 available at www.wesfarmers.com.au;
- a summary of the sustainability performance of those parts of the Wesfarmers Group that do not fall directly under the nine operating divisions.

Economic

Starting as a farmer's co-operative in 1914, the company has progressively evolved and diversified to become one of Australia's largest publicly-listed companies and one of the country's largest private-sector employers, with more than 500,000 shareholders and more than 207,000 employees at the report date.

In addition, as at June 2009, there were 51 Australian superannuation funds, each of which held more than 100,000 shares in Wesfarmers and which together held 7.99 per cent of our issued capital. Together with many funds holding smaller parcels of our shares or those investing in Wesfarmers through fund managers, this means that many Australian investors have a shared interest in the sustainable future of Wesfarmers and our capacity to continue to provide satisfactory returns to shareholders.

Our major operating business interests in the full year covered by this report include supermarkets, liquor and convenience stores; home improvement and office supplies; general merchandise and apparel; coal mining; insurance; industrial and safety products distribution; chemicals and fertilisers manufacture; and gas production and distribution and power supply.

In the year to 30 June 2009, our company recorded a net profit of \$1,535 million, compared to \$1,063 million in 2007/08. Key indicators of the Group's financial performance indicators are summarised in figure 1.

Overall, our operations make a significant contribution to the economies of Australia and New Zealand. These contributions included more than \$6,535 million paid in salaries and wages to employees, dividends to our shareholders totalling \$1,102 million and \$1,216 million paid to governments at all levels in the form of taxes, levies and royalties. More than 95 per cent of our revenues and earnings are derived from our Australian operations.

FIGURE 1: Financial performance (A\$ million)

Sales revenue	50,982
Costs of goods, services etc	41,159
Wages and salaries	6,535
Dividends to shareholders	1,102
Interest paid on borrowings	963
Income tax and other government payments	1,216
Movement in retained earnings	7

We are one of 19 Australian companies selected for inclusion in the Dow Jones Sustainability World Index for 2009 (as at 31 August 2009). The Index includes the top 10 per cent of the 2,500 biggest companies in the Dow Jones World Index in terms of corporate sustainability after assessment against economic, environmental and social criteria. We were also one of 30 Australian companies selected for inclusion in the Dow Jones Sustainability World Indexes for the Asia Pacific region (DJSI World – Asia Pacific).

The DJSI assessment (with assessments against the DJSI criteria) of Wesfarmers over the past three years has been shown in figure 2.

Environmental

Wesfarmers' diversified structure, in terms of the range of its businesses and the Group's geographical spread across Australia and New Zealand, means the company is responsible for managing a wide range of environmental issues. Because of this diversity, the Group's overall environment policy requires business units to develop policies and procedures that are relevant to their particular circumstances while ensuring that these policies and actions are in line with the Group's overarching guideline of 'placing strong emphasis on protection of the environment'.

Across the Group a number of significant environmental programmes are being developed and implemented, ranging from Bunnings' commitment to become carbon neutral by 2015, initiatives to promote greater energy efficiency, renewable energy sourcing and carbon offsets, the commissioning of CSBP's ammonium nitrate expansion project which includes significant pollution abatement, the expansion of CSBP's nutrient-stripping wetland at Kwinana, and successful waste reduction and recycling programmes, focused particularly in our retail businesses. For example, Target and Officeworks removed single-use plastic bags from their stores in 2008/09 and instead encourage the use of alternatives.

We recognise that the use of fuels other than petrol and diesel is becoming increasingly important in the context of both achieving lower overall pollution levels and the climate change debate. We encourage the purchase of vehicles suitable for liquefied petroleum gas (LPG) use where practical in recognition of LPG's environmental benefits over petrol¹ and diesel². We continue our efforts, through our Energy division, to expand the market for liquefied natural gas (LNG) as a substitute for diesel in the heavy duty vehicle and remote power generation sectors.

Notes:

1. Lower greenhouse emissions.
2. Lower particulate emissions.

FIGURE 2: Dow Jones Sustainability World Index (%)

Dimension	2007	2008	2009
Environmental	55	51	67
Social	59	63	57
Economic	63	64	69
Total (for Wesfarmers)	60	61	64
Average in our industry group	41	46	47

FIGURE 3: **GHG emissions (tonnes CO₂ equivalent)**

Business	FY07	FY08	FY09
Coles	n/a	2,938,829	2,978,518
Home Improvement and Office Supplies			
– Bunnings	182,802	186,525	179,046
– Office Supplies	n/a	n/r	55,522
Target	n/a	230,545	219,858
Kmart	n/a	310,391	257,087
Resources	834,654	614,619	707,725
Insurance	5,679	12,975	12,236
Chemicals and Fertilisers	1,277,546	1,407,618	1,543,631
Industrial and Safety	29,533	33,546	25,231
Energy	318,755	583,602	566,456
Corporate office	n/r	n/r	716
Wesfarmers total	2,648,969	6,318,650	6,546,026

Notes:

1. Coles data includes estimates for refrigerant gas-related emissions based on NGERs procedures.
2. Generally the electricity supply emission factors in NGERs decreased in many parts of Australia from 2007/08 because Scope 3 (indirect) emissions are not included in NGERs, although we have reported them by using the AGO factors in this report.
3. The Kmart refrigerant gas emissions decreased approximately 37,500 tonnes from 2007/08 because of improved estimation factors.
4. The Resources emissions increased through the inclusion of fugitive gas emissions from Premier Coal mine required by NGERs, and additional liquid fuel used to cover the absence of a dragline at Curragh for several months.
5. The full year operation of CSBP's expanded ammonium nitrate business was partially offset by reduced emissions from the ammonia plant due to gas supply constraints.
6. n/r: data not recorded.
7. n/a: data not available – for companies in the former Coles group for 2006/07.
8. The FY09 data include several types of Scope 3 emissions that are not included in NGERs reporting (see explanation on this page).

The successful commissioning of a 175 tonne-per-day LNG plant at the Wesfarmers LPG site at Kwinana and investment in distribution infrastructure and two remote area power stations has increased the availability of LNG as an alternative fuel in Western Australia.

Group environmental indicators

The information in this section includes data from three years wherever possible. Some of our businesses find that issues such as water and waste are difficult to accurately measure because of the shared location of their facilities, and some of the former Coles group of companies did not collect some of this data prior to being acquired by Wesfarmers in November 2007.

Greenhouse gas emissions

In previous years we have based our greenhouse gas emissions measurement on the AGO methodology. However, for 2008/09 Wesfarmers has registered as a controlling corporation under the National Greenhouse and Energy Reporting Act (NGERs) for which has been published a very complex set of reporting determinations that we are required to follow. This means that some of our data is not directly comparable year on year but where possible this is explained in the text. At the time of this report's preparation Wesfarmers reported 5,708,687 tonnes CO₂e in our NGERs report, whilst this report declares 6,546,026 tonnes CO₂e (a difference of 837,339 tonnes CO₂e). The difference is created by the definitional and legal requirements of NGERs with the major components (all quoted as approximate data in tonnes CO₂e) comprising Scope 3 electricity transmission emissions (397,000); refrigerant gases excluded from NGERs (130,000); Air Liquide WA, which is reported in NGERs by Air Liquide Australia (82,000); New Zealand-based emissions (20,000); Coles Express and liquor small inventories of refrigerant gases not reportable under NGERs (57,000); and, the Coregas air separation unit at Port Kembla, New South Wales, which is deemed for NGERs purposes not to be under the operational control of Coregas (46,500). Other emissions included in figure 3 include gas transmission factors and waste-related emissions and some industrial emissions not able to be recorded in the NGERs regulatory system (40,000).

Our total direct and indirect greenhouse emissions for the Group in 2008/09 (converted to carbon dioxide equivalents or CO₂e) were estimated at 6.55 million tonnes (see figure 3). This was 227,376 tonnes above emissions reported for last year.

The increase this year is in net terms and almost all due to increases in our Resources division reporting further fugitive emissions from coal mining as required by NGERs and the full year operation of CSBP's ammonium nitrate expansion project. The increase in emissions would have been larger except for the Varanus Island incident in Western Australia in June 2008 which constrained gas supplies to several of our businesses during 2008/09.

Wesfarmers was again a respondent to the Carbon Disclosure Project (CDP) in 2009. Our submission is publicly available on the CDP website www.cdproject.net and provides full disclosure on our greenhouse emissions and our overall approach to climate change issues. In addition, Wesfarmers made several submissions to the Federal Government's various policy processes related to the proposed Carbon Pollution Reduction Scheme (CPRS) for Australia. Wesfarmers supports the establishment of a national trading scheme. We believe while such a scheme will provide an effective market-based platform for reducing emissions, it must also carefully factor in economic conditions and ensure that the CPRS is aligned with similar schemes in other countries, while encompassing as many gases as possible. Our submissions outlined what we believed were important changes that needed to be considered to minimise the impact on Australia's economic performance.

During 2008/09, the Board reviewed the proposal to prepare internal carbon emission targets for the Group. These targets will be achieved through a mix of energy efficiency, emission reduction and other related activities. The Federal Government's deferral of the proposed CPRS start date to 2011 means that we are still reviewing how we will approach this important subject.

As part of our overall efforts to reduce emissions, we continue to contribute to a major emissions reduction initiative, the Coal21 Fund, which levies coal producers to fund research into low emission coal technologies. Our contribution to this fund is likely to reach \$30 million over 10 years.

In addition, for the first time we will report the emissions related to our use of commercial air travel which were 31,253 tonnes of carbon dioxide equivalent (this number was calculated based on actual emissions from fuel burnt, the agreed National Greenhouse Accounts factor for ground support, and the forcing factor to account for emissions at altitude).

Sustainability scorecard continued

Energy use

The total estimated energy use for our Group in 2008/09 was 29.76 million gigajoules, a decrease of about 4.2 per cent on last year. Again, most of the decrease was due to the Varanus Island incident in Western Australia which constrained supplies of natural gas to our Energy and Chemicals and Fertilisers divisions. Our energy usage is summarised in figure 4.

Wesfarmers is registered under the Federal Government's Energy Efficiency Opportunities (EEO) laws, with an Assessment and Reporting Schedule (ARS) for our Group gaining regulatory approval in 2008. We subsequently submitted a revised ARS for the Wesfarmers Group, to suggest the removal of many small facilities from the formal assessment process. The revised ARS incorporates assessment of at least 92 per cent of all Wesfarmers energy use, covering the Group's large energy users across the retail, industrial and insurance operations and is under consideration by the regulator.

We submitted our first public and government reports under the EEO legislation in December 2008, and the public report is available on our website at www.wesfarmers.com.au

As part of the preparation for the introduction of a national carbon emissions trading scheme, the Federal Government commenced the NGERs on 1 July 2008. This system will record the majority of Australia's greenhouse emissions and energy use. Wesfarmers registered for NGERs in October 2008 and has implemented a new Group-wide, internet-based, information

management system (Wesfarmers Greenhouse and Energy Reporting System – WESGERS) to both manage our NGERs reporting obligations, and also to inform and monitor our many energy efficiency programmes in the future.

The energy figure in our NGERs report will be different to the number in figure 4 below. The difference relates to legal and definitional issues required by NGERs and will be explained in this report next year.

Water consumption

Estimated water use (scheme and bore water) across the Group totalled 9,704 megalitres (see figure 5). Last year's estimated total Group consumption was 9,966 megalitres with the reported decrease largely due to reduced water use at our mine sites and at Bunnings through their efficiency programmes. This decrease is offset by growth in Coles' estimate of its water use.

We are continuing to seek methodologies to enable us to report at least estimated water use across the Group.

Waste

Solid and liquid waste data is presented, to the extent it is available and can be verified, in each of the divisional reports. In each of those reports there are comments on many of the waste reduction and recycling initiatives undertaken. As a result of these programmes and initiatives, our retail businesses alone recycled more than 175,000 tonnes of consumer packaging materials during the year.

FIGURE 4: Energy use (million gigajoules)

Business	FY07	FY08	FY09
Coles	n/a	7.02	7.29
Home Improvement and Office Supplies – Bunnings	0.64	0.69	0.73
– Office Supplies	n/a	0.06	0.17
Target	n/a	0.76	0.82
Kmart	n/a	1.05	0.99
Resources	3.51	3.33	4.31
Insurance	0.04	0.08	0.09
Chemicals and Fertilisers	9.95	10.71	8.02
Industrial and Safety	0.18	0.20	0.19
Energy	4.64	7.17	7.14
Corporate Office	n/r	n/r	0.005
Wesfarmers total	18.96	31.07	29.755

Notes:

1. n/r: data not recorded.
2. n/a: data not available – for companies in the former Coles group for 2006/07.
3. There was growth in energy use across the retail businesses, as they added additional stores, offset to an extent by energy efficiency initiatives.
4. The Varanus Island incident in Western Australia constrained natural gas supplies to the Energy, and Chemicals and Fertiliser divisions particularly.
5. In FY08 Officeworks estimated its energy use by sampling.

FIGURE 5: Water consumption (megalitres)

Business	FY07	FY08	FY09
Coles	n/a	1,725	2,170
Home Improvement and Office Supplies – Bunnings	858	844	717
– Office Supplies	n/a	n/r	n/r
Target	n/r	n/r	n/r
Kmart	n/r	n/r	n/r
Resources	3,869	3,654	3,045
Insurance	n/r	112.6	119.1
Chemicals and Fertilisers	2,439	3,293	3,325
Industrial and Safety	n/r	n/r	55
Energy	16	337	266
Corporate Office	n/r	n/r	7.3
Wesfarmers total	7,182	9,966	9,704

Notes:

1. n/a: data not available – generally for companies in the former Coles group for 2006/07.
2. Coles and Wesfarmers Insurance water use is estimated as described in their reports.
3. Target, Kmart, Kleenheat Gas and Officeworks are not yet able to define their water use (which is almost exclusively for customers and employees) because of the shared nature of many facilities.

Reconciliation Action Plan: Taking action towards closing the gap

With more than 207,000 employees and diverse operations in many communities across the country, Wesfarmers recognises that it has the ability to contribute to the goal of closing the life expectancy gap between Aboriginal and Torres Strait Islander people and the wider community. While some of our businesses have already established strong connections with local Aboriginal communities, this year we have worked towards formalising a Reconciliation Action Plan (RAP) for the whole Wesfarmers Group.

Our RAP is focused on ensuring our businesses are places where Aboriginal and Torres Strait Islander people feel welcome and valued, as employees, customers and citizens. We aim to do this in three ways: by providing meaningful employment prospects for Aboriginal and Torres Strait Islander people in our businesses, by developing relationships with local Aboriginal and Torres Strait Islander communities and by showing and building respect for these cultures in Australia.

Each of our businesses will look at how it can most effectively contribute to reconciliation, through creating opportunities, building relationships and building respect. Across our diverse businesses, there are a number of examples of engagement with Aboriginal communities already underway, through employment initiatives, capacity building and community support. Notwithstanding these examples, we recognise we have an opportunity for our businesses to contribute more to addressing this challenge which is so vital to the future of the Australian community.



Above: Members of the AFL's Indigenous youth team, the Flying Boomerangs, celebrate with the Officeworks team, after successfully completing a customer service training unit as part of their Certificate II in Indigenous Leadership.

The Australian Indigenous Learning Centre approached Officeworks to provide training which involved role plays and classroom-style learning in May 2009.

Left: The Wesfarmers' Reconciliation Action Plan will be launched in November 2009 and available online at www.wesfarmers.com.au

Sustainability scorecard continued

All of our retail businesses are signatories to the National Packaging Covenant (NPC) through the registration of Wesfarmers Limited in 2009, which aggregated their previous individual registrations. The NPC is a voluntary packaging waste reduction and recycling initiative underpinned by a National Environment Protection Measure, and all retail businesses except our Industrial and Safety division reported publicly on their activities in late 2008 – these reports are available at www.wesfarmers.com.au. The Industrial and Safety division registered for the first time with the NPC through the Wesfarmers registration and will report publicly on its NPC action plan with our other retail businesses in October 2009.

Data on waste disposed to landfill is not complete, although several gaps in past recording and monitoring have been addressed for this year's report. These improvements include the Coles business, which has developed reliable estimates of its waste disposal impact. We are not yet in a position to reliably report on our liquid waste disposal, particularly because we have so many retail stores in shared facilities without individual waste water invoicing.

Non-compliance/prosecutions

We are not aware of any significant non-compliance with environmental regulations or any prosecutions relating to environmental issues during the year other than disclosed in the various business reports. In several of the business reports, there are detailed comments dealing with interactions with the various regulators during the year.

National Pollutant Inventory (NPI)

All of the Group's Australian businesses required to report under the NPI (Resources, Chemicals and Fertilisers, and Energy) do so each year. Full details are available on the NPI website www.npi.gov.au, with 2008/09 data available at the end of January 2010.

Environmental expenditure

Total environmental expenditure, including land remediation costs for the full 12 months, is \$38.4 million (see figure 7). This compares with a 2007/08 total of \$31.1 million. These costs include salaries and overheads, specific environmental projects and any other costs (such as fees paid to consultants) for an environment-related purpose.

Contamination

Remediation of site contamination is an issue for some of our businesses and details are provided in the individual divisional reports. The most significant of these involve our Chemicals and Fertilisers business (CSBP), some former forest products operations of Sotico and some sites formerly operated by Wesfarmers Transport, a business that was sold several years ago. Wesfarmers is responsible for this remediation and financial provision has been made to cover the estimated cost of these activities.

CSBP is engaged in remediation of a former fertiliser site at Bayswater in Western Australia, details of which are outlined in its divisional Sustainability Report.

FIGURE 6: Waste recycling and disposal (only 2009 data available)

Business	Tonnes disposed	Tonnes recycled
Coles	122,570	125,363
Home Improvement and Office Supplies – Bunnings	19,898	9,150
– Office Supplies	n/r	n/r
Target	6,381	16,955
Kmart	5,235	26,362
Resources	960	2,162
Insurance	n/r	n/r
Chemicals and Fertilisers	144,453	952
Industrial and Safety	3,103	659
Energy	494	769
Corporate Office	n/r	n/r
Wesfarmers total	303,094	182,372

Notes:

1. n/r: data not recorded.
2. The Chemicals and Fertilisers division waste disposed was largely contaminated material generated from site remediation activities.

FIGURE 7: Environmental related expenditure (\$)

Business	FY07	FY08	FY09
Coles	n/a	2,270,000	3,148,658
Home Improvement and Office Supplies – Bunnings	5,320,000	6,840,000	9,995,692
– Office Supplies	n/a	n/r	n/r
Target	n/a	240,000	229,043
Kmart	n/a	n/r	1,284,894
Resources	4,740,000	14,200,000	11,666,459
Insurance	n/r	130,000	242,302
Chemicals and Fertilisers	8,650,000	6,190,000	10,388,524
Industrial and Safety	n/r	40,000	57,979
Energy	340,000	350,000	633,903
Corporate Office	1,280,000	880,000	786,088
Wesfarmers total	20,330,000	31,140,000	38,433,542

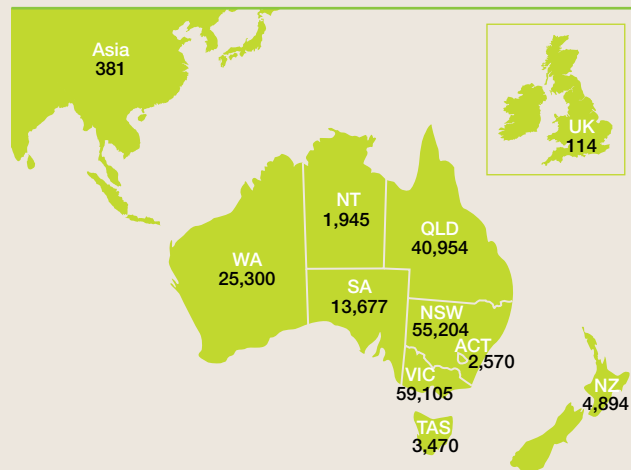
Notes:

1. n/r: data not recorded.
2. n/a: data not available – for companies in the former Coles group for 2006/07.

FIGURE 8A: Employee numbers

Business	Total number
Coles	113,311
Home Improvement and Office Supplies – Bunnings	28,369
– Office Supplies	5,400
Target	24,981
Kmart	26,469
Resources	788
Insurance	3,092
Chemicals and Fertilisers	779
Industrial and Safety	3,214
Energy	966
Corporate Office	245
Wesfarmers total	207,614

FIGURE 8B: Employee locations



During the year Wesfarmers made some significant progress at the Pemberton and Manjimup sites formerly owned by Sotico in Western Australia, with extensive investigation, monitoring and review efforts. The report by the Appointed Independent Expert for Sotico and the Western Australian Government on our Pemberton site was completed after the report date, but does conclude that the remediation project has met the original objectives. Near the Manjimup site there are several properties owned by third parties that have been classified as *Contaminated – Remediation Required* under the Western Australian *Contaminated Sites Act 2003*. Our efforts this year have continued to be directed at investigating and modelling groundwater in the area to demonstrate that the risk to these properties is minimal and allow consideration for the site classification to be amended. We anticipate that our appointed site auditor will report on this issue to the regulator before the end of 2009. We have also decided on a remediation technology to be used at this site in 2009/10 and will report on this next year.

Monitoring and risk assessment continued variously at the former Wesfarmers Transport sites in Carnarvon and Port Hedland in Western Australia, together with additional remediation activities.

Social

Our people

Wesfarmers is one of Australia's largest private sector employers. More than 99 per cent of our over 207,000-strong workforce is located in Australia and New Zealand (see figures 8A and 8B) with this number growing by nearly 9,000, largely in our retail businesses, from the 2008 report date. A liquefied petroleum gas import terminal and distribution facility in Bangladesh, operated by a joint venture in which we are the majority partner, employs about 35 people, approximately 380 people are employed at our retail offices in Asia and over 100 people in our Insurance business in the United Kingdom. Many additional people are employed in businesses where we are an investor, but not the operator. Overall, in 2008/09, we paid \$6.5 billion in salaries, wages and other benefits and our employees worked over 216 million hours (see figure 9).

In terms of workplace relations, we recognise the right of those we employ to negotiate either individually or collectively, with or without the involvement of third parties. The large majority of our employees are covered by collective agreements. At the same time, the company believes in maximising the flexibility of workplace arrangements available to employees and their managers.

Wesfarmers operates an employee share scheme and during the year 77 per cent of employees from eligible businesses took up the award of shares, while 14 per cent of employees from eligible businesses participated in the salary sacrifice share plan.

Gender diversity remains an important issue. Approximately 57 per cent of our employees are women and women occupy 953 (24 per cent) of the company's management positions. At the senior management level there were 34 women, comprising 16 per cent of the total. At year's end, our 19-strong Executive Committee had three women members. The Board of Wesfarmers has 10 directors, two of whom are female.

We have established policies across the Group aimed at ensuring that each person has equal access to employment opportunities, and that the benefits of employment are based on the principle of merit. Each business unit is required to complete an annual report to the Equal Opportunity for Women in the Workplace Agency. These reports outline strategies implemented to enhance the representation of women in our businesses.

Given our autonomously-operating business unit structure, training is one of the key human resource issues within the direct responsibility of business units. At the same time, key human capital development policies and processes apply across the Group. These include remuneration policies for the Group's senior managers and workplace anti-discrimination and succession planning. For the first time in these reports we have collected Group-wide data on our training and development investment in our people which is explained to an extent in this report. Our recorded commitment in training and development was 1.56 million hours but we expect this to increase in future years, both through increased development activities and through better recording of expenditure.

We have a code of ethics and conduct that covers employee behaviour and while business units are encouraged to adopt standards that align best with their activities, these must embody the principles laid down in the Group code, which is available on our website. The code also contains a specific provision to protect whistleblowers.

Sustainability scorecard continued

Safety

Workplace safety remains one of the Group's highest priorities. We believe we have an obligation to do all we can to ensure the safety in the workplace of everyone who works for our company, our visitors and customers.

We have a Group target of reducing accident rates by 50 per cent each year towards a goal of zero. The primary measure is the Lost Time Injury Frequency Rate (LTIFR).

This year saw an overall worsening in the Group's reported safety performance, as measured by the LTIFR. For the reporting period, the Group LTIFR was 13.06, up from 9.94 for the previous corresponding period (this figure now includes Coles). There were 2,825 Lost Time Injuries over the period, including Coles.

On a business-by-business basis, Air Liquide WA, Wesfarmers LPG and enGen maintained a zero LTIFR and the Resources, Energy, Insurance, and Industrial and Safety divisions all improved or maintained their safety performance as measured by the LTIFR. Details of individual business safety outcomes are found in figure 10 and their individual reports (to allow for comparison between 2007/08 and 2008/09 figure 10 also includes data on the same basis as we reported in 2008).

While the LTIFR remains the main Group-wide measure of safety performance, operating businesses are encouraged to use a range of broader measures to promote a more pro-active approach and support a culture of safe work practices. These include statistics on all injuries, near misses and restricted work cases. Details, where applicable, are available in their individual sections of this report, or their own divisional reports on the websites.

The number of workers' compensation claims for the year is shown in figure 11.

Non-compliance/prosecutions

Details of instances where individual divisions are the subject of potential regulatory breaches are included in the various business reports.

Governance

In our 2009 Annual Report (available at www.wesfarmers.com.au) we provide a very detailed account of the governance structure and responsibilities of Wesfarmers Limited.

The Board's charter requires it to have a majority of non-executive independent directors, a non-executive independent Chairman and different people filling the roles of Chairman and Chief Executive Officer.

Three standing Board committees (Nomination, Remuneration and Audit) review matters on behalf of the Board and make necessary recommendations.

The Board's Market Disclosure Policy, which covers announcements to the Australian Securities Exchange, prevention of selective or inadvertent disclosure, conduct of investor and analyst briefings, media communication and other issues, is supported by an education and training programme overseen and monitored by the Audit Committee.

FIGURE 9: Employee number of hours worked

Business	FY08	FY09
Coles	104,317,176	111,464,731
Home Improvement and Office Supplies – Bunnings	32,346,368	33,916,817
– Office Supplies	5,884,429	6,257,964
Target	20,246,165	20,664,453
Kmart	26,075,503	24,499,000
Resources	2,650,770	3,550,808
Insurance	5,078,144	5,415,648
Chemicals and Fertilisers	1,633,798	1,970,030
Industrial and Safety	5,817,131	5,829,832
Energy	2,535,929	2,283,000
Corporate Office	304,392	412,513
Wesfarmers Total	206,889,805	216,264,796

FIGURE 10: Lost Time Injury Frequency Rate (LTIFR)

Business	FY07	FY08	FY09
Coles	n/a	17.45	15.55
Home Improvement and Office Supplies – Bunnings	14.48	13.79	14.56
– Office Supplies	n/a	10.37	12.14
Target	10.36	9.34	9.44
Kmart	11.02	10.74	11.63
Resources	3.4	7.2	2.53
Insurance	2.7	3.7	2.22
Chemicals and Fertilisers	2.2	3.06	3.05
Industrial and Safety	4.6	4.6	2.40
Energy	2.56	6.31	2.19
Corporate Office	0	0	4.85
Wesfarmers Total	10.6	9.94	13.06

Notes:

1. In last year's report the overall Wesfarmers' LTIFR calculation excluded Coles. For ease of comparison if we had reported this year on a similar basis, Wesfarmers would have incurred 1,092 LTIs (instead of the actual 2,825 LTIs in 2008/09) and our LTIFR would have been 10.41 instead of the reported 13.06 this year.
2. Future reports will now have a consistent base of 2008/09 for comparison.
3. The 2006/07 and 2007/08 data for Kmart in this figure have been recalculated to include the supply chain and New Zealand operations for consistency with 2008/09.

FIGURE 11: **Workers' compensation claims**

Business	FY07	FY08	FY09
Coles	5,546	5,547	5,482
Home Improvement and Office Supplies – Bunnings	1,331	1,068	1,304
– Office Supplies	235	255	240
Target	684	837	834
Kmart	1,419	1,314	1,223
Resources	52	41	63
Insurance	12	40	33
Chemicals and Fertilisers	16	21	28
Industrial and Safety	126	138	134
Energy	31	53	34
Corporate Office	0	0	3
Wesfarmers total	9,452	9,314	9,378

Community contributions and partnerships

The continuing successful operation of the Group's businesses, in an ethical and socially responsible way, is the cornerstone of our contribution to the community. Through the creation of employment opportunities and the flow of economic benefits to employees, shareholders, and suppliers, and through the payment of taxes and royalties to governments, we are committed to having a positive impact in the broader community.

In addition, we believe in supporting the local and broader communities in which we operate by direct and indirect assistance to organisations and activities that provide a public benefit. That support is delivered by direct financial assistance and partnerships with Wesfarmers Limited, the parent company, and through financial contributions, sponsorships and other direct and indirect assistance from the Group's individual businesses. The scope of many of these community investments is outlined in each of the various business sections in this report.

The Board of Wesfarmers Limited contributes up to 0.25 per cent of the Group's before-tax profit each year (in 2008/09 over \$4.78 million was contributed to community organisations, including through the Arts programme in this way). In deciding the distribution of these funds, the Board gives preference to activities focused on medical research and health, indigenous partnerships and education and the Wesfarmers Arts programme.

With the expansion of our retail businesses in 2007 through the acquisition of the former Coles group, our overall contribution to the Australian and New Zealand communities increased substantially. For this report, in order to more consistently report on our overall community contribution, Wesfarmers joined the London Benchmark Group (LBG). The LBG operates an assessment and verification process for organisations wishing to define their community contributions according to standard definitions and policies that are developed collaboratively by the LBG and its members. Further details are available at the LBG websites (www.lbg-australia.com and www.lbg-nz.com) but essentially the LBG process assesses community contributions in two main dimensions: firstly the direct cash, in-kind and product contributions or support made by the organisation that are not commercial in nature; and, secondly the community contribution facilitated by the organisation through assisting other community-based organisations to raise money or support through activities such as collections at point of sale, community functions, provision of space for fundraising activities and the like.

Focus for the future

Premier Coal partners with local Aboriginal community

Premier Coal, operating in Collie, Western Australia, has recognised for some time the importance and value to its business of a strong partnership with the local Aboriginal community.

In consultation with its local community and the South West Land and Sea Council, Premier Coal has established an Aboriginal Policy.

With very low employment turnover, Premier Coal looked for opportunities to engage its local Aboriginal community other than through the establishment of an employment programme. Since establishing its Aboriginal policy, Premier Coal has initiated cultural competency training for its senior employees; it has engaged an Aboriginal apprentice; and it has also implemented an aquaculture project which has the potential to offer sustainable solutions to both the business and the local community.

Premier Coal has worked with Curtin University and the local Aboriginal community to establish the Ngalang Boodja Aquaculture project. Premier Coal is providing financial and in-kind support to assist in the rehabilitation of expired mine sites through the establishment of marron ponds operated by the local community. A pilot phase has already been undertaken with six ponds farming marron. A feasibility study is now underway with a further 22 ponds in operation. During this phase, up to 15 local Aboriginal people are training towards a Certificate III in Aquaculture and Land Management. The vision is for up to 100 ponds within 4 to 5 years and the business expanding into raising perch. The water processing required for marron farming slowly improves the quality of the water in the mine void.

This project provides tangible benefits for the environment and for the local Aboriginal community, by providing employment opportunities on the marron farm. For Premier Coal, the project contributes to the business' goal of rehabilitating mine sites to eventually hand back to the Government with a sustainable plan for land use and improving water quality. In addition, Premier Coal continues to develop and grow its relationship with the local community.

This project is a finalist in the Western Australian Environment Awards 2009 in the 'Corporate/Business leading by Example' category.

LBG undertakes a verification process across the Wesfarmers Group (with the exception of the Home Improvement and Office Supplies division, whose community contributions were assured by Net Balance as part of its overall assurance of this report – please note its Assurance Statement on page 74 for specific comment on our community contributions) and provides us with a report on which the data in figure 12 are based, as well as the verification statement on page 20.

The scope of many of our contributions is explained in the various divisional reports, or in the case study relating to the Victorian bushfires tragedy in February 2009 in this section of the report. However, some significant activities during the year included the first of five annual contributions of \$900,000 to the Western Australian Institute of Medical Research; the Bunnings community barbecues that allowed community groups to raise approximately \$12 million during the year; the Kmart Wishing Tree Appeal which helped to deliver over 400,000 gifts in late 2008 to our charity partners for distribution to families in need; and the Resources division's support for Life Education Australia with its drug and alcohol education programmes.

Wespine Blue treated structural timber being wrapped by Joshua Sopolinski for despatch to the building industry.

London Benchmark Group verification statement



(Reproduced from the original provided, by Haystac Positive Outcomes, the LBG agents for Australia/New Zealand.)

'The LBG model helps businesses to improve the measurement, management and reporting of their corporate community involvement programs. It moves beyond charitable donations to include the full range of contributions (in time, in-kind and cash) made to community causes, and assesses the actual results for the community and for the business (see www.lbg-australia.com for more information).

As managers of LBG Australia/New Zealand, we have worked with Wesfarmers Limited and its subsidiaries to review its understanding of the LBG model and how it has applied the model to a range of community programs. Our aim has been to ensure that the valuation principles are correctly and consistently applied. Having conducted an assessment involving scrutiny of a significant sample of contributions, we are satisfied that this has been achieved. Our work has not extended to an independent audit of the data.'

Wesfarmers Arts

Wesfarmers supports a number of Australia's leading arts companies through the award-winning Wesfarmers Arts sponsorship programme. This involvement stems from a belief that a vibrant cultural sector makes a positive contribution to the life of the community. The company's nationally-recognised collection of Australian art is shared with the public through exhibitions and loans to galleries. During the year works from the collection featured in prominent exhibitions, including the nationally-touring *Culture Warriors: Indigenous Art Triennial* from the National Gallery of Australia.

Political donations

We believe that the democratic process is strengthened if political organisations have the resources to develop sound public policy positions to put to the electorate. Financial contributions to parties can be made only by Wesfarmers Limited and not by any of our business units. During the year we donated a total of \$113,181, split between the Liberal Party, the Australian Labor Party and the National Party. All donations are disclosed in November after the end of the financial year concerned to the Australian Electoral Commission which publishes this information on its website, www.aec.gov.au

FIGURE 12: Community contributions

Business	Direct, in-kind and product A\$	Community raised contributions supported by Wesfarmers ('leverage' as defined by LBG)		Total A\$
			A\$	
Coles	12,358,768		7,363,944	19,722,712
Home Improvement and Office Supplies – Bunnings	3,611,807		11,917,298	15,529,105
– Office Supplies	492,970		n/r	492,970
Target	986,381		1,680,646	2,667,027
Kmart	1,024,336		10,828,108	11,852,444
Resources	856,311		n/r	856,311
Insurance	841,068		n/r	841,068
Chemicals and Fertilisers	429,642		1,929	431,571
Industrial and Safety	128,678		48,752	177,430
Energy	257,562		2,952	260,514
Corporate Office	4,781,085		3,510	4,784,595
Wesfarmers total	25,768,608		31,847,139	57,615,747

Note:

1. These figures do not include management costs associated with our community contributions (approximately \$1.7 million), hence they differ slightly from the 2009 Annual Report.
2. n/r: data not recorded.
3. The total number includes more than \$12.5 million for the Victorian Bushfires Appeal.



Other businesses

In this report we provide detailed information on all the businesses we operate in Australia, New Zealand and other countries, whether they are fully or part owned by Wesfarmers. There are, however, a range of significant businesses in which Wesfarmers is a major investor, and some brief details are provided here, together with the relevant website address which includes more detailed information.

Queensland Nitrates Pty Ltd (QNP): Through our Chemicals and Fertilisers division (CSBP), we own a 50 per cent interest in QNP, located at Moura in the Bowen Basin in Queensland, an ammonium nitrate producer and supplier to the mining industry. For further information please visit www.csbp.com.au

Bengalla coal mine: Through our Resources division, we own a 40 per cent interest in the Bengalla coal mine in the Hunter Valley in New South Wales, through a joint venture with Coal and Allied, a member of the Rio Tinto group of companies. The Bengalla mine produces steaming coal for domestic and export markets. For further information please visit www.coalandalied.com.au

Gresham Partners Group Limited: Wesfarmers owns a 50 per cent interest in the Gresham Partners investment banking activities. Through several Gresham Private Equity funds, we are involved in the ownership and development of several companies including Silk Logistics Group, Barmenco Limited, Witchery fashion, and the Geon group in the printing sector. For further information please visit www.gresham.com.au

Bunnings Warehouse Property Trust (BWPT): Wesfarmers owns 22.7 per cent of BWPT, which develops and owns properties for our Bunnings business and other retail/commercial companies. For further information please visit www.bwptrust.com.au

Wespine Industries: Wesfarmers owns 50 per cent of the Wespine plantation softwood sawmill at Dardanup in Western Australia, which has capacity to process in excess of 400,000 cubic metres of logs annually to produce more than 190,000 cubic metres of structural and appearance grade timber for

Australian and export markets, although market demand was lower in 2008/09 due to reduced housing industry activity.

Wespine employs about 150 people, a reduction of over 30 per cent since 2007, due to operational efficiencies and reduced market demand. Wespine incurred only one Lost Time Injury in 2008/09, an improved safety performance compared with the previous year.

In December 2008, Wespine extended its plantation log supply agreement with the Forest Products Commission until 2033, thus providing long-term resource security for the business. In anticipation of increased demand for pest-resistant timber due to the detection of the European house borer in Western Australia, a new facility to produce treated structural timber (Wespine Blue) in-line, instead of via an off-site batch process, was completed in September 2009.

For further information, please visit www.wespine.com.au

Sotico: Wesfarmers owns and operates Sotico Pty Ltd, which has a large landholding of some 11,800 hectares at Boddington, 110 kilometres south of Perth, on which Sotico manages 3,300 hectares of pine plantation land and leases a further 1,000 hectares for eucalypt plantations. The balance of the land comprises native forest which is not logged currently. Sotico supplies over 20,000 cubic metres of pine log products to customers annually, including to Wespine. Sotico maintains annual certification of its Boddington site to Australian Standards ISO 9001 and 14001 and, in February 2009, its certification was upgraded to the 9001:2008 Standard.

In addition, Sotico owns approximately 10 hectares of land in the Pemberton townsite in Western Australia. Some 4.7 hectares of contaminated land has been subdivided and remediated in preparation for transfer to the State, which is reported in more detail on page 17. The balance of the land has also been subdivided and individual commercial and residential lots are progressively being sold.

Wesfarmers' response to the Victorian bushfire tragedy

Australia experienced one of its worst natural disasters in February 2009 when bushfires devastated parts of Victoria, with the loss of more than 170 lives and massive property and environmental damage.

While nothing can diminish the enormity of this tragedy, we recognise here the contribution of Wesfarmers and many of its employees to the relief effort. That support came from across the company and was provided in many different forms, but with the common aim of helping those in great need.

From a Group perspective, Wesfarmers contributed more than \$12.5 million in direct cash and product support. This included significant donations from our businesses, but also customer donations and donations raised through the efforts of team members who organised a variety of fundraising events. It would not have been achieved without the energy and dedication of employees and the generosity of customers.

The largest cash donation (more than \$4.8 million) was from Coles which had many team members and customers personally affected by the bushfires. This included donating all of its profit from one trading day – Friday, 13 February – to the Victorian Bushfire Appeal. Coles customers also provided wonderful support, with more than \$4.7 million collected at checkouts. Employees from the business also contributed, raising money in their workplaces through a variety of activities, functions and payroll giving.

Bunnings also responded immediately. The next day and for the week following the fires, Victorian stores held daily fundraising sausage sizzles. Australian stores also facilitated public donations by providing official collection points for cash donations to the Victorian Bushfire Appeal. On Saturday, 14 February all stores across Australia and New Zealand worked together to hold sausage sizzles. Funds raised through these initial efforts totalled more than \$1.3 million. This is in addition to more than \$720,000 contributed by Bunnings and key suppliers through cash, product donations, other activities and team member time spent assisting the impacted communities and emergency services. Bunnings is now focusing on the ongoing work required to assist in the rebuilding phase of affected areas.

Office Supplies response was to provide 'back to school' packs for children relocated to a nearby school after their primary school was destroyed. Fundraising events were held by Officeworks and Harris Technology team members and these, along with generous contributions from their suppliers, raised funds and donated product totalling more than \$65,000.

Kmart also responded immediately with a cash donation. In addition, in the initial aftermath of

the event more than 490 families were given \$245,000 worth of Kmart gift cards to purchase essential goods. Customers once again demonstrated their huge capacity for generosity, raising more than \$438,284 through the Kmart Bushfire Wish Appeal in all Kmart and Kmart Tyre and Auto outlets. Kmart team members also contributed by donating social club funds and hosting fundraising events to assist affected families.

Employees were also instrumental in raising funds right across the Group. As well as a \$135,000 cash donation from Target, team members gave more than \$62,000 to the Appeal through fundraising activities. In total, with support from suppliers and team members, Target's Bushfire Appeal contributions totalled \$253,679. Employees in our Industrial and Safety businesses held morning teas, barbeques and silent auctions. In many businesses, collections were arranged or raffles and other competitions were held to raise funds. It was an impressive effort, with an estimated \$181,000 contributed directly as a result of fundraising activities by our employees.

Support was provided not only through cash donations but by way of significant in-kind contributions which were organised and facilitated by team members at all levels.

Many team members were volunteers in community groups on the ground, such as the Country Fire Authority (CFA), the State Emergency Service (SES), the Red Cross and the Salvation Army.

Donations of food, equipment, clothing and supplies were provided by our businesses to emergency teams and to those people affected by the tragedy.

A range of essential goods, including work boots, torches, tarpaulins, rakes, brooms, barbeques and generators were donated by Bunnings directly to relief centres and various CFA and SES command posts.

Coles gave bread, fruit and vegetables, water, toiletries and emergency supplies. Team members from the business cooked a barbeque lunch for 100 fire fighters at Healesville.

Kleenheat Gas was a key energy provider in the affected areas and had team members at the frontline of the response. It also supplied, in consultation with authorities, emergency gas supplies for relief activity and evacuation centres. Qualified Kleenheat employees were involved in the thorough investigation and retrieval of volatile gas cylinders on properties affected by the fire. Crucially, this task was completed before property owners returned or demolition started on any of the houses.

Team members from our insurance businesses – WFI and Lumley Insurance – immediately activated disaster response plans, including reallocating employees to relief centres to assist with claims and enquiries regardless of the insurer involved. The teams boosted their claims-processing capacity, organised and promoted claims hotline numbers and actively contacted clients where appropriate. Emergency cash payments were made directly where needed and other measures, such as expedited cash settlements, were also put in place. OAMPS Insurance brokers also worked closely with their affected clients to help them with the claims process. In all, more than \$86 million in claims are likely to be paid out to bushfire victims.

The diversity of our businesses in communities across Australia and New Zealand – depending on how involved they were – facilitated the large public outpouring of support. As the examples above illustrate, the generosity from our customers and employees was widespread and significant. That generosity, coupled with cash and equipment donations from many of our businesses, meant we were able to deliver a united response that provided assistance to those who needed it most.



Wesfarmers helped in many different ways to respond to the 2009 Victorian bushfire tragedy.



Top left: Blackwoods' Sam Pitarresi (left) and Juggie Singh in front of the remains of the Kinglake hardware store, one of the hardest hit areas of the Victorian bushfires. With the support of the store owners, Blackwoods set up an onsite container full of necessary hardware at no cost to provide immediate assistance with the rebuilding process.

Top right: Kleenheat Gas employee assessing household cylinder safety after the bushfires.

Bottom left: Team Members at Bunnings Warehouse Scoresby raising money for the Bushfire Appeal.

Bottom right: Jerome Duncan, Store Manager at Coles Healesville at the time of the fires and the face of our fundraising activities for the Victorian Bushfire Appeal.



About our business

We are one of Australia's leading retail businesses with brands including Coles and BI-LO supermarkets, 1st Choice Liquor Superstores, Liquorland, Vintage Cellars and Coles Express.

We are an integral part of the Australian retail sector, employing more than 113,000 team members and operating more than 2,200 outlets. On average, more than 11 million transactions take place in our supermarkets each week.

In 2008, we commenced a major programme to rebuild our business and restore pride in the Coles brand. Our focus was to get the basics right for our customers and our store teams.

Seafood Specialist, Brent Craddock, using a water-saving pre-rinse spray gun at Coles Claremont in Western Australia.

coles
coles.com.au

BI-LO

LIQUORLAND

coles
express

1ST
CHOICE
Liquor Superstore

VINTAGE CELLARS

2009 Priorities

Outcomes

Training and development of our team members.	<p>PARTIALLY ACHIEVED</p> <ul style="list-style-type: none"> – 750,015 hours of employee training. – Specific retail skills programmes launched.
Customer trust in our product range, value and quality.	<p>PARTIALLY ACHIEVED</p> <ul style="list-style-type: none"> – Achieved four per cent salt reduction between 1 January 2008 and 1 January 2009. – Launched Coles Green Choice and energy efficient light globes. – New Housebrand product standards, including the removal of tartrazine.
Water saving and energy efficiency of our stores.	<p>PARTIALLY ACHIEVED</p> <ul style="list-style-type: none"> – New water meters for 30 supermarkets. – Water flow devices and pre-rinse spray guns introduced in 104 supermarkets. – External fluorescent lighting replaced with longer life LED lighting at 200 Coles Express sites.
Workplace safety for our team members.	<p>PARTIALLY ACHIEVED</p> <ul style="list-style-type: none"> – Lost Time Injury Frequency Rate down by 11 per cent. – Workers' compensation claims down slightly.
Support the local communities in which we operate.	<p>ACHIEVED</p> <ul style="list-style-type: none"> – Our total community investment was \$19.7 million (of which \$10 million was contributed to the Victorian Bushfire Appeal). – Over 1.6 million kilograms of food donated to welfare groups and charities across Australia via Foodbank.

SAFETY PERFORMANCE

Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS

Tonnes CO₂e



ENERGY USE

Million gigajoules



WATER CONSUMPTION

Megalitres



COMMUNITY CONTRIBUTION

A\$m



1 July 2007 – 30 June 2009 (as at 30 September 2009).
Contractor hours and LTIs not included.



Fresh Produce Manager, Chris Anscombe, walking the talk and highlighting Coles' support for local producers.

Daily Intake labelling

We are providing consumers with more nutritional information that shows low or reduced fat, sugar, salt and kilojoule options. By March 2010, 75 per cent of our Coles brand range will feature front of pack Daily Intake (DI) labelling. The remainder of our Housebrand products will have DI labelling by the end of 2010.

Unit pricing

In August 2008, the Australian Competition and Consumer Commission (ACCC) released its report to government on the level of competitiveness of retail prices for standard groceries. One of the key outcomes of the report was the introduction of unit pricing for groceries. Coles commenced a progressive introduction of unit pricing into its supermarkets in June 2009 and this will be fully implemented by 1 December 2009.

National Packaging Covenant

Together with other Wesfarmers divisions, we renewed our commitment to the National Packaging Covenant (NPC) during the year. A key initiative will be the development of a packaging information panel for our Housebrand products that provides consumers with clear information about their disposal and recycling options.

Store building design

We opened our fifth environment supermarket at Ropes Crossing (New South Wales) in September 2008, which features a natural refrigerant system, and incorporates twin air screens and manual night blinds in the refrigeration cases. Another environment store opened in August 2009 at Flemington (Victoria) with further energy and water efficiency initiatives.

Biodegradable shopping bags

Following the introduction of a ban on lightweight single-use plastic bags in South Australia in May 2009, supermarkets announced a new range of reusable shopping bags, including a biodegradable cornstarch bag, which complies with the Australian Standard AS 4736 – 2006. This bag and our other reusable bag options were available in stores nationally from September 2009.

People

As at 30 June 2009, Coles employs 113,311 team members of which 99,232 work in supermarkets, 8,405 work in liquor stores and 5,674 work in fuel and convenience stores. Fifty-six per cent of our team members are female and 44 per cent are male.

Safety performance

Our Lost Time Injury Frequency Rate fell 11 per cent to 15.55 from 17.45 and our All Injury Frequency Rate was slightly lower at 95.28 compared with 98.53.

Year in review

This year, we completed the first year of a five-year turnaround programme, which is designed to create a sustainable business for the long-term. Our progress is described in this report and in our online report at www.coles.com.au.

Local sourcing

During the year, as part of the renewal of Coles, we piloted a number of retail concepts with customers to develop a new supermarket format. With the rollout of new supermarkets at Claremont (Western Australia), St Agnes (South Australia) and Balgowlah (New South Wales), we have increased local sourcing of produce where this is consistent with consumer preferences. Where possible, we have adopted this approach for other existing Coles stores such as at Shepparton (Victoria) and Bundaberg (Queensland).

We introduced the 'Australian Made, Australian Grown' green and gold triangle/kangaroo icon to our weekly catalogues and in-store signage to increase customer awareness of the origin of our fresh food.

Our Average Lost Time Rate was 12.27, which is 9.6 per cent lower than that of the previous year.

There were 596,134 hours spent on improving the health and safety skills and knowledge of our team members through formal training.

We also now report significant near miss incidents and during the year, we had 12 near miss incidents, of which six involved injuries. In all cases, corrective actions have been identified and have been or are in the process of being implemented.

Workers' compensation

During the year, the number of workers' compensation claims fell slightly to 5,482 from 5,547. The majority of claims relate to manual handling injuries. Training programmes were undertaken to improve manual handling techniques and processes in stores to reduce workplace accidents and injuries.

Last year we reported prosecutions brought by WorkCover NSW in relation to two incidents in February 2006 at BI-LO Vincentia. BI-LO is pleading guilty to three charges in relation to the two incidents and we are awaiting the court's findings.

Risk profile

For our three main areas of operation – supermarkets, convenience stores and liquor stores – we have completed risk profiles to understand their key hazards and risks. Activities to mitigate these risks are now included in business-specific National Strategic Health and Safety Plans and driven by the respective National Health and Safety Committee or Team.

Safety days

Over the last two years, Coles Express and our Alliance Partner Shell Australia have held safety days. As part of our June 2008 safety day, the Robbery Refresher Awareness DVD was launched to site teams and over 200 audits were conducted to review team member security and contractor management awareness.

Training

Over the past year, we have undertaken numerous initiatives to improve our delivery execution and enhance team member knowledge in areas that can have a positive impact on our customers.

We have simplified and designed specific induction programmes to assist our team members to learn the right skills for their roles. We have also added specific retail skills programmes. For example, the Liquor Product Training Framework (with more than 40,000 course completions over the past 12 months), Fresh Produce Back to Basics training, and our Retail Leaders Programme (RLP).

The RLP was launched in Coles supermarkets to provide team members with an understanding of their role as a trader, our business and the core knowledge, skills and behaviours needed to be successful.

We have also extended the graduate programme to provide broad retail experience to 70 graduates working in a range of areas including retail operations merchandise, logistics, marketing, human resources, information technology, finance, property and procurement.

Disability placement

Our disability employment programme operates in conjunction with Disability Works Australia and has grown from strength to strength since its launch. Approximately 2,000 people with a disability have been placed in a wide variety of store-based roles, such as checkout operators, day/night fill assistants, apprentice butchers and bakers and in-store presentation teams.

Environment

Biofuels

Coles Express and Shell Australia are committed to meeting government biofuels targets which can be demonstrated through our roll-out of E10 fuel (unleaded petrol with 10 per cent ethanol) to 63 per cent of our network in the Australian Capital Territory, New South Wales, Queensland and Victoria.

Currently, New South Wales is the only State that has mandates in place. During the year, legislation in New South Wales increased the amount of ethanol that fuel retailers are required to sell – from 2 per cent to 4 per cent – from 1 January 2010. The intention is to replace all regular grade unleaded petrol with E10 from 1 July 2011 in that State. In order to further meet these requirements, Coles Express converted its sites at Brighton Le-Sands and Thornleigh into E10-only sites.

Waste

We continue to look at ways to reduce our waste sent to landfill and increase recycling. Overall, 122,570 tonnes of waste was sent to landfill and 125,363 tonnes was recycled. We recycled over 111,000 tonnes of cardboard and 2,900 tonnes of plastic.

We introduced organic recycling for food waste at approximately 30 per cent of our supermarkets, resulting in 10,000 tonnes of food waste being recycled.

Over the last 12 months, supermarkets introduced a metal recycling service for redundant shop fittings and equipment. This is a service from stores and equipment warehousing facilities direct to metal recyclers. Total recycled content this year was 476 tonnes.

Water

Over the last 12 months, we installed water meters at over 30 supermarkets to help us to better monitor water consumption and conserve water. Our water consumption for the year across our 763 supermarkets is estimated to be 2.17 gigalitres, with an average consumption of 2.85 megalitres per store. This data has been extrapolated from actual water usage across more than 120 supermarkets nationally.

We also partnered with South East Water and Yarra Valley Water to participate in the 'Support 155 Business Program' in Victoria. The programme promoted water saving initiatives for our supermarkets and provided them with an audit by a qualified plumber. Leaky taps were fixed, water saving flow control devices were installed in toilets and pre-rinse spray guns were installed to delicatessen areas to minimise water usage.

Coles continued



Service Attendant, Kate Dunkley, packs shopping for a customer in Coles' biodegradable shopping bags.

During the year, we undertook a range of initiatives to help reduce our emissions and impact on the environment. For example, at approximately 200 Coles Express sites we turned off decorative canopy fascia lighting and at another 200 sites replaced fluorescent lights with longer-life LED lighting. We also installed LED lights into Shell logos at 400 Coles Express sites. As a result of these actions, we expect to reduce our fluorescent fascia lighting emissions by 67 per cent over 10 years.

This year, we also rolled out network cabling for refrigeration controllers so that we can manage temperature alarms, maintenance alarms, energy data and product temperatures via the internet. As at 30 June, 400 stores were connected and active, with the remainder of stores expected to be online over the coming year.

Total energy consumption for the year was estimated to be 7,294,950 gigajoules, up 3.7 per cent on last year. Our total energy consumption per million dollars of revenue was estimated to be 253 gigajoules.

Governance

Health

Targets have been set for our Housebrand products in areas such as salt and fat reduction. From 1 January 2008 to 1 January 2009, we achieved a four per cent salt reduction across the Housebrand range and aim to minimise the use of added salt by 25 per cent over five years. We also aim to remove unwanted food additives from Coles' products. Our new Housebrand product standards do not permit the use of tartrazine and challenge the use of other artificial colours.

Product stewardship

We took a number of steps to develop more sustainable products for customers during the year. These included the launch of a new environmental range of cleaning and laundry products and energy efficient light globes to replace our traditional range. More information about these initiatives and others can be located in our online report at www.coles.com.au

Ethical sourcing

This year, Housebrand product specifications were entered into the ColesPLUS (Product Life Cycle User System) database, which provides transparency and visibility of product and supplier information. The updated database will be used to help monitor and develop reports on ethical sourcing. Next year, we will commence auditing suppliers who manufacture Coles' Housebrand products in factories operating in high-risk countries, with the purpose of having them audited and certified to the Coles Ethical Sourcing Code or a mutually recognised code.

Coles Express operates 62 car wash sites around Australia. Sixty of these offer auto car washing and meet the five star water efficiency rating set by the Australian Car Wash Association in Victoria and equivalent water efficiency standards operating in other States. This means they use less than 40 litres of fresh water per wash.

Trolleys

Abandoned trolleys continue to be a concern for our business and, during the year, we received 201 individual infringements relating to approximately 2,250 abandoned trolleys. As part of our efforts to ensure our trolleys are secured safely and collected in a timely manner, we launched a national 1800 TROLLEY (1800 876 533) freecall number for the public to report abandoned Coles trolleys. We also launched a trial of a Cartronics wheel lock perimeter system at our Mount Annan and Chatswood Chase stores in New South Wales. The system has been successful to date with positive feedback received from both local councils.

Carbon and energy

Greenhouse gas emissions

Our total greenhouse gas emissions were estimated to be 2,978,518 tonnes of carbon dioxide equivalent (CO₂e), up 1.4 per cent on last year, and this equates to 103 tonnes of CO₂e, per million dollars of revenue. The greenhouse gas emissions were largely due to electricity consumption at our stores, distribution centres and support centres (approximately 60 per cent), and emissions related to refrigerants from our refrigeration and air-conditioning systems.

Packaging

In March 2009, we received Environment Victoria's Golden DUMP (Damaging and Useless Materials in Packaging) Award for our lemon trays wrapped in unrecyclable plastic packaging. We have ceased packaging lemons in this way and accept that this was an example of unnecessary and unsustainable packaging. We are using this experience to promote more environmentally friendly packaging options. In the coming year our product technologists and developers will be trained in implementing the National Packaging Covenant's Environmental Code of Practice for Packaging.

Environment protection and Coles Express

As required under New South Wales legislation introduced during the year – *The Protection of the Environment Operations (Underground Petroleum Storage System) Regulations 2008*, Coles Express and our Alliance Partner Shell Australia developed individual Environmental Protection Plans for sites.

Coles Express is jointly responsible, with Shell Australia, for the protection of the environment in relation to the operations of the network of Alliance retail fuel sites. Coles Express Mooroopna and Bundaberg are not Alliance sites and therefore Eureka Operations bears the environmental responsibility on behalf of BI-LO.

In 2003, a soil and groundwater contamination issue was identified at a Coles Express site in Mooroopna, Victoria and an adjoining property. The site is being monitored and groundwater testing continues to show a reduction in hydrocarbons, which are breaking down naturally. The site will continue to be monitored until contaminant levels no longer pose a risk to public health and the environment.

Tobacco

We take our tobacco compliance responsibilities seriously and this year ensured that our store teams in New South Wales and the Australian Capital Territory were updated on the recent changes in tobacco legislation. Last year we reported that the NSW Department of Health had commenced proceedings against Eureka Operations, alleging that a verbal multi-buy offer at 26 Coles Express stores was a breach of the tobacco advertising prohibition in the Public Health Act. We ceased the offer immediately upon being notified that the Health Department considered the offer to be a breach of the Public Health Act. The Supreme Court determined that the conduct at three sites did constitute an offence and Eureka Operations pleaded guilty to the remaining 23 charges. A penalty of \$107,000 was decided on 13 August 2009.

Liquor and gaming

As a major liquor retailer and hotel operator in Australia, we have a duty to act ethically and responsibly in the service of alcohol and gambling. We operate more than 770 licensed liquor outlets and 95 hotels (82 with gaming rooms) and strive for best practice in these areas. We require our liquor and gaming team members to undertake Responsible Service of Alcohol and Responsible Service of Gaming training.

In May 2009, Liquorland (Queensland), the licensee of our Bribie Island Hotel, was fined \$20,000 and licence conditions were imposed for a range of incidents occurring between 2004 and 2007. The matters related to: failing to maintain a safe environment in and around the premises, having patrons causing a disturbance in the locality and behaving in a disorderly fashion in and around the premises and neighbourhood. We have taken steps to correct these issues.

Community

Our total community investment for 2009 was \$19.7 million. This represents contributions made directly and indirectly through financial and food donations, customer and office fundraising, in-kind support, team member volunteering and workplace giving.

In February, with the generous support of our customers, we came to the aid of those tragically impacted by the Victorian bushfires, contributing close to \$10 million to the relief effort.

For more information about our bushfire relief effort and our many other community programmes, please see our Community and Sustainability Report at www.coles.com.au

Economic investment

Our total sales revenue for the year was \$28.8 billion and our earnings before interest and tax was \$831 million.

During the year our network grew to 2,258* outlets which created 6,344 new roles, bringing our total workforce to 113,311.

Next year, we expect to roll-out up to 50 renewal stores (supermarkets) creating further new roles, including butchers, bakers, fishmongers, green grocers and apprenticeships.

* Following our 30 June 2009 balance date, we announced the sale of 45 supermarkets to FoodWorks. These stores will be divested between September 2009 and April 2010.

2010 Priorities

Training and development of our team members.

Customer trust in our product range, value and quality.

Water saving and energy efficiency of our stores.

Workplace safety for our team members.

Support the local communities in which we operate.

Bunnings



In November 2007 Bunnings was joined with Officeworks to form the Home Improvement and Office Supplies division. Bunnings is the leading retailer of home improvement and outdoor living products and a major supplier of building materials in Australia and New Zealand. Officeworks is Australia's leading retailer and direct supplier of quality office and technology products.

Chloe Malloy hand watering at Bunnings Coburg warehouse in Victoria, using recycled rainwater.



About our business

Bunnings is the leading retailer of home and outdoor living products in Australia and New Zealand and a major supplier of building materials.

Operating from a network of large warehouse stores, smaller format stores, trade centres and frame and truss manufacturing sites, we cater for do-it-yourself (DIY) customers as well as builders and contractors.

Revenue during the year reached \$5.8 billion. At year-end there were 175 warehouse stores and 56 smaller format stores operating across Australia and New Zealand. There were also 22 trade centres in operation in Australia. At 30 June 2009 we employed over 28,000 people.

2009 Priorities	Outcomes
Achieve carbon neutrality by 2015 or earlier.	PARTIALLY ACHIEVED Achieved a four per cent reduction in total carbon footprint and a 9.7 per cent reduction in carbon dioxide emissions per hundred thousand dollars of revenue mainly through multiple energy and waste efficiency actions.
Continue strengthening water saving initiatives.	✓ ACHIEVED Australian-based stores achieved a 22.5 per cent reduction in total kilolitres of water used through rainwater collection and innovative nursery irrigation approaches.
Increase work with suppliers to reduce supply chain resource waste and develop products with stronger sustainability traits.	✓ ACHIEVED <ul style="list-style-type: none"> – 99 per cent of timber products purchased from low-risk sources. – Stepped up product-level packaging improvements and waste reductions in our supply chain. Expanded product ranges for customers.
Continue providing customers with access to information about environmentally-friendly products and projects that can support sustainable living.	✓ ACHIEVED Increased customer access to information via our website, in-store information, catalogues and DIY workshops.
Maintain our contributions to improve the social wellbeing of the communities in which we operate.	✓ ACHIEVED Contributed and helped raise over \$15.5 million in direct donations, in-kind support, and team member labour toward community projects.
Exceed our 'all injuries' 15 per cent reduction target through refreshed training, increased safety awareness levels, strengthened reporting and management systems all focused on high risk areas.	PARTIALLY ACHIEVED Serious incidents reduced by 23.3 per cent and All Injuries Frequency Rate (AIFR) reduced by 6.6 per cent.

SAFETY PERFORMANCE
Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS
Tonnes CO₂e



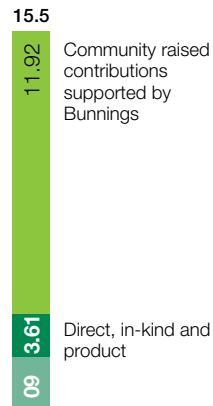
ENERGY USE
Million gigajoules



WATER CONSUMPTION
Megalitres



COMMUNITY CONTRIBUTION
A\$m



1 July 2006 – 30 June 2009 (as at 30 September 2009)
Contractor hours and LTIs not included.



Year in review

During the year we focused attention on pursuing our carbon neutral goal, accelerating our efforts to reduce energy usage and waste to landfill. Through the installation of energy efficient lighting systems in a total of 43 stores, 112 stores with low-mode light switching devices for night fill operations and the introduction of 59 hybrid vehicles to our fleet, we have continued to reduce our carbon intensity.

We increased our recycling rate for all materials from 25 per cent to 50 per cent in Australian stores.

We have continued our partnership with Murdoch University to identify and trial new energy efficiency opportunities, with a commitment to have solar power and wind powered micro-generation underway by September 2009.

We reduced our total water use from 844 megalitres (ML) to 717ML through:

- installing rainwater tanks at most warehouse stores across sub-tropical mainland Australia; and,
- introducing capillary mats and hand-watering in our nurseries.

People

Fostering a culture that empowers our managers to 'lead and drive' safety whilst also ensuring that our team members are motivated to 'look after themselves and their fellow team mates' is key reason why our safety performance has improved over the past 12 months.

During the year our injury frequency rates were:

- All Injury Frequency Rate (AIFR) reduced from 45.2 to 42.2 (6.6 per cent);
- Lost Time Injury Frequency Rate (LTIFR) increased from 13.8 to 14.6 (5.8 per cent).

We also measure the total number of incidents reported (including near miss incidents) and those that were deemed serious. We achieved the following results:

- the number of incidents reported reduced from 6,157 to 6,022 (2.2 per cent);
- the number of serious incidents reported reduced from 150 to 115 (23.3 per cent).

Targeted safety campaigns and risk control initiatives focusing on manual handling and forklift activity have been the two key reasons why we have been able to achieve a reduction in these measures.

In excess of 800 managers completed the Bunnings Safety Leadership Training Program whilst a further 12,000 team members attended a three hour in-store safety training session.

Our total training hours for the year increased 31 per cent, up from 457,929 last year to 597,982, which equates to approximately 35 training hours per full-time equivalent (FTE) employee. We also expanded team member access to our online learning system and increased the number of courses available in safety, core team development skills, product skills and technical skills.

We are committed to providing equal employment opportunities and the diversity of our teams is important to us. Our workforce is comprised of 46.5 per cent women and 53.5 per cent men.

Environment

Our websites www.bunnings.com.au and www.bunnings.co.nz contain comprehensive resources for water and energy saving information. These are an effective tool to engage customers in reducing environmental impact through sustainable living and product choices.

We have identified and implemented material reductions in packaging on direct imported product ranges after concluding assessment work in March 2009.

Total water consumption was estimated to be 717 megalitres, with Australian-based stores' consumption down 22.5 per cent on last year. This was achieved through the:

- rainwater harvesting systems described above which now form part of the standard design brief for our new stores;
- full implementation of hand watering in Victoria, New South Wales and Queensland stores, and the introduction of capillary mats (which draw water from the base of plant trays).

Our recycling rate doubled for the second consecutive year in our Australian-based stores, increasing from 25 per cent to 50 per cent. We estimate that over 8,400 tonnes of cardboard and paper and over 750 tonnes of plastics were recycled during the year and we disposed 19,898 tonnes of waste to landfill. We promote recycling in our stores through:

- separate systems to recover plastic, cardboard and timber;
- training our team on recycling practices;
- co-mingled recycling bins for food and beverage containers;
- detailed store reporting of waste and recycling volumes circulated on a monthly basis.

Education and awareness

We continued to support increased household take-up of water and energy saving behaviours through in-store programmes including:

- helping our customers understand practical sustainability actions through in-store activities and DIY workshops;
- increased water and energy saving information for customers with free online videos on sustainability for the home and garden;
- working with Victorian and Queensland water authorities to promote Target 155 and Target 200 water saving campaigns to householders;
- team members across New Zealand joining forces to participate in a Big Green Clean in support of Keep New Zealand Beautiful;
- partnering with Yarra Valley Water to provide 10,000 water saving showerheads for customers through a product exchange programme;
- switching off lights in stores across Australia in support of the World Wildlife Fund-led Earth Hour movement;
- partnering with the Keep Australia Beautiful Western Australia's 'Adopt a Spot' pilot programme which involves team member-led clean-ups of local community areas.

Our focus on working with schools included:

- conducting sustainability programmes for local primary schools in all stores across Australia;
- supporting Australian Firestarter Youth Environment Conferences as the Environmental Project Day Partner, providing materials and hands-on workshops including native bird box building, tree planting and plant propagation;
- commencing support of Schools Tree Day in South Australia which will be supported across Australia in 2009.

Product stewardship

The Western Australia plastic plant pot recycling trial reported last year has concluded with a lower than expected recovery of 20 tonnes. Regardless of this we are continuing with the service for our customers in Western Australia metropolitan stores and looking at ways to test the service in other States to encourage better recycling behaviour over time.

Our Timber and Wood Products Purchasing Policy was introduced in 2003 with the goal of ensuring that all timber and wood products supplied to us originate from legal and sustainable forest operations.

We have worked closely with our suppliers in order to do this and from January 2009 we introduced a condition of supply that requires independent verification of legal origin for all products made completely from tropical hardwoods. Approximately 99 per cent of our timber products are now sourced from lower risk plantations or other verified legal or certified sustainable forest operations.

Our timber products ranges are featured in the Greenpeace Good Wood guide in both Australia and New Zealand. The guide is an online tool designed to help consumers find timber products originating from ethical and ecologically sustainable sources.

In June 2009 we became a lead retail signatory to the Greenpeace campaign calling for stronger Australian legislation on sustainable timber procurement.

We continued to work closely with the World Wildlife Fund (WWF) as a member of the Global Forest and Trade Network.

We have a comprehensive accreditation programme for product we directly import, where major overseas factories are audited to a set code of conduct. Part of this process requires factories to be visited and inspected by an independent auditor, our agents or our buyers.



Water saving capillary mats.

As part of our partnership with Murdoch University Research Institute, we are undertaking a micro generation demonstration project to gain better understanding of current technologies and their future potential to reduce electricity-related greenhouse gas emissions. Contracts are in place for the installation of:

- a 30kW solar PV system to the roof of the Bunnings Warehouse Belconnen in the Australian Capital Territory, and;
- 7.5kW wind turbine systems at our Warehouse stores in Rockingham and Port Kennedy in Western Australia.

It is expected that these demonstration systems will be commissioned by the end of October 2009.

We decided to discontinue our purchasing of carbon offsets and instead direct funding towards activities that reduce our direct energy consumption. The remaining balance of 6,222 tonnes of carbon offsets purchased from Landcare CarbonSmart have been allocated and will partially offset our 2008/09 emissions.

During the year we purchased 7,400 accredited renewable energy certificates. This represented approximately five per cent of our total Australian electricity needs and reduced our greenhouse emissions by 7,844 tonnes below the level that would otherwise have been the case.

Governance

We are not aware of any potential non-compliance during the year with environment, health and safety legislation or other requirements, except as set out below.

The Department of Primary Industries Victoria has instigated proceedings against us in relation to allegedly selling a State-prohibited weed known as Mexican feather grass in our Victorian stores in 2008. The matter is progressing and will be reported on next year.

A penalty of \$140,000 was handed down as a result of the concluded WorkCover Authority New South Wales matter reported last year, relating to a 2006 gas cylinder incident where we pleaded guilty in June 2008.

We have acted on 13 notices to comply from relevant authorities covering safety-related issues including provision of safe working procedures, emergency egress, manual handling, housekeeping, and dangerous goods storage.

Carbon and energy

We aim to become carbon neutral by 2015 or earlier and have action plans in place to ensure that we achieve this goal.

We focus on reducing our energy use and waste to landfill through initiatives such as energy efficient lighting systems, night-switching devices, hybrid vehicles, recycling and packaging improvements.

Our greenhouse gas emissions are largely due to electricity use (around 95 per cent) and were estimated to be 179,046 tonnes of carbon dioxide equivalent (CO₂e), net of renewable energy credits and offsets purchased. This represents a 9.4 per cent reduction in our carbon footprint compared to last year, despite continued growth in our store network.

The actual carbon intensity of our operations continued to reduce a further six per cent on last year down to 3.1 tonnes of CO₂e per one hundred thousand dollars of revenue through:

- energy efficient e-tronic lighting;
- trialling LED (Light Emitting Diode) lighting in outdoor nurseries, under canopy lighting and car parks;
- installing night-switching devices to reduce lighting during night fill work;
- increasing recycling to divert waste from landfill.

Community

Bunnings contributes to a diverse range of local, regional and national causes. All of Bunnings' community involvement activities place a strong emphasis on local and active participation in the communities in which we operate. Throughout the year team members have dedicated both paid and unpaid hours to a number of community projects in their area. Their involvement has helped raise and contribute more than \$15.5 million to local, regional and national charities and community organisations across Australia and New Zealand.

Our Australian and New Zealand teams supported well over 25,000 community activities through community group sausage sizzles, DIY projects, local fundraising, fun days and blood drives. Our support included direct cash, product donations and team member participation.

Bunnings has also supported a number of national organisations through local store-run activities including:

Australia

- Prostate Cancer Foundation (Father's Day 2008)
- Salvation Army (Christmas 2008)
- Australasian Fire Authorities Council Volunteer Firefighters (summer campaign 2009)
- Meals on Wheels and the Country Women's Association (Mother's Day 2009)
- Easter 2009 'Paint Your Community' campaign

New Zealand

- New Zealand Breast Cancer Foundation (October 2008)
- Heart Kid's Week (May 2009)
- St. John's Annual BBQ Appeal (June 2009)

In response to the 'Black Saturday' bushfires Australian and New Zealand teams supported the Victorian Bushfire Appeal by holding sausage sizzles raising a total of \$1.67 million. Bunnings also directly donated funds and product, held fundraising events in conjunction with suppliers and acted as collection point for cash donations to the Appeal. Fundraising for flood victims in various parts of Queensland and New South Wales was also conducted.

Stores have also continued to offer free adult DIY workshops, kids DIY clinics, ladies days and nights.

Bunnings endeavours to have an ongoing and active role within our local communities. We are proud to have assisted in over 25,000 community activities in 2008/09 which were as diverse as fund raising sausage sizzles to DIY projects.

Economic investment

During the year we opened 10 new warehouses, three smaller format stores and 10 trade centres.

Our total trading revenue for the year increased by 10.3 per cent to \$5.8 billion.

Our total earnings before interest and tax increased by 11.9 per cent to \$659 million.

For further details on our sustainability performance please go to our sustainability report at www.bunnings.com.au and www.bunnings.co.nz

Working together to support the community.



2010 Priorities

Achieve carbon neutrality by 2015 or earlier.

Implement more water saving initiatives.

Increase work in-store and with suppliers to reduce supply chain resource waste, increase recycling rates and bring to market products with stronger sustainability traits.

Continue providing customers with access to information about environmentally-friendly products and projects that can support sustainable living.

Maintain our contributions to improve the social wellbeing of the communities in which we operate.

Exceed our All Injuries Frequency Rate 15 per cent reduction target through refreshed training, increased safety awareness levels, strengthened reporting and management systems all with a stronger focus on high risk areas.

Office Supplies



About our business

Officeworks is Australia's leading retailer and supplier of office products and solutions for home, business and education needs. The business caters for a broad range of customers that includes small-to-medium size businesses, students and teachers, and everyday personal shoppers.

Officeworks provides customers with three easy ways to shop – via a national network of more than 120 retail stores, online at www.officeworks.com.au, or by telephone/fax.

Officeworks aims to provide customers with the widest range of stationery, technology, furniture, and photo, print and copy services at the lowest prices, every day. The business also continually strives to provide great service to our customers whilst ensuring that we deliver a safe, rewarding and engaging place of work to our 5,400 team members.

The Officeworks portfolio also includes Harris Technology which caters predominantly for small-to-medium businesses and early adopters of technology. Harris Technology has call centre and internet operations with a small retail store presence across the nation.

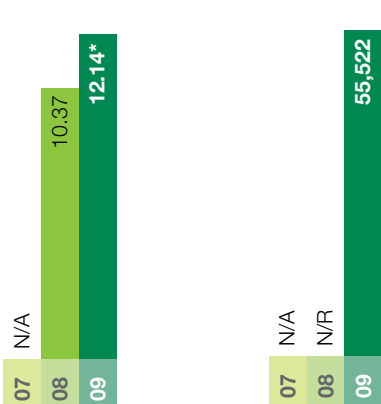
Customer, Paula Cristiano, loading her car with Officeworks' Australian Wildlife Conservancy reusable bags.



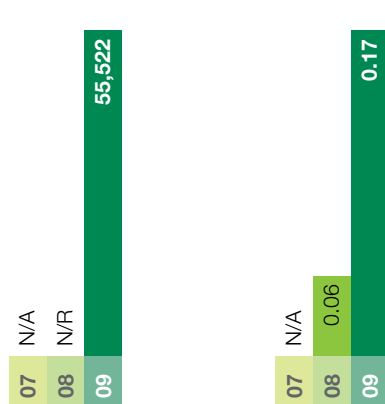
harristechnology

2009 Priorities	Outcomes
Develop an ethical sourcing policy in relation to our paper and timber products.	PARTIALLY ACHIEVED Draft policy developed and scheduled for implementation in 2009/10.
Provide customers with information about office products with a lower environmental impact.	ACHIEVED Products with a lower environmental impact have been the feature of a number of media releases and an identifying 'eco' icon has been created.
Develop waste and emissions data systems.	PARTIALLY ACHIEVED Data capturing systems have been developed and implemented for emissions and solid waste, however, water consumption data remain unavailable due to the nature of our sites. We intend to develop procedures to rectify this over several years.
Increase our contribution to improve the social wellbeing of the communities in which we operate.	ACHIEVED Officeworks has made a significant contribution to communities across Australia since July 2008 providing over \$450,000 of local sponsorship, donations and in-kind support.
Commence work on improving the use of plastics in our product packaging.	PARTIALLY ACHIEVED Officeworks has formally committed to the NPC and developed a Buyers' Guide which will be rolled out in the first half of the 2009/10 year.

SAFETY PERFORMANCE
Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS
Tonnes CO₂e



ENERGY USE
Million gigajoules



WATER CONSUMPTION*

* Due to the nature of our operations, in particular the location of the majority of our stores in centres owned and operated by external parties, we are unable to report in detail on our water consumption. Our intention is to develop procedures to rectify this over several years.

COMMUNITY CONTRIBUTION
A\$



Note: Contractor hours not included.

* As at 30 September 2009.



Team members at the Officeworks store in Highett, Victoria.

Year in review

Operating revenue for the office supplies businesses (Officeworks and Harris Technology) was \$1.31 billion for the full year. Earnings before interest and tax were \$65.3 million.

Officeworks' commitment to environmental sustainability continued throughout 2008/09.

There were two sustainability initiatives of particular note during the year, one being the elimination of single-use plastic bags from the business, the second being Officeworks' participation in the innovative e-waste recycling trial, Byteback. In conjunction with Sustainability Victoria, the Australian Information Industry Association (AIIA) and the Byteback Partners, stores in Ballarat and Dandenong in Victoria facilitated the free of charge computer take-back scheme for the public. This groundbreaking initiative resulted in over 42,639 kilograms of e-waste being recycled and diverted from landfill through our participating stores. Work to implement a similar scheme on a national basis is now underway.

During 2008/09, Officeworks supported the community in a variety of ways through direct donations and sponsorships in excess of \$450,000. The beneficiaries included kindergartens, schools and various other not-for-profit organisations.

People

Whilst the total number of safety incidents decreased during 2008/09, there was an increase in the number of Lost Time Injuries. A dedicated manual handling initiative has been put in place to address the major cause of injury across the business, being soft tissue injuries resulting from manual handling events.

Our team member engagement activities during the year included special deals on laptop computers and coffee machines, picnic hampers and movie tickets for Christmas, Officeworks travel bags, and a range of other initiatives designed to make Officeworks a great place to work.

We also provided over 56,000 hours of facilitated and online training during the year.

Environment

On 1 December 2008, Officeworks ceased providing single-use plastic bags to customers and introduced reusable alternatives for sale. Almost \$30,000 in proceeds from the sale of these reusable bags were donated to the Australian Wildlife Conservancy for the seven months to 30 June 2009.

During the year, Officeworks collected 422,422 print and toner cartridges as part of the Cartridges for Planet Ark campaign. This was achieved through continued in-store collection and an expansion of the programme which facilitated the collection of units from our delivery customers.

Officeworks welcomed some exciting new environmentally responsible additions to our range of products, particularly in furniture and desk accessories. For example, the Heritage range of office desks are manufactured from Forest Stewardship Council accredited materials whilst the Australian-made Italplast desk accessory range is made from recycled material, is 100 per cent recyclable and Good Environmental Choice Australia (GECA) certified. The usb-powered Eco Button energy-saving device was also launched during the year.

Community

Major community involvement activities during the year included:

- supporting the Whitlam Institute's 'What Matters?' creative writing competition for students in years 5 to 12 in New South Wales and the Australian Capital Territory;
- working with our customers to contribute over \$50,000 to the Returned and Services League and the ANZAC Day Commemorative Committee through the sale of fundraising merchandise in our stores;
- assisting the Australian Literacy and Numeracy Foundation's Early Learning and Preschool Literacy project through the donation of school supplies;
- celebrating the opening of each of our new Officeworks stores with a donation of \$1,000 each to a local school and not-for-profit group; and
- contributing in excess of \$250,000 to local communities through various donation and sponsorship activities organised through the national Officeworks store network.

Economic investment

During the year, eight new Officeworks stores were opened and seven Officeworks stores were totally upgraded. At year end, there were 123 Officeworks stores and five Harris Technology business centres operating across the country.

For further details on our sustainability performance please go to our website at www.officeworks.com.au

Team member Nikolai Tchebykin helping a customer purchase office furniture.



2010 Priorities

Develop an ethical sourcing policy in relation to our paper and timber products.

Provide customers with information about office products with a lower environmental impact.

Improve our waste and emissions data systems.

Increase our contribution to improve the social wellbeing of the communities in which we operate.

Continue work on improving the use of plastics in our product packaging.

Work with government and industry to finalise a national model for e-waste recycling.

Target



About our business

Target is a large national retailer aimed at satisfying the clothing, homewares and general merchandise needs of Australian families. Our key point of difference is the use of Target branded products. What makes us unique to our customers is the combination of product, value and convenience. Our customer promise is 'Great Style, Great Value'.

Our revenue in 2008/09 was \$3.8 billion. We employ almost 25,000 team members and in June 2009 there were 170 Target and 116 Target Country stores located across metropolitan and regional Australia.

Target's latest store design has energy efficient lighting and signage.



2009 Priorities	Outcomes
Introduce a new Manual Handling Programme across Australia to improve our safety performance.	<p>✓ ACHIEVED</p> <p>A new Safe Manual Handling training package was introduced in all Target sites in October 2008.</p>
Improve our energy efficiency by exploring effective energy savings opportunities.	<p>PARTIALLY ACHIEVED</p> <p>In November 2008 we commenced a series of detailed energy audits in our stores, distribution centres and our Geelong Support Office.</p>
Enhance our systems and procedures to more accurately measure our environmental performance.	<p>PARTIALLY ACHIEVED</p> <p>Information and documents have been developed to support a new reporting system.</p>
Continue to support our community partners.	<p>✓ ACHIEVED</p> <p>During this year two new key strategic community partnerships were established with The Alannah and Madeline Foundation and St John Ambulance Australia.</p>

SAFETY PERFORMANCE
Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS
Tonnes CO₂e



ENERGY USE
Million gigajoules



WATER CONSUMPTION*

* Currently we cannot report accurately our water use because of the location of many of our stores. We are unable to accurately measure our water usage as most of our stores are in centres operated by third parties.

COMMUNITY CONTRIBUTION
A\$m



1 July 2006 – 30 June 2009 (as at 30 September 2009).

Contractor hours and LTIs are not included.

* Taras Distribution Centre in Victoria, included as of September 2008.



Year in review

One of the main sustainability challenges facing our business continues to be the safe operation of our stores and distribution centres. We focused our attention during the year on the manual handling of stock in our stores. In October 2008 eight new Safe Manual Handling Guides and a new Manual Handling DVD were produced and distributed to all our sites. Over the past 12 months, we have successfully reduced our Lost Time Injury Frequency Rate by three per cent from 9.34 to 9.05 excluding the Taras Distribution Centre. Taras was included in our figures as of September 2008 and the LTIFR increased to 9.44 as a result. We also recorded an 18 per cent reduction in lost time claims when compared to 2007/08.

During the year, our Future Leaders programme, a new learning and development initiative, was introduced for team members in store management positions. As at 30 June 2009 we have more than 400 team members enrolled in this programme.

The main environmental areas on which we focused our attention during the year were the development of our Environmental Policy, eliminating plastic shopping bags from our stores, undergoing a series of detailed energy audits across our sites and introducing initiatives to reduce our waste to landfill.

During the year we developed a new community strategy which focuses on 'happy safe families'. As a result we entered into two new key partnerships with The Alannah and Madeline Foundation and St John Ambulance Australia.

People

Our business requires significant handling of merchandise, and manual handling injuries continue to be our greatest single cause of Lost Time Injuries. During the year we reduced our Lost Time Claims related to manual handling from 124 in the previous year to 112. Our new Manual Handling Awareness programme has been implemented within our stores and offsite reserves and is a key component of our induction programme for team members joining our business.

Our safety statistics are distributed and discussed by the Target Leadership Team each month and also reported to our Board. Lost Time Injuries and other serious incidents are also included in the weekly national store operations conference call.

We also developed a leadership framework to create a common language and criteria for competent performance and behaviours of team members in leadership roles. It provides the foundation for succession planning, recruitment, performance management and learning and development.

A key goal of our business is to improve the promotion and retention of women into senior management and executive roles. As at 30 June 2009, the percentage of women in operational leadership roles was 29 per cent.

This year we introduced a new recognition programme, the Target Rondel Awards, to celebrate outstanding contributions made by team members. The award categories include safety, service, leadership, innovation, sustainability and community involvement.

Environment

During this past year we developed a new Environmental Policy to help guide our actions and achieve a more sustainable business. Some of our commitments include:

- reducing our energy consumption and carbon footprint;
- minimising waste generated by our activities and through the lifecycle of our products;
- valuing water as a precious resource;
- providing customers with environmentally friendly product choices where practical;
- creating an environmentally sustainable culture within our business and the community.

Key opportunities supporting these commitments have been identified and are publicly available at www.target.com.au

Reducing waste

In line with our National Packaging Covenant Action Plan we are committed to reducing the use of single-use plastic shopping bags by promoting reusable bags. After a successful trial in South Australia we ceased to offer plastic shopping bags nationally from 1 June 2009. Customers can now choose not to use a bag, bring their own bag or if they wish to purchase one, we have a range available, including reusable bags from \$1 and compostable bags from 10 cents.

We were recognised for 'Excellence in Environmental Leadership' by the South Australian Government for supporting South Australia's plastic bag ban and educating the public about alternatives.

Our solid waste is primarily cardboard and plastic material that is collected at our sites for recycling. During this year we diverted more than 14,435 tonnes of cardboard and paper and 564 tonnes of plastic from landfill.

During the year we also implemented an initiative to target a reduction in the number of cartons delivered to our distribution centres by 10 per cent.

Carbon and energy

Our total greenhouse gas emissions were estimated to be 219,858 tonnes of carbon dioxide equivalent (CO₂e), down five per cent on last year, and this equates to 58.04 tonnes of CO₂e per million dollars of revenue. The greenhouse gas emissions were largely due to electricity consumption at our sites (approximately 87.8 per cent), synthetic gases used in our air-conditioning (approximately 5.5 per cent) and waste disposed off-site (approximately 3.5 per cent) and flights (approximately 3.2 per cent).

Our main energy use during the year related primarily to electricity consumption due to lighting at our stores. Total energy consumption was estimated to be 818, 871 gigajoules, up eight per cent on last year. Our total energy consumption per million dollars of revenue was estimated to be 216 gigajoules. This energy use is broken down into electricity (86.9 per cent), gas (six per cent) and vehicle fuel use (5.8 per cent) of total energy consumption.

Manual handling has been a key focus of Target's safety performance.



Target removed plastic shopping bags from stores. Its reusable red bags raise funds for The Alannah and Madeline Foundation.

Our new store design now incorporates low energy lighting as trialled at the Mt Ommaney (Queensland) store. The selling floor lights use 24 per cent less energy than the previous standard. The energy saving has been achieved with a lighting design that uses high technology light fittings, orientation of light fittings to emphasise features of the new fit-out and special low energy spotlights to accentuate focal walls and merchandise displays.

As part of Wesfarmers' commitment to the Australian Government's Energy Efficiency Opportunities (EEO) programme, we are required to assess the energy use of the business and report publicly on the results of the assessments and potential areas of improvement. To date energy audits have been conducted at 19 sites. A full review of all opportunities and payback periods will be conducted in the third quarter of 2009.

We are unable to accurately measure our water usage as most of our stores are in centres operated by third parties.

Governance

In September 2008 a new team member Code of Conduct was introduced which sets common standards of behaviour and conduct. In addition, Target's Concern Hotline was reintroduced. This provides a confidential telephone service and is an avenue to report breaches of the Code of Conduct and illegal or unethical behaviour. During this past year we also launched a new Equal Opportunity Policy.

We monitor suppliers against our Ethical Sourcing Code. Over the past four years we have made steady progress in understanding the complexity of our supply chain, the key social compliance issues and the training needs of the buying teams and suppliers.

In line with our risk matrix, the focus has been on direct imports from China, India and Bangladesh. This resulted in social compliance audits and a detailed analysis of our general merchandise and apparel suppliers. As at 30 June 2009 audits and audit documentation covered 388 factories supplying Target.

During this past year Coles Group Asia, on Target's behalf, conducted 22 factory audits, 67 factory audits were conducted by third party auditors and we acknowledged 138 factories through our mutual recognition program.

During the past year five zero-tolerance issues were detected and four factories were deregistered as suppliers due to poor social compliance.

We are not aware of any potential non-compliance during the year with environmental or health and safety legislation. During the year we paid fines of \$3,531 related to the management of trolleys.

Community

Our contribution to the communities in which we operate was valued at almost \$1 million for the past year. Working with us, our customers, suppliers and team members contributed an additional \$1.7 million. Together our total community contribution for the year is valued at over \$2.6 million.

Community investment	\$986,381
Financial support	\$689,779
Employee time	\$31,480
Gifts in-kind	\$265,122
Leveraged support	\$1,680,646

An internal survey revealed that the cause that most concerned team members was child abuse. All profits raised from the sale of Target red bags now support The Alannah and Madeline Foundation's Buddy Bag programme, providing children in emergency care with basic essentials. Since the launch in November 2008 we have raised over \$233,000 for this foundation.

In October 2008, St John Ambulance Australia conducted free 'Kids First' first aid training courses for our customers in six stores in Victoria. In May 2009 we announced a partnership which will enable us to extend this programme nationally. During this past year 388 customers who are carers of children were trained through this programme.

We continued to support Bonnie Babes, raising \$62,000 from the 'Go Ga Ga' Campaign and donating five per cent of our childrenswear sales on National Babies Day to the Bonnie Babes Foundation.



We were a participating retailer in the Red Nose Day promotion in June raising over \$297,886 for the SIDS and Kids Foundation. The annual Uniting Care Christmas Appeal held in our stores resulted in 69,205 gifts and \$104,990 in gift cards being donated to local communities throughout Australia.

In addition we contributed over \$262,000 in emergency relief, primarily to the Red Cross Victorian Bushfire and the Queensland flood appeals.

Our team members participated in our inaugural Green Week event in early June 2009. Coinciding with our new national bag strategy on 1 June and World Environment Day on 5 June, the event raised awareness of environmental issues at work and around the home.

Environmental initiatives and community activities are now regular columns in our monthly internal publication, 'Target Talk'. In addition sustainability issues are a regular item on national store manager roadshows and team member briefing sessions.

In support of our customer relations programme we provide an efficient, fair and accessible complaint handling process in accordance with the Australian Standard ISO 10002-2006 for Complaints Handling. The central Customer Relations team received over 46,000 customer contacts during this past year, all of which were recorded and responded to.

Economic investment

We make a significant contribution to economic activity wherever we operate. During this past year we opened 11 new Target stores and five new Target Country stores. Every week our team members process over 1.3 million customer transactions across Australia and last year we paid our workforce over \$380 million in wages and salaries.

2010 Priorities

Continue to promote the safety of our team members, with a focus on manual handling.

Identify the key energy efficiency opportunities in our business.

Develop Target Environmental Packaging guidelines for our suppliers.

Continue to support our community partners and encourage employee involvement with the community.



About our business

Kmart is one of Australia and New Zealand's largest discount department store retailers and is focused on serving customers quality products at low prices in an easy to shop environment. We operate 184 stores, product sourcing offices in Hong Kong, China and India, and employ more than 25,000 team members.

Key categories for Kmart are toys, leisure, entertainment, home, menswear, womenswear, childrenswear, footwear, underwear and consumables.

Kmart also offers customers a mix of its own brands such as Now, Girl Xpress, Alpha, Jackeroo and Homemaker as well as national brands such as Apple, Lego, Bonds and Tontine.

Kmart Tyre and Auto Service (KTAS) is one of Australia's largest automotive service, repair and tyre businesses with 255 stores and is one of Australia's largest employers of mechanics and apprentice mechanics with a team of over 1,250 people.

Throughout the year, we opened two Kmart and three KTAS stores, and closed one Kmart and 11 KTAS stores.

KTAS Apprentice Meagan Millen at the Midland store in Western Australia.



2009 Priorities	Outcomes
Develop our sustainability plan.	<p>✓ ACHIEVED</p> <p>Kmart developed a long-term plan to reduce our environmental impact and is now focused on reducing our electricity and water use and increasing the amount of waste we recycle. KTAS maintained its existing plan.</p>
Develop a new action plan for the National Packaging Covenant and commence work on packaging reductions.	<p>PARTIALLY ACHIEVED</p> <p>Kmart has developed an action plan and has committed to reducing packaging over the life of the plan. This coming year will see us undertake initiatives to reduce the amount of packaging we use.</p>
Implementation of the Energy Efficiency Opportunities programme throughout our business.	<p>PARTIALLY ACHIEVED</p> <p>Kmart undertook four energy audits in 2006 and will shortly undertake another Energy Efficiency Opportunities (EEO) audit at our Chadstone store (EEO is not applicable to KTAS). Once this audit is completed we will determine opportunities that are suitable for implementation.</p>
Preparation for the introduction of the National Greenhouse Energy Reporting laws.	<p>✓ ACHIEVED</p> <p>As part of Wesfarmers, we introduced a new system to measure our greenhouse gas emissions and energy use.</p>
Introduce new recycling services for store teams.	<p>PARTIALLY ACHIEVED</p> <p>KTAS increased the number of sites with recycling facilities, however, during the year the value of recycled materials has fallen and this impacted our contractors' ability to collect materials across Kmart and KTAS.</p>
Introduce improved data collection and management systems for environmental performance, particularly in relation to: <ul style="list-style-type: none"> – Natural gas and LPG usage; – Waste generation and electricity use in our distribution centres; – Water use in our business; – Environmental expenditure; – Trolley fines. 	<p>PARTIALLY ACHIEVED</p> <p>We have developed a data management system to measure these factors (except water use) from 2008/09.</p>
Introduce a 100-day health and safety plan to assist in further reducing our Lost Time Injury Frequency Rate.	<p>✗ NOT ACHIEVED</p> <p>Kmart did not introduce the plan, however, we have now developed a detailed strategy for 2009–11 in order to reduce our LTIFR, which increased during the year.</p>
Introduce our new community strategy to further assist the communities in which we operate.	<p>✓ ACHIEVED</p> <p>Kmart introduced the strategy which includes giving stores the ability to respond to local community requests for support; and we will shortly introduce a programme to engage with school children and their families throughout Australia and New Zealand.</p>

SAFETY PERFORMANCE
Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS
Tonnes CO₂e



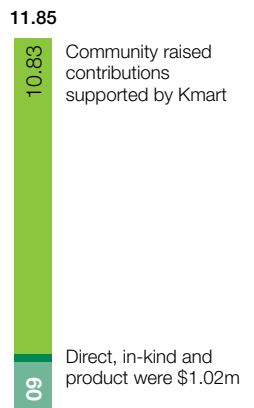
ENERGY USE
Million gigajoules



WATER CONSUMPTION*

* Currently we cannot report accurately our water use because of the location of many of our stores. We are working to develop a measurement system.

COMMUNITY CONTRIBUTION
A\$m



1 July 2006 – 30 June 2009 (as at 30 September 2009). Contractor hours and LTIs not included.

^ We over-estimated our emissions from synthetic gases last year by 37,502 tonnes and this figure reflects this change.

* This figure now includes supply chain and Kmart New Zealand.



Energetics consultant Emma Faure conducts an energy audit as part of the Energy Efficiencies Opportunities programme.

Kmart also introduced a new programme that enables store teams to support local community groups through either donating goods or gift cards from stores. Some of the small groups that received funding included kindergartens, Rotary clubs, schools and emergency service volunteers.

The renewal of Kmart faces many challenges over the coming years. With our new management team in place, a strong focus will be placed on rebuilding a solid foundation for the business and a platform for sustainable growth.

People

At 30 June 2009, we had 26,469 team members working in our stores, national office, distribution centres and KTAS sites.

Within Kmart 69 per cent of team members are female and 31 per cent are male. In KTAS, 96 per cent of the workforce are males. Our leadership team is comprised of four male and three female team members.

During the year we undertook a comprehensive review of our safety and injury management functions with a new strategy being rolled out across the business during 2009/10.

We have continued with our Manager in Training programme throughout the year and have also introduced a new Store Manager Development Programme. The latter covers three main areas, including 'managing myself', 'managing my team' and 'managing my business'.

Environment

Kmart developed a detailed environment strategy focusing on reducing our energy and water consumption, increasing the amount of waste recycled, and sourcing sustainable products for customers to purchase. The coming year will see us undertake initiatives from this strategy.

We have completed the required actions under 'Year 1' of our National Packaging Covenant Action Plan to reduce the amount of packaging we use and continued to roll out new recycling services to our KTAS stores. This year we recycled 83 per cent of the waste produced in our business, compared to 77 per cent last year.

Carbon

Greenhouse emissions

Our total greenhouse gas emissions were estimated to be 257,087 tonnes of carbon dioxide equivalent (CO₂e), down 17 per cent on last year, and this equates to 64.27 tonnes of CO₂e per million dollars of revenue. This decrease can largely be attributed to introducing better reporting systems to accurately capture emissions from natural gas and LPG used in stores and distribution centres and lower conversion factors

Year in review

The renewal of Kmart has begun! Wesfarmers appointed former McDonald's Australia Managing Director Guy Russo as the new Managing Director of Kmart. Following his appointment, a review of the business was undertaken where all aspects from stores and supply chain to supporting functions (such as merchandise and marketing) were assessed, before a way forward for the business was developed.

From an environmental perspective, we engaged EnTech USB to manage our environmental data. This partnership ensures that accurate and robust data is captured for key environmental indicators, including energy use, waste, recycling and, in time, water used from our sites. We will now be able to effectively monitor our impact on the environment and identify opportunities for improvement.

This year has also seen Kmart develop a long-term strategy to reduce our environmental footprint. In addition, Kmart also undertook significant work to identify suitable alternatives to plastic bags and has removed single-use plastic bags throughout South Australia in response to legislation.

Kmart has expanded its community reach through a number of programmes. Once again the Kmart Wishing Tree Appeal was strongly supported by Australian and New Zealand communities. This year the Appeal collected over 400,000 gifts and \$90,000 in cash contributions during the Christmas period.

this year compared to last year. The greenhouse gas emissions were largely due to electricity consumption at our stores, distribution centres and support centres (approximately 89 per cent) and synthetic gases (approximately five per cent).

Energy use

Our main energy use during the year related primarily to electricity consumption at our stores, distribution centres and support centres. Total energy consumption was estimated to be 993,036 gigajoules. Our total energy consumption per million dollars of revenue was estimated to be 248.25 gigajoules. This energy use includes fuel (four per cent of total energy consumption) and electricity (90 per cent).

Energy efficiency initiatives

Kmart will undertake its first Energy Efficiency Opportunities (EEO) audit in 2009/10 at our Chadstone store and we will then determine opportunities that are suitable for implementation.

Governance

New building fire safety regulations were introduced in Queensland during the year. These place additional requirements on building owners and tenants and we are working towards becoming compliant.

Trolley fines continue to be an issue for Kmart, with one council impounding 155 of our trolleys. During the year, Kmart paid \$21,942 in fines for abandoned trolleys and has now developed a trolley management plan that will be introduced next year.

We are not aware of any potential non-compliance during the year with licensing or approval conditions, except as set out below:

We failed to comply with a Noise Abatement Notice issued by the Environment Protection Authority Victoria relating to a generator at Kmart Bairnsdale. We were fined \$5,671 and have now rectified the issue.

Community support

This year the Kmart community programme supported over 1,000 small community groups ranging from kindergartens to Rotary clubs, allowing them to continue their community work, either through fundraising or receiving goods from our stores.

The Kmart Wishing Tree Appeal collected over 400,000 gifts and \$90,000 in cash that was given to our charity partners to distribute to families in need at Christmas. Christmas wrapping paper, cards and bears were also sold in support of the Appeal, raising a further \$95,000 for our partners.

In total, our business contributed over \$1.12 million of in-kind support directly to the community throughout the year. These figures are established utilising the London Benchmarking Group, and also show that our customers, team members and suppliers contributed a further \$10.82 million of in-kind support. Almost 700 team members volunteered over 4,800 hours to assist community-based programmes during the year.

We have continued to engage with our stakeholders during the year through a variety of means including catalogues, forums for suppliers and team members, our internet site, and letters to relevant government bodies. Our customer relations department is the key point of contact for our customers once they leave our stores, and they received a total of 107,257 contacts throughout the year. Approximately 13 per cent of contacts were complaints, with the remainder being general enquiries or compliments.

Economic investment

Kmart has continued to support the economy through employing over 25,000 team members in Kmart and 1,284 in KTAS. During the year we opened two new Kmart stores and three KTAS stores, and increased the trading hours in the majority of Kmart stores by over 20 per cent, creating additional employment opportunities. Throughout the year, we contributed to the economy through the payment of \$603 million in salaries and wages, as well as paying over \$201 million to governments at all levels in the form of taxes, levies and royalties.

2010 Priorities

Reduce the number and duration of workplace injuries.

Continue to undertake energy audits from a selection of stores to identify opportunities for improvement, as part of the EEO programme.

Introduce new recycling services for store teams.

Undertake water audits from a selection of stores.

Identify and introduce initiatives to reduce the amount of packaging we use.

Review our requirements for new stores, with the aim of introducing initiatives that lower the environmental footprint of our sites.

Build the capability of the Kmart team.

Motivate and drive the performance of all team members.

Establish an umbrella foundation for Kmart's community programmes.



About our business

We are a significant Australian open-cut miner and a leading metallurgical coal producer and supplier of thermal coal for domestic power generation. We operate the Curragh open cut coal mine near Blackwater in Queensland's Bowen Basin, the Premier Coal mine near Collie in Western Australia, and have a 40 per cent interest in the Bengalla mine in the Hunter Valley of New South Wales. The Bengalla mine is not covered in this report as it is managed by Coal and Allied and is included in its public reporting. At 30 June 2009 we had 788 people permanently employed, 30 in our Brisbane head office, 472 at our Curragh mine and 286 at our Premier Coal mine. The combined coal production for Curragh and Premier Coal was 13 million tonnes which was seven per cent higher than in the previous year.

Tube stock planting, Blackwater Creek diversion project, Curragh in Queensland.



2009 divisional priorities for the future

Outcomes

Reduce greenhouse gas emissions by five per cent. ¹	✗ NOT ACHIEVED Greenhouse emissions intensity increased by 14.7 per cent.
Reduce energy intensity by eight per cent. ¹	✗ NOT ACHIEVED Energy intensity increased by 23 per cent.
Reduce water consumption by 10 per cent. ²	✓ ACHIEVED Water consumption reduced by 39.4 per cent.
Preparation for the introduction of the National Greenhouse Energy Reporting laws.	✓ ACHIEVED As part of Wesfarmers, we introduced a new system to measure our greenhouse gas emissions and energy use.

1. Per BCM equivalent by 2012 based on 2006 figures. From 2010 the base line year will be amended to 2008/09 to coincide with the introduction of the National Greenhouse and Energy Reporting scheme (NGERs).
2. As water is not covered by NGERs the baseline year remains 2006.

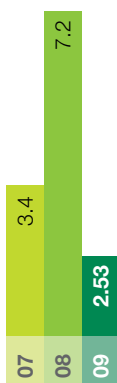
2009 Curragh priorities

Outcomes

Relaunch a behavioural-based safety training programme.	✗ NOT ACHIEVED Priority was given to the review of the Safety and Health Management System (SHMS).
Review the health assessment process and increase employee awareness.	PARTIALLY ACHIEVED The health assessment process is still being reviewed. Several employee awareness programmes were conducted during the year.
Integrate existing Environmental Authorities (EAs) into a single sitewide licence.	PARTIALLY ACHIEVED Curragh is in the process of negotiating with Department of Environment and Resource Management (DERM) in regards to merging the existing EAs into a site-wide licence.
Review and align the SHMS to AS4801 and the <i>Coal Mine Health and Safety (CMHS) Act 1999</i> .	✓ ACHIEVED A new SHMS was introduced. The SHMS meets the intent of AS4801 and is intended to be fully aligned with the CMHS Act 1999.
Develop and seek agreement with DERM (previously known as the Queensland EPA) on Land Rehabilitation Success Criteria.	✓ ACHIEVED Curragh has submitted rehabilitation success criteria to DERM. The success criteria conditions will be included in the site-wide EA.
Conduct site open day in conjunction with the mine's 25th anniversary celebrations.	✓ ACHIEVED Site open day conducted.

SAFETY PERFORMANCE

Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS

Tonnes CO₂e



ENERGY USE

Million gigajoules



WATER CONSUMPTION

Megalitres



COMMUNITY CONTRIBUTION

A\$

856,311




Direct, in-kind and product

Contractor hours and LTIs included.

Scope 1 and 2 only.

* In FY2007 we overestimated coal seam methane emissions.

Resources continued

2009 Premier Coal priorities	Outcomes
Reduce by our total injury numbers compared with the previous year by 25 per cent.	 NOT ACHIEVED The number of injuries did not change from the previous year.
Achieve full environmental compliance.	 NOT ACHIEVED One non-compliance was reported relating to water discharge.
Maintain accreditation to ISO14001 EMS standard.	 ACHIEVED Successfully passed two surveillance audits and one recertification audit.
Commence projects as part of our commitment to Energy Efficiency Opportunities (EEO) that produce energy intensity savings of greater than five per cent.	PARTIALLY ACHIEVED The EEO programme has been integrated within our business improvement process and reported on projects as part of the government and public reports. Some projects have been implemented, but the energy intensity saving of greater than five per cent has not been achieved.
Implement further improvements to our waste management.	 ACHIEVED A new waste management contractor was appointed and a waste transfer station established for onsite recycling.
Complete the handover of Lake Kepwari to the Western Australian Government.	PARTIALLY ACHIEVED Premier Coal is in the process of working through the abandonment conditions proposed by the Department of Environment and Conservation, in consultation with other State departments.
Maintain community consultation.	 ACHIEVED Continued our community stakeholder forums.
Align our safety management system with AS4801 as part of our HSE systems integration.	PARTIALLY ACHIEVED Development continues towards compliance with an initial AS4801 systems documentation audit conducted.

Year in review

Following a disappointing safety performance last year we have focused on ensuring that our safety management systems, workplace behaviours and operating procedures delivered a significant improvement in this critical area. While we aim to have an incident and injury free workplace, the reduction in LTIs from 19 to 9 and a reduction in the LTIFR from 7.2 to 2.53 is pleasing and indicates that our renewed focus and effort in this area is delivering positive results. Consolidating and improving upon this year's safety performance will be a priority for 2009/10.

This year a climate change strategy and action plan were developed to optimise, ensure compliance and integrate our various activities in regard to energy efficiency and greenhouse gas reduction. This plan has resulted in an increased focus on energy and greenhouse efficiency and reporting for NGERs, as well as completing our section of the first Wesfarmers Energy Efficiency Opportunities public report.

In regard to supporting our local communities, a further commitment to the Ngalang Boodja Council Aboriginal Corporation aquaculture project in Collie (Western Australia) by Premier Coal and a new national partnership with Life Education Australia have been the highlights. These partnerships have enhanced our already strong support for our local indigenous population and young people in our communities.

Reuse and recycling improved significantly during the year with both mines recycling a total of over one million litres of engine oil for reuse which, combined with the introduction of a waste transfer station at Premier Coal and scrap metal recycling at Curragh, has allowed our sites to reduce their overall environmental impact.

People

During the year the principal focus of our people strategy has been the reduction of LTIs. This has been achieved through managing our injured employees to ensure they are provided with the opportunity to return to work on alternate duties and targeted training across our business. The reduction in the LTIFR from 7.2 to 2.5, an improvement of 65 per cent, indicates that our efforts to make our workplace injury and incident free are progressing. We will continue to make safety a priority to consolidate and improve upon our performance this year.

Maurice Cabrini inspects a production bore at Premier Coal, in Western Australia.

A major new initiative this year has been the development and rollout of our Leadership Development Framework which provides us with a common language to describe the behavioural expectations of our leaders. Leadership development workshops were conducted across the business.

A highlight during the year was the achievement of Curragh's Emergency Response Team which represented Australasia in the World Rescue Organisation challenge in Wales, placing a commendable tenth out of 30 international teams.

During the year we submitted our first Equal Opportunity for Women in the Workplace report. The report was deemed compliant with the Act by the Equal Opportunity for Women in the Workplace Agency.

Environment

Improving our waste management practices and efforts in recycling has been a major focus this year. During the year Premier Coal appointed a new waste management contractor and introduced a waste transfer station onsite. In addition, Curragh improved its recycling of general waste by 45 per cent and its recycling of liquid waste by 553 per cent.

Curragh continues to improve its onsite water management and this year achieved a 22.6 per cent reduction in the amount of water used onsite. Premier Coal commenced a dewatering programme, abstracting 2.74 gigalitres of groundwater in preparation for future mining activities and the use of this water is explained in the Wesfarmers Resources sustainability report at www.wesresources.com.au

Premier Coal successfully passed two surveillance audits of its Environmental Management System and was also recertified against the International Environmental Management System standard AS/NZS ISO 14001:2004. This system assists Premier Coal to manage the impact of its operations on the environment.

Mining activities this year have resulted in disturbance to 575 hectares of land while rehabilitation has been undertaken on 70.3 hectares.

Carbon and energy

This year has seen the development of a Climate Change Strategy and Action Plan designed to coordinate and drive our response in the areas of energy efficiency and greenhouse gas reduction. The initial focus of this strategy is on optimising our operations by implementing opportunities identified during the EEO process and to ensure that we are able to comply with NGERs reporting.





Curragh's new bikeway is part of the Healthy Lifestyle Initiative.

Greenhouse emissions

Our total direct (Scope 1 and 2) greenhouse gas emissions were estimated to be 707,725 tonnes of carbon dioxide equivalent (CO₂e), up 15.2 per cent on last year, and this equates to 4.37 kilograms of CO₂e per bank cubic metre (BCM) equivalent, up 8.7 per cent on last year. This includes 57,270 tonnes of CO₂e for fugitive gas emissions from Premier Coal which are now required to be reported under NGERs. The major greenhouse gas emissions were fugitive emissions (39 per cent), electricity (26 per cent) and diesel (35 per cent).

Energy use

Our main energy use during the year related primarily to the operation of draglines, our Coal Handling and Preparation Plant (CHPP) and diesel-operated equipment. Total energy consumption was estimated to be 4,314,071 gigajoules, up 29.4 per cent on last year. Our total energy consumption per BCM equivalent was estimated to be 26.6 megajoules, up 22.4 per cent on last year. This energy use is broken down into fuel (83 per cent of total energy consumption) and electricity (17 per cent).

The reasons for these increases are explained in the Wesfarmers Resources sustainability report at www.wesresources.com.au

Energy efficiency initiatives

Through our parent company, Wesfarmers Limited, we are a participant in the Commonwealth Government's Energy Efficiency Opportunities Program. In 2008 we submitted our first public and government reports as part of the Wesfarmers report.

With the introduction of NGERs the baseline year for our greenhouse emissions and energy intensity will now be 2008/09. This alignment with the NGERs will ensure that in future we will be able to benchmark our performance in a consistent way so that we can accurately report our efforts to reduce greenhouse emissions and energy use.

Governance

There were no environmental infringement notices or fines issued to either Curragh or Premier Coal.

Premier Coal had one licence non-compliance related to the offsite discharge of process water and the Department of Environment and Conservation (DEC) was advised of the event.

Curragh obtained approvals for, and commenced a 10.2 kilometres diversion of Blackwater Creek in preparation for mining activities under the existing creek line.

Premier Coal successfully passed an audit of its Environmental Management System and was also recertified against the International Environmental Management System standard ISO 14001.

The oil filtration system for recycling used oil at Premier Coal.

Community

This year we established a major community health and education partnership with Life Education Australia, the nation's largest non-government provider of drug and alcohol education. This partnership will enable Life Education Australia to expand its programmes to the south-west of Western Australia for the first time and to increase its presence and reach in central Queensland.

This year Premier Coal announced its continued support for the Ngalang Boodja Aquaculture project which will see the development of a commercial aquaculture business.

Using the London Benchmark Group methodology our contribution to various community-based organisations during the year totalled approximately \$856,000.

The final rehabilitation of the former mine void known as Lake Kepwari was completed in preparation for its handover to DEC for recreational purposes. The lake will provide a valued community facility for the people of the south-west region. Construction of recreational facilities for public use of the lake is expected to be completed for the 2009/10 summer season.

During September 2008 Curragh celebrated 25 years of operation and commemorated this occasion with an open day which was a great opportunity for the local community to see the mine in operation and for Curragh to thank the community for the tremendous support it has shown over many years.

The Blackwater International Coal Centre, of which Curragh is a major sponsor, was opened by the Premier of Queensland in August 2008. The Centre is a showcase for the industry and a valuable facility for the Blackwater community.

For further details on our sustainability performance please go to our website www.wesresources.com.au

Economic investment

Our business makes a significant contribution to regional and State economies through job creation, procurement of goods and services, royalties and taxes, and community investment programmes.

In 2008/09, despite the challenges presented by the global financial crisis, we committed to a \$130 million project to divert Blackwater Creek. The diversion of Blackwater Creek at the Curragh mine will provide access to additional coal, along with operational efficiencies.

2010 Priorities

Our people

Wesfarmers Resources

- To consolidate and improve upon our safety performance achieved in 2008/09.
- To further embed the Leadership Development Framework.

Curragh

- Implement a workforce access system on site.
- Implementation of the health, safety and training strategy.

Premier Coal

- Certify our Safety Management System to the AS/NZS 4801 standard.

Carbon and energy management

Wesfarmers Resources

- Implement our climate change action plan.

Curragh

- Continue to improve greenhouse gas and energy measurement.

Premier Coal

- Develop WESGERS into a management tool that aids business decisions related to energy and greenhouse gas.

Community

Wesfarmers Resources

- Develop an indigenous affairs strategy.

Curragh

- Review of community relations policy.

Premier Coal

- Handover of Lake Kepwari to Western Australian State Government.
- Conduct site open day in conjunction with the mine's 60th anniversary celebrations.

Environment

Curragh

- Finalise the site-wide EA with DERM.

Premier Coal

- Maintain accreditation to AS/NZS ISO 14001:2004 EMS standard.
- Develop and seek agreement with the Western Australian regulatory authorities on Mine Closure Completion Criteria.

A strong economy

Wesfarmers Resources

- Continue to explore and evaluate growth opportunities.

Curragh

- Complete Blackwater Creek diversion to allow further mining operations to occur.

Premier Coal

- Planning and preparation to become sole coal supplier to Verve Energy from 1 July 2010.

Insurance



About our business

Wesfarmers Insurance (WI) operates in the general insurance and financial services sector. Our insurance businesses include Lumley Insurance (LI)* and Wesfarmers Federation Insurance (WFI) in Australia and Lumley General New Zealand (LGNZ). Our insurance broking businesses include OAMPS Australia, OAMPS United Kingdom (UK) and Crombie Lockwood in New Zealand (NZ). We also have underwriting agencies, premium funding businesses and superannuation and financial management operations. OAMPS UK is included in this year's report for the first time. We are represented in 126 locations in Australia, 27 offices in New Zealand and five in the United Kingdom. At 30 June we employed 3,092 people. For further information on our businesses visit www.wesfarmersinsurance.com.au

* During the year LI traded as Lumley General (Insurance Australia).

Lumley, WFI and OAMPS assisted clients and the community after the Victorian bushfires. In addition to the community support, we expect to contribute about \$86 million in insurance claims by the time our clients have rebuilt.



2009 Priorities	Outcomes
Implement our carbon neutral position and further develop energy efficiency strategies.	<p>✓ ACHIEVED</p> <p>We conducted a full carbon lifecycle analysis for all our business operations. We also completed an energy audit for our largest site and have purchased carbon credits to offset the emissions from our Australian operations for 2009/10.</p>
Continue to support and promote sustainable business practices within our business and with our business partners.	<p>✓ ACHIEVED</p> <p>Our businesses held regular meetings of their sustainability committees. WFI has expanded its monitoring and reporting of office consumables and LGNZ has switched to Forest Stewardship Council (FSC) certified paper supplies. LI developed an online training module for employees to promote sustainable practices at home and work.</p>
Continue to develop our sponsorship policy to maximise benefit to the community.	<p>✓ ACHIEVED</p> <p>WI businesses contributed \$841,068 to community events. We have a sponsorship policy in place which is aimed at maximising the benefit to the community.</p>
Implement the ISAFE programme in each business unit.	<p>✓ ACHIEVED</p> <p>The ISAFE program is being rolled out across our businesses. We have engaged an occupational health and safety specialist to oversee programme implementation.</p>
Reduce our Lost Time Injury Frequency Rate by at least 50 per cent with a target of zero Lost Time Injuries.	<p>PARTIALLY ACHIEVED</p> <p>Our Lost Time Injury Frequency Rate improved from 3.7 to 2.2 which is a 40.5 per cent reduction on last year.</p>

SAFETY PERFORMANCE
Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS
Tonnes CO₂e



ENERGY USE
Million gigajoules



WATER CONSUMPTION
Megalitres



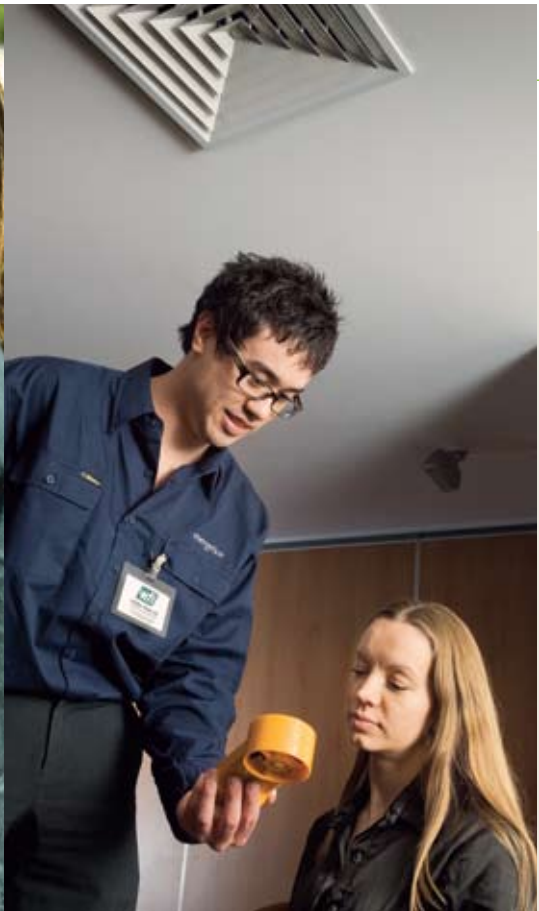
COMMUNITY CONTRIBUTION
A\$



Contractor hours and LTIs not included.
OAMPS and Crombie Lockwood were acquired in FY2007 and are included in data from 2008.



Robynne Shaw (left) and Marcia Rogers checking first aid equipment in a company vehicle as part of our ISAFE programme.



Year in review

In 2009 we took several important steps toward becoming carbon neutral. During the year a full carbon lifecycle analysis was completed for all our businesses. This has allowed us to calculate our carbon footprint and identify the key areas where energy is used or embedded in the products and services we purchase. We also conducted an energy audit at the WFI offices at Bassendean (Western Australia) which is one of our largest sites. Lumley Australia rolled out an online employee awareness programme on climate change which demonstrated how individual choices can have an impact at home and work.

During the year our major safety initiative ISAFE focused on managing key safety risks and reducing workplace accidents. An occupational health and safety specialist was engaged to oversee programme implementation in our Australian businesses.

We were also involved in relief efforts following the tragic Victorian bushfires in February through providing on-the-ground support and emergency cash relief to our customers and donating to the Red Cross Victorian Bushfire Appeal 2009. In addition we responded to this tragedy by immediately engaging our catastrophe plans. We paid out over \$43 million in claims and expect to pay approximately \$86 million by the time our clients have rebuilt.

We contributed \$841,068 to a range of local community partnerships supporting initiatives such as farm safety, local community welfare organisations and education.

Our total energy consumption increased from 82,487 to 92,194 gigajoules and our carbon dioxide equivalent (CO₂e) footprint decreased from 12,975 to 12,236 tonnes.

People

We launched a major safety programme, ISAFE, across our businesses. The programme provides an occupational health and safety management and improvement framework tailored to each business. A full-time specialist has been engaged to assist each business to develop and implement their own programmes.

We extended the successful Leadership Development Programme (LDP) referred to in last year's report into a new programme Wesfarmers Insurance Leadership Development (WILD), which reaches more people in our business with customised leadership training.

Our businesses participated in a range of employee health and wellbeing programmes, including Crombie Lockwood's entry of 15 teams in the Kiwi Workplace Challenge. The programme encourages regular exercise and community involvement through the workplace.

Environment

WFI publish an environmental policy on its intranet and has dedicated pages covering business consumption data, news, suggestions and details of its environmental committee. WFI also conducted reviews on usage of a range of consumables including paper, toner cartridges, electricity and fuel. The results of the analysis are reported on the intranet to improve employee

Patrick Heagney from Energetics and Rochelle Brown from WFI conducting an energy audit of our offices in Bassendean, Western Australia.

understanding of the drivers and trends of consumption patterns in the office

During the year LGNZ switched to Forest Stewardship Council-certified paper for use in its printers. Our businesses in some Australian and New Zealand cities expanded their participation in the Earth Hour awareness initiative.

Carbon and energy

The most significant initiative for the year has been progress towards becoming carbon neutral for our Australian operations. We conducted a Carbon Lifecycle Analysis which quantifies the CO₂e impact of our business operations as well as the impact of the goods and services that we consume in operating our business. We have identified the key components that contribute to our carbon footprint and will be putting in place measures to manage this impact. In addition we have purchased and retired sufficient carbon credits to become carbon neutral in 2009/10.

Governance

In April 2009 we consolidated the two general insurance licences of our Australian insurance companies (WFI and LI) into a single general insurance licence, retaining two distinct brands. This will streamline and improve our reporting and governance.

During the year we streamlined our management structure to provide greater focus and to encourage best practice. Two new leadership groups were established for broking and underwriting comprising the chief executive officers and some senior managers from each of these businesses. The structure is intended to provide greater focus and to encourage best practice in addition to the separation of strategic guidance and business development between the broking and underwriting operations.

Community

Our community support programme is focused on the local communities where our businesses operate. Examples include:

- WFI supports the Kondinin group, a leading not-for-profit farm improvement group. The support enabled a research report on rural health covering accidents, depression, general health and a range of safety issues specific to farming. The report content was published online and in regional press.
- LI supports a range of social causes and community groups. It is a corporate sponsor of the Create Foundation which supports young people in foster care. LI also provides substantial sponsorship to the Juvenile Diabetes

Research Foundation and is a supporter of the Lumley Exchange Research Fellowship of Surgeons.

- Crombie Lockwood donated goods valued at over NZ\$16,000 to Queenstown (New Zealand) schools. In addition to this staff raised NZ\$10,000 for the Child Cancer Foundation.
- OAMPS again supported the Australian Youth Sailing Championships which enabled many young sailors to compete for the Australian championship, with the winners earning the right to compete in the World Championships in Brazil. OAMPS also supported the Ballarat Cancer Research Centre, Street Swags (a programme to provide shelter for homeless people in Australia) and the Inspire Foundation, an Australian organisation focused on reducing youth suicide rates.
- Lumley General New Zealand supported the 2008 Shave for a Cure which supports the Leukaemia Foundation.

Economic investment

During the year we made provisions to pay \$1,045 million in claims to our customers who suffered insured losses. This included support for various natural catastrophes in Australia during the period. We paid \$201 million in wages and salaries to our 3,092 (full-time equivalent) employees. In addition we made provisions to pay \$45 million in fire service levies.

We also purchased 26,074 tonnes of carbon credits under the New South Wales Greenhouse Gas Abatement Scheme. The investment has enabled other carbon dioxide emitters participating in the scheme to reduce their emissions and by WFI retiring these credits we will offset our Australian emissions for the 12 months to 30 June 2010.

2010 Priorities

Manage our carbon footprint to minimise our impact on the environment.

Continue to support and promote sustainable business practices within our business and with our employees and business partners.

Develop our community programmes to maximise benefits to the communities in which we operate.

Continue to improve our safety management frameworks to improve safety across the division.

Reduce our Lost Time Injury Frequency Rate by at least 50 per cent with a target of zero Lost Time Injuries.

Chemicals and Fertilisers



About our business

We are the Chemicals and Fertilisers division of Wesfarmers which incorporates CSBP, Australian Vinyls (AV), ModWood and Australian Gold Reagents (AGR, a 75 per cent owned joint venture we operate).

We manufacture and supply chemicals, fertilisers, polyvinyl chloride (PVC or vinyl) resins and related services to the mining, agricultural and industrial sectors. While the majority of our products are supplied to the domestic market, some of our products are also exported to the international market.

We operate a major industrial complex at Kwinana in Western Australia and have complementary facilities in regional Western Australia. Our business in Western Australia produces agricultural fertilisers, ammonia, ammonium nitrate, sodium cyanide and other industrial chemicals.

AV and ModWood are located in Victoria and manufacture and supply PVC resins and wood-plastic composite products.

We have a 50 per cent interest in Queensland Nitrates (QNP), an integrated ammonia/ammonium nitrate facility in Queensland. QNP is not included in this report because we do not operate this business.

In this report, CSBP Western Australia refers to CSBP operations in Western Australia, including AGR, and excludes our Victorian-based businesses AV and ModWood.

Senior Environmental Advisors Mark Germain and Stephanie Felstead at the expanded nutrient-stripping wetland at CSBP's Kwinana complex.



2009 Priorities	Outcomes
Improve workplace safety, control risk and minimise injury.	<p>PARTIALLY ACHIEVED</p> <ul style="list-style-type: none"> – Lost Time Injury Frequency Rate remained similar, but workplace injuries increased. – 15 per cent reduction in Average Lost Time Rate.
Minimise contaminant emissions to air, water and land.	<p>PARTIALLY ACHIEVED</p> <ul style="list-style-type: none"> – Metals in wastewater discharged to licensed discharge point from our Kwinana site increased from 42.7 kilograms in 2007/08 to 104.9 kilograms in 2008/09. – Nitrogen load in wastewater discharged to licensed discharge point decreased from 41.9 tonnes to 37.9 tonnes. – Ammonium nitrate particulate emissions to air from our Kwinana site decreased from 90 tonnes in 2007/08 to 41 tonnes in 2008/09.
Operate our manufacturing and storage facilities to high standards of process safety.	<p>✓ ACHIEVED</p> <ul style="list-style-type: none"> – Major hazard facilities (MHFs) in Western Australia operate to safety reports approved in accordance with the <i>Explosives and Dangerous Goods Act 1961</i>. We are working towards amending safety reports in accordance with recently implemented legislation, and compliance dates for each safety report have been agreed with the Department of Mines and Petroleum. – All WA MHFs have Dangerous Goods site licences, and AV has a MHF licence issued by WorkSafe Victoria. – Continuation of internal process safety auditing for WA and AV MHFs.
Effectively deal with our legacy wastes.	<p>✓ ACHIEVED</p> <ul style="list-style-type: none"> – Continued excavation of contaminated soil at Bayswater. – 315 tonnes of metal and fluoride contaminated soil removed from our Albany site and taken to landfill. – Further investigation of groundwater occurred at our Bunbury site.
Attract and retain a skilled workforce.	<p>✓ ACHIEVED</p> <ul style="list-style-type: none"> – Turnover has reduced from 11.6 per cent to 7.2 per cent. – Approximately \$2.1 million spent on training and development. – Three different leadership courses introduced and delivered.

SAFETY PERFORMANCE
Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS
Tonnes CO₂e



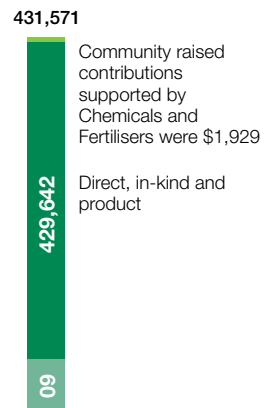
ENERGY USE
Million gigajoules



WATER CONSUMPTION
Megalitres






COMMUNITY CONTRIBUTION
A\$



1 July 2006 – 30 June 2009 (as at 30 September 2009).

Employee and contractor hours and LTIs included. Includes AV from September 2007.

2009 Priorities continued	Outcomes continued
Supply quality products and services to our customers safely.	<p> ACHIEVED</p> <ul style="list-style-type: none"> - ISO 9001 recertification for ammonium nitrate manufacture. - Our Kwinana laboratory retained its National Association of Testing Authorities (NATA) accreditation and conducted thousands of quality-based testing of our products.
Maximise our use of recycled and reclaimed water supply sources.	<p> ACHIEVED</p> <ul style="list-style-type: none"> - We continue to use treated wastewater from the Kwinana Water Reclamation Plant (KWRP) at our Kwinana site. - We reused 21,725 kilolitres of liquid waste from our Kwinana site, an increase of eight per cent on last year.
Reduce waste sent to landfill.	<p>PARTIALLY ACHIEVED*</p> <ul style="list-style-type: none"> - At Kwinana, 911 tonnes of solid waste was disposed of as landfill, an increase of 10 per cent on last year. - At AV and ModWood, solid waste sent as landfill was estimated to be 2,203 tonnes, a decrease of eight per cent on last year. <p>* Contaminated soil not considered</p>
Positively contribute to and engage with the communities in which we operate.	<p> ACHIEVED</p> <ul style="list-style-type: none"> - Community support activities continued. - Membership and participation in key Kwinana Industries Council committees continued. - CSBP representatives attended Kwinana Community and Industries Forum meetings, and stakeholder forums and site tours were held at our Kwinana industrial complex. - AV community engagement continued through our community group, the Environment Monitoring Team (EMT), and a three-year sustainability plan was agreed on. EMT members were also invited to observe an emergency exercise. - AV is a member of the City West Water Community Liaison Committee and an observer of the Altona Complex Neighbourhood Consultative Group.

Year in review

Our focus continues to be the safe operation of our facilities in a way that minimises any adverse impact on our employees, the environment or the communities in which we operate.

We completed the \$2.1 million expansion of our nutrient-stripping wetland at Kwinana and started the commissioning of a \$5.3 million water recycling plant at Laverton in Victoria.

Ammonium nitrate particulate emissions from prilling plants at our Kwinana site were estimated to be 41 tonnes, a decrease of 54 per cent on last year. This decrease is due to the operation of the new prill plant, part of our new ammonium nitrate facility, which includes a state-of-the-art scrubbing system, and operation of the original prill plant for only part of the year.

In line with approval conditions for the ammonium nitrate facility expansion project, CSBP will not have a licence to operate the no.1 prill plant in its current state from October 2009.

Our total water consumption at CSBP was 3,325 megalitres, up one per cent on last year, while our net energy consumption was 8,016,174 gigajoules, down 25 per cent on last year.

In 2008/09 we had 27 reportable environmental events, an increase of five on last year. Of these 27 reportable events, nine were potential non-compliances.

CSBP's Safety and Compliance Trainer Andy Raxworthy (right) demonstrates the Tripod Rescue System in the dedicated training centre at the Kwinana complex to Storeperson Regan Smalridge (left) and Electrical Project Engineer Thomas Parayil (centre).

People

As at 30 June 2009 we employed 1,028 people, including contractors and casual employees.

We remain committed to training and developing our employees to retain and maintain a skilled workforce for our operations. In 2008/09 we spent approximately \$2.1 million on training and development, equating to at least 2.3 per cent of payroll costs.

The company supported nine apprenticeships and one traineeship during the year.

During 2008/09 there were six Lost Time Injuries, compared to five in 2007/08 which included AV from September 2007. Although an additional LTI was incurred this year, our Lost Time Injury Frequency Rate remained similar to the previous year due to an increase in the number of hours worked.

Safety statistics are distributed and discussed by management each month and reported to our Board every three months.

The safety targets set for 2008/09 were exceeded for both spot observations and hazard and housekeeping inspections. This increase can be attributed to regular communication and re-enforcement of target expectations throughout CSBP Western Australia.

As part of our ongoing efforts to gauge employee opinions about the culture of our company we introduced the Organisational Culture Inventory survey in September 2008. Survey results were communicated through a series of briefings and a set of six priority areas for improvement has been identified as a result.

We continued to provide information about our business to our employees and encourage feedback through our intranet, internal newsletters and employee briefings.

Reducing net environment footprint

We completed the expansion of the nutrient-stripping wetland at Kwinana. This \$2.1 million project involved the construction of two additional nutrient-stripping wetland cells, both of which hold and process approximately 2,000 cubic metres of wastewater each day. The expanded wetland will assist in further reducing the nitrogen load in wastewater discharged from the site and has increased the stormwater holding capacity for the site. The project is a finalist in the Western Australian Environment Awards 2009.

Commissioning of AV's \$5.3 million water recycling plant at Laverton started in June 2009. The water recycling plant will reuse plant effluent to reduce AV's potable water consumption by 325 megalitres, a reduction of approximately 50 per cent. The project was part-funded by the Victorian Government, which contributed \$1.8 million.



Carbon

Greenhouse emissions

Our greenhouse gas emissions (as reported under the *National Greenhouse and Energy Reporting Act 2007*) were estimated to be 1,475,588 tonnes of carbon dioxide equivalent (CO₂e) and this equates to 0.7 tonnes of CO₂e per tonne of product. Greenhouse gas emissions were largely due to the Kwinana nitric acid plants (68 per cent), ammonia plant (22 per cent) and sodium cyanide plants (two per cent), and AV's Laverton PVC plant (four per cent). In addition, Scope 3 emissions associated with our electricity, natural gas, transport fuel consumption, waste, and air travel were estimated to be 68,043 tonnes CO₂e.

Energy use

Net energy consumption was estimated to be eight million gigajoules, down 25 per cent on last year. Net energy consumption per tonne of production was estimated to be four gigajoules. This energy use is represented by natural gas (96.2 per cent), electricity (3.3 per cent) and other energy (0.5 per cent).

Energy use was lower this year primarily due to reduced ammonia and sodium cyanide production at Kwinana as a result of the impact from the Varanus Island gas disruption.

Governance

Our People and Compliance team, including the AV Sustainability team, provide guidance and advice to the business on current and changing legislative and public policy requirements and support the business in complying with these.

Our PVC resin facility in Victoria has a current MHF licence and our ammonium nitrate, ammonia and sodium cyanide facilities (Western Australia) have current Dangerous Goods site licences.

We are not aware of any non-compliance during the year with licensing or approval conditions or other requirements, except as set out below.

During the year, we notified the Department of Environment and Conservation in Western Australia of 23 reportable events under the *Environmental Protection Act 1986 (WA)* and EPA Victoria of four reportable events under the *Environment Protection Act 1970 (Vic)*.

Of the 27 reportable events, nine were potential non-compliances with the potential for enforcement action.

Potential non-compliances related to:

- the no.1 nitric acid plant nitrogen oxides (NOx) analyser not reading correctly during a plant start-up which resulted in a letter of warning from the DEC;
- stack test result above hydrogen fluoride limit on superphosphate manufacturing plant scrubber stack;
- maximum half-hourly NOx concentration above licence limit during a start-up of the no.2 nitric acid plant;
- discharge of wastewater to ground via two holes identified in plastic lining of the no.2 prill plant wastewater storage pond;
- continuous sample not collected from the effluent stream discharge due to pump failure;

CSBP Senior Mechanical Engineer Harish Chopra (far right) watches closely as the new incinerator is lowered in place as part of the upgrade at the Kwinana sodium cyanide production facility.



More than 40 CSBP employees participated in the 2009 Freeway Bike Hike for Asthma. Seen before the event in their CSBP cycle jerseys (left to right) Greg Anderson, Paul Sellwood, Jamal Fozdar, Scott Olsen, Katrina Summersett, Melanie Gordon and Scott Blum.

- three instances of AV exceeding the licence limit for vinyl chloride monomer emissions, two relating to the same external power failure incident;
- AV ethyl chloroformate continuous analysers failed to test and record for up to six days.

In addition, four potential non-compliances reported in previous reports are still awaiting resolution by the regulator.

As reported last year, we have potential industry-to-industry noise non-conformances on the northern and eastern boundaries of our Kwinana site. In addition, we have potential night-time assigned level residential noise non-conformances at Medina when all plants are operating. We continue to focus on environmental noise reduction through the implementation of our Noise Management Plan.

The Department of Consumer and Employment Protection in Western Australia issued one remediation notice to CSBP relating to the storage of off-specification ammonium nitrate.

WorkSafe Western Australia issued five improvement notices to CSBP while WorkSafe Victoria issued one improvement notice to AV.

Community

We provided support to more than 100 organisations in 2008/09, either through direct financial support or through the donation of goods. In line with our sponsorship guidelines, this support was directed towards communities in which our businesses operate.

In addition to this, we supported our employees' participation in the HBF Activ City to Surf and the HBF Freeway Bike Hike for Asthma (both in Western Australia) and Australia's Biggest Morning Tea for the Cancer Council.

We continued our three-year partnership at Kwinana with Youth Focus, a not-for-profit organisation which assists young people at risk of suicide or self-harm, and also continued our partnership with the Western Chances Education Foundation, which assists disadvantaged young people in the western suburbs of Melbourne.

We continued our membership and involvement with key industry bodies including the:

- Kwinana Industries Council;
- Plastics and Chemicals Industries Association Inc;
- Fertilizer Industry Federation of Australia;
- Vinyl Council of Australia;
- Australian Institute of Export;



- Australian Industry Group; and
- Committee for Economic Development of Australia.

We continued to communicate with interested parties regarding the importation of phosphate rock from the Boucraa region of Western Sahara, which is used in the manufacture of superphosphate fertiliser at our Kwinana industrial complex. In October 2009 we announced the decision to invest in technology that will enable us to broaden our phosphate rock supply options.

Economic investment

Our products and services are inputs into a variety of Australian industries including broadacre agriculture, iron ore and coal mining, nickel and gold extraction, and construction.

In 2008/09 our revenue was \$1.2 billion.

In 2008/09, AGR spent more than \$9 million on the \$15 million upgrade of its Kwinana sodium cyanide production facility. The upgrade will increase production to supply the new Boddington gold mine in Western Australia.

For further details on our sustainability performance, please visit www.csbp.com.au

2010 Priorities

Maximise use of recycled and reclaimed water supply sources.

Reduce contaminant emissions to air and water.

Improve workplace safety, control security and risk, and minimise injury.

Continue to develop a skilled and engaged workforce.

Operate our manufacturing and storage facilities to high standards of process safety.

Continue to improve and review our products, processes and services.

Continue to contribute to and engage with the communities in which we operate.

Industrial and Safety



About our business

Wesfarmers Industrial and Safety (WIS) is Australia and New Zealand's leading supplier of industrial and safety consumables. We provide engineering products and industrial consumables, safety, packaging, materials handling and lifting products and services to industry and government. We operate a multi-channel distribution model, servicing customers through a network of branches, sales representatives, eBusiness, websites and telesales.

With more than 230 outlets, we trade in Australia as Blackwoods (incorporating Atkins Electrical and Bakers Construction and Industrial), Bullivants, Motion Industries, Total Fasteners and Protector Alsafe, and in New Zealand as Blackwoods Paykels, Packaging House, NZ Safety and Protector Safety. As at 30 June 2009 we employed 3,214 people.

Craig Foley, training instructor at Protector Alsafe's new training facility in Canning Vale, Western Australia.



2009 Priorities

Outcomes

Improve our safety performance by reducing our total number of injuries (Lost Time, Medical Treatment and First Aid) by 20 per cent.	PARTIALLY ACHIEVED Our total number of injuries was 304, up one per cent from 298 last year, however the total number of hours worked in 2009 increased. Our Lost Time Injury Frequency Rate (LTIFR) of 2.4 was a substantial improvement on last year's result of 4.6.
Continue to drive our GetSAFE management system and a safety-focused culture.	ACHIEVED Monthly performance of all our businesses against annual health, safety and environment (HSE) plans is reported and discussed monthly at our Executive Leadership Team (ELT) meetings. HSE behaviours have also been included as a discrete component of the employee performance development planning (PDP) process with compliance measured.
Continue to focus on our delivery performance for our customers.	ACHIEVED Delivery in full on time (DIFOT) remains a key measure for all our businesses and importantly was reflected in the Australian operations' (excluding Bullivants) 2009 result by a 1.3 percentage point improvement on 2008.
Continue to focus on the attraction, retention and development of people.	ACHIEVED Employee retention improved by 36 per cent on 2008. We also continued to use external and internal development programmes to train our people, including enrolling 151 employees in a recognised TAFE programme in warehousing and logistics. Further details are contained in the 'People' section of this report.
Work with our suppliers to develop sustainability of sourced product.	ACHIEVED We have established a HSE organisational quality framework for the measurement of existing and introduction of new global suppliers. We also continued to undertake domestic supplier surveys to monitor compliance against required standards.
Continue to improve efficiency of energy and water use.	ACHIEVED Purchased 351 Liquid Crystal Display (LCD) computer monitors to replace Cathode Ray Tube (CRT) computer monitors and replaced 51 petrol fleet vehicles with dual fuelled (LPG and petrol) vehicles.
Continue to implement waste management and recycling initiatives.	ACHIEVED Many branches continue to separate paper, cardboard, bottles and cans from general waste, as well as recycle used printer cartridges and reuse packaging wherever possible.
Encourage employee involvement with the community.	ACHIEVED Our businesses report monthly to the ELT on their community involvement and this is communicated to employees through the Managing Director's newsletter.

SAFETY PERFORMANCE

Lost Time Injury Frequency Rate (LTIFR)



GREENHOUSE GAS EMISSIONS

Tonnes CO₂e



ENERGY USE

Million gigajoules



WATER CONSUMPTION

Megalitres



COMMUNITY CONTRIBUTION

A\$



1 July 2006 – 30 June 2009 (as at 30 September 2009). Contractor hours and LTIs are included.

* Extrapolated based on data for over 40 sites.



NZ Safety's distribution centre in Wiri, New Zealand.

Year in review

The pursuit of sustainable outcomes within our operations continues to be a focus of our business. These outcomes must be economically viable, socially responsible and minimise any adverse impact on the environment.

As part of this commitment, in 2009 we continued to:

- improve our health, safety and environment (HSE) planning processes through the introduction of improved guidance material and risk profiling for site-level HSE action plans; we also report and review safety performance and HSE plan progress in our monthly ELT meetings; this ongoing focus resulted in the majority of our branches completing their HSE actions and we had a 48.1 per cent reduction in LTIs across the business;
- encourage employee engagement and participation through our in-house development programme, introducing a formal qualification aligned to our GetSAFE management system principles for warehouse employees, and continuing with the implementation of our succession and development plan; and
- focus on reducing the amount of paper used by the business through the introduction of online salary payment details, development of wireless warehousing functionality, and the further development of electronic purchasing capability.

People

Health and safety

Compliance to our health and safety management systems is a primary focus in all of our businesses. Major achievements in 2009 include:

- completion of a comprehensive gap analysis of our GetSAFE health and safety management system against the national audit tool;
- continuation of our internal health and safety self assessment programme in Australia and New Zealand with 361 self assessments completed;
- formation of a pandemic planning team and the development of an action plan;
- the continuation of WIS New Zealand's certification by the Accident Compensation Commission's Workplace Safety Management Practices at the tertiary (top) level.

Training and employee engagement

During the year our major achievements included:

- enrolment of 151 employees in a Certificate III Warehousing and Logistics training programme, and completion of a Certificate IV Frontline Management training programme by 40 employees;
- ongoing facilitation of a five-day residential branch and area manager development programme, with two programmes training 33 employees;
- development and implementation of a five-day residential 'Sales Academy' training which has involved 190 employees to date;
- successful completion by 12 high potential employees of our internal development programme (WISDP); and
- conducting our third Fit 4 Future ('F4F') survey which seeks feedback from all employees on our business, leadership behaviours and suggestions for improvement. This year's response rate of 83 per cent was an 11-point improvement on our 2008 survey.

Environment

During the year our major achievements were:

- the development and successful implementation of wireless warehousing to reduce paper usage in our warehousing activities;
- the purchase of 351 LCD monitors to replace CRT monitors;

- increasing the number of LPG fleet vehicles by 22.6 per cent from last year; and
- developing an action plan to reduce product packaging and increase recycling levels as part of the Wesfarmers signatory agreement to the National Packaging Covenant.

Carbon and energy

Greenhouse emissions

Our total greenhouse gas emissions were estimated to be 25,231 tonnes of carbon dioxide equivalent (CO₂e), down 24.8 per cent on last year, and this equates to 19.5 tonnes of CO₂e per million dollars of revenue, down 23.8 per cent on last year.

Energy use

Our main energy use during the year related to electricity for office and warehouse operations. Total energy consumption was estimated to be 190,890 gigajoules, down four per cent on last year. Our total energy consumption per million dollars of revenue was estimated to be 147.5 gigajoules, down three per cent on last year. This energy use is broken down into vehicle fuel (69.8 per cent of total energy consumption) electricity (29.0 per cent) and natural gas (1.2 per cent).

Governance

We remain committed to ensuring that WIS and our suppliers (products and services) are compliant with appropriate legislation and WIS values. Focus areas for 2009 included:

- continuing to educate relevant employees and audit freight companies on chain of responsibility requirements under the *National Transport Commission (Road Transport Legislation Compliance and Enforcement Bill) Regulations 2006*, in Australia;
- improving our capability in capturing and reporting of energy and greenhouse emission data in line with the National Greenhouse Energy Reporting scheme (NGERs) requirements; and
- continuing to conduct onsite organisational quality audits on our global product suppliers, and domestic supplier online surveys.

Community

We continue to invest in the community in the areas of emergency relief, education, charitable fundraising and sport. Our total direct contribution for 2009 was \$128,678 across Australia and New Zealand which included \$44,872 in cash contributions plus an additional \$82,336 of in-kind contributions and some employee time. In addition, \$44,352 was contributed by employees.

Economic investment

Our sales revenue in Australia and New Zealand was \$1.3 billion for 2009 with wages and salaries of \$140 million. We continued to invest in the development of our network and people during the year with the following highlights:

- continued investment in the construction of new purpose built distribution centres for Blackwoods in Perth and Blackwoods Paykels in New Zealand with combined expenditure of \$1.9 million during the year;
- investment of \$2.0 million in our sales force by providing them with training and improved systems and tools (including laptops); and
- targeting sales growth in the government, infrastructure and oil and gas sectors by focusing sales resources and adding new production capabilities at a cost of \$1.9 million.

The customer trade centre at Blackwoods in Dandenong, Victoria.



2010 Priorities

Improve our safety performance by reducing our total number of injuries.

Continue to drive our GetSAFE management system and a safety-focused culture.

Continue to focus on our delivery performance for customers.

Continue to focus on the attraction, retention and development of our people.

Continue to work with our suppliers to develop sustainability of sourced product.

Continue to improve efficiency of energy and water use.

Continue to implement waste management and recycling initiatives.

Continue to support the community and develop our indigenous and diversity strategies.

Energy



About our business

Wesfarmers Energy is comprised of four gas businesses and a power generation business.

The gas and power activities include the production and distribution of industrial, medical and specialty gases by Coregas in eastern Australia and Air Liquide WA (ALWA) (40 per cent interest) operating in Western Australia and the Northern Territory; the production, import and export of liquefied petroleum gas (LPG) and production of liquefied natural gas (LNG) by Wesfarmers LPG (WLPG); and distribution and marketing of both LPG and LNG by Kleenheat Gas; and power generation for remote towns and mines by enGen.

With more than 900 permanent employees, 86 direct operating facilities and more than 700 business partners, we aim to develop our customer relationships and work towards operating sustainable businesses. This includes a strong focus on safety, health, the environment and the communities in which we operate.

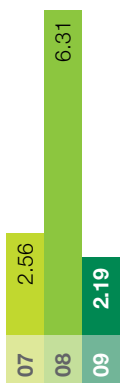
We continue to evaluate and develop more effective products that offer sustainable environmental benefits for our customers across our division.

Chris Steicke, a Kleenheat Gas employee, conducting a risk assessment at the Kwinana depot in Western Australia.



2009 Priorities	Outcomes
Implement fitness for work policy and programmes. (Coregas)	✓ ACHIEVED Programme implemented on all sites.
Reduce the All Injury Frequency Rate (AIFR) by 25 per cent. (Coregas)	✗ NOT ACHIEVED AIFR result was comparable to previous year. Manual handling risk reduction again a key focus area for next year.
Incorporate a positive lead safety performance indicator into our performance reporting system. (ALWA)	✓ ACHIEVED Indicator established with sites conducting regular health and safety meetings.
Maintain the Lost Time Injury Frequency Rate of zero. (ALWA)	✓ ACHIEVED LTIFR of zero for employees and contractors.
Lost Time Injury Frequency rate (LTIFR) of zero. (W LPG)	✓ ACHIEVED LTIFR of zero for employees and contractors.
Maintain relationships with our community stakeholders. (W LPG)	✓ ACHIEVED Participated in community stakeholder groups and hosted community representatives at our facility.
To improve our safety performance. (Kleenheat Gas)	✓ ACHIEVED Reduction in AIFR from 81.9 to 57.5 and LTIFR from 9.4 to 2.5.
Continue to develop and integrate a compliance programme aligned to the principles of Australian Standards AS3606. (Kleenheat Gas)	✓ ACHIEVED Procedures and policies were developed and implemented. Employees received training in the Trade Practices Act through seminars and online assessments.
Maintain LTIFR at zero. (enGen)	✓ ACHIEVED LTIFR of zero for employees and contractors.
Work with customers to provide more energy efficient solutions for power generation. (enGen)	✓ ACHIEVED Conversion of diesel power stations to LNG.
* For details on all of the individual Wesfarmers Energy's priorities and outcomes please visit our website www.wesfarmersenergy.com.au	

SAFETY PERFORMANCE
Lost Time Injury Frequency rate (LTIFR)



GREENHOUSE GAS EMISSIONS
Tonnes CO₂e



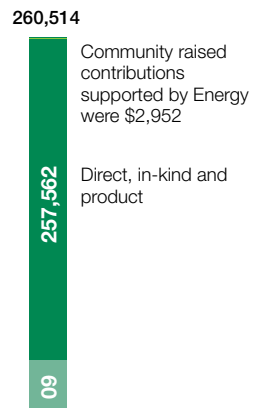
ENERGY USE
Million gigajoules



WATER CONSUMPTION
Megalitres



COMMUNITY CONTRIBUTION
A\$



1 July 2006 – 30 June 2009
(as at 30 September 2009)

* Not including Coregas

* Only W LPG

Contractor hours and LTIs included



HSE and Emergency Response Supervisor Craig Reynolds (left) conducting a site familiarity tour with Fire and Emergency Services Authority Station Officer, Peter Copeland, at Wesfarmers LPG, in Kwinana, Western Australia.

Year in review

During the year we focused on developing our people and improving the safety of our operations.

We launched a targeted development framework designed to equip our employees with the core capabilities necessary to grow the businesses. To date 16 programmes from the framework have been rolled out to 560 employees.

We had a significant reduction in our LTIFR from 6.3 to 2.2 with ALWA, enGen, and WLPG maintaining a zero LTIFR.

Another major initiative was the commissioning of a 175 tonne per day LNG plant at Kwinana in September 2008. The project includes gas processing, storage, loading facilities and distribution of LNG. As an alternative to diesel, LNG is used to fuel more than 130 heavy duty vehicles (HDVs) and two remote power stations in Western Australia. Branded as EVOL LNG and marketed by Kleenheat Gas, an additional 60 HDVs run on LNG sourced from a third party in eastern Australia.

The remote power stations were converted from operating on diesel to LNG, which resulted in a saving of over 12,000 tonnes of greenhouse gas emissions.

The project was impacted, along with other parts of our business, by the Varanus Island incident which reduced gas supplies in Western Australia during the year.

People

Safety

This year, ALWA, enGen and WLPG continued their excellent safety record, with ALWA achieving three, and enGen and WLPG achieving six years without a Lost Time Injury. The All Injuries Frequency Rate (AIFR) declined from 58.0 to 46.0 and workers' compensation claims reduced from 53 to 34.

Diversity

We conducted equal opportunity and diversity related training across our division, involving more than 700 employees. In addition, enGen employs three members of remote indigenous communities to maintain power stations where it supplies electricity.

Engagement

A number of business units increased their focus on employee engagement in the past year. Coregas conducted an employee engagement survey in December 2008, with an 81 per cent response rate. This saw the beginning of the *Corepeople* project, which used the survey results as a starting point to address barriers to employee engagement.

Kleenheat Gas launched a Levers for Change programme where teams are working on six areas identified for improvement, including: customer service focus; training and development; feedback; interdependencies; significance; and employee involvement.

ALWA implemented behavioural safety visits (BSV) as part of its Energise ALWA programme. This programme was established to meet ALWA's ambition to be a recognised industry leader in the following key areas: developing our people; enhancing customer satisfaction; boosting focused growth; and improving our systems.

Carbon footprint

Wesfarmers Energy held an online auction at its Murdoch premises to recycle outdated computer equipment and raised \$1,675 which was donated to the St Vincent de Paul Society.

Kleenheat Gas continued its asbestos management review and conducted a risk assessment at 41 sites. Management plans have been developed and 32 personnel completed asbestos awareness training.

Greenhouse emissions

Our total greenhouse gas emissions were estimated to be 566,456 tonnes of carbon dioxide equivalent (CO₂e), down three per cent on last year.

These emissions were largely due to the operation of 16 power stations (approximately 45 per cent), our LPG facility and new LNG facility (approximately 25 per cent).

This reduction was largely due to enGen reducing its emissions by over 12,000 tonnes by converting the Darlot and Sunrise Dam power stations from diesel to LNG.

We plan to increase the use of LNG in our vehicle fleets, in addition to the 13 HDVs used to transport LNG to customer sites.

Energy use

WLPG and enGen are our main energy consumers. Total energy consumption was estimated to be 7.14 million gigajoules, down 0.9 per cent on last year. Our total energy consumption per million dollars of revenue was estimated to be 11,947 gigajoules, down 6.2 per cent on last year. This energy use is broken down into fuel (88 per cent) and electricity (seven per cent). Energy use was affected by the closure of a remote power station and the commissioning of the LNG plant.

Energy use is forecast to increase in 2009/10 due to a full year of operation of the LNG plant and the likely expansion of business operations.

Governance

Kleenheat Gas continued to progress its Australian Competition and Consumer Commission undertakings (mentioned in last year's report) in 2009. We maintain a quality management system which conforms to the Australian Standard AS/NZS ISO 9001:2008 and recently renewed our registration until 2012.

Dangerous Goods licences for Kleenheat Gas sites in Western Australia lapsed briefly in early 2009, and have all been renewed. In addition, we received five Remediation Notices in relation to contraventions of the Dangerous Goods Safety Regulations at four sites in Western Australia; these have been rectified.

During the year there was also a noise complaint notice issued to our Armidale depot in New South Wales. This complaint has been investigated and we are now assessing options to address it.

As reported last year, Kleenheat Gas continues to assist in the management of contaminated sites in Queens Park and Osborne Park in Western Australia. Responsibility for the sites' remediation is yet to be determined, however, at the Osborne Park site we have been served with a writ by the owner of a neighbouring property, which is currently the subject of legal proceedings.

As a result of a noise complaint at WLPG's Kwinana plant during infrequent shipping activity, an investigation determined that the noise limits were exceeded by 1 to 2 decibels on the site's southern boundary. We are now assessing options to address this issue.

Community support

Our total community contributions amounted to over \$260,000 as we continued to develop our existing community partnerships. This included:

- the University of Western Australia's research programme into 'Near zero-emission hydrogen and carbon production from natural gas and bio-methane';
- Kleenheat Gas' partnership with the Clontarf Foundation and the Regional Achievers Awards;
- Coregas entering its 23rd year of sponsoring the Tradesperson of the Year Award through the Welding Technology Institute of Australia;
- WLPG maintaining its relationship with Kwinana Industries Council and Kwinana Industries Public Safety Liaison Group, and its support of community initiatives; and
- enGen's support of the communities in which it operates including sponsorship of community events.

Economic investment

During the year we undertook the following major investments:

- WLPG commissioned the LNG production plant in September 2008, and further development opportunities in eastern Australia continue to be evaluated;
- Kleenheat Gas launched the EVOL LNG brand, providing an alternative fuel in the Australian market as part of our LNG project;
- Kleenheat Gas also invested further in the LPG operations in Bangladesh; and
- Coregas constructed and commissioned a gaseous helium filling facility in Yennora, New South Wales.

2010 Priorities

Continue to integrate lead indicators into the measurement of safety and health.

Conduct our operations ensuring a high level of safety, product quality and customer service.

Positively contribute to and engage with our stakeholders and the communities in which we operate.

Continue to explore energy efficiency opportunities.

Continue to develop the capability of our people.

Independent Assurance Statement



To the Board of Directors, Management and Stakeholders of Wesfarmers Limited:

Wesfarmers Limited (Wesfarmers) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of this Sustainability Report (the Report). The Report presents Wesfarmers' sustainability performance over the period 1 July 2008 to 30 June 2009. Wesfarmers and Wesfarmers' business divisions were responsible for the preparation of the Report and this statement represents the assurance provider's independent opinion. Net Balance's responsibility in performing its assurance activities is to the Board and Management of Wesfarmers alone and in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Assurance Standard and Objectives

The assurance process was undertaken in accordance with the AA1000 Assurance Standard (AA1000AS (2008)). Assurance undertaken using this standard provides a comprehensive way of ensuring an organisation is responsible for its management, performance and reporting of sustainability issues. This is achieved through evaluation of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and by reviewing the accuracy and quality of disclosed sustainability performance information.

The AA1000 AccountAbility Principles (2008) against which Wesfarmers' processes are assessed include:

Inclusivity: An assessment is made as to whether the organisation has included stakeholders in developing and achieving an accountable and strategic response to sustainability.

Materiality: An assessment is made as to whether the organisation has included in its report the material information required by its stakeholders to be able to make informed judgements, decisions and actions.

Responsiveness: An assessment is made as to whether the organisation has responded to stakeholder concerns in its Report. An assessment is also made as to whether the organisation has in place policies and relevant standards to address material sustainability issues and concerns.

Assurance Type and Scope

Net Balance provided Type 2 assurance in accordance with the AA1000AS (2008). This involved an assessment of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and an assessment of the accuracy and quality of the reported sustainability performance information.

The review of adherence to the principles was undertaken using the criteria outlined in the AA1000 Assurance Principles Standard (2008), while assessment of the accuracy and quality of sustainability performance information was undertaken using Wesfarmers' indicator protocols and the Global Reporting Initiative's (GRI) G3 principles of quality.

Assurance Level and Limitations

The level of assurance provided is moderate as defined by the scope and methodology described in this assurance statement. The assurance scope covered the Report and focussed on systems and activities of Wesfarmers during the reporting period, with the following exceptions:

- The scope of work did not involve verification of financial data, other than that relating to environmental, social or broader economic performance.
- The assurance provider's involvement with stakeholder engagement was limited to reviewing external and internal stakeholder engagement processes and outcomes.
- Representatives of each of the wholly-owned business divisions were interviewed by members of the assurance team as part of site visits. Interviews were conducted with representatives of Bunnings, Coles, Coregas, CSBP, Curragh Coal, enGen, Industrial and Safety, Insurance, Kleenheat Gas, Kmart, Officeworks, Premier Coal, Target, and Wesfarmers LPG. In addition, interviews were also conducted with representatives of Wesfarmers Group, and the 40 per cent-owned Air Liquide WA.

- Verification of detailed community contributions data for all divisions except Home Improvement and Office Supplies was undertaken by London Benchmarking Group. Community contributions data by Home Improvement and Office Supplies was reviewed as part of Net Balance's assurance process.

Assurance Methodology

The assurance engagement was undertaken between June and October 2009, and the process involved:

- Development of a materiality register using the five-part materiality test, including a comparison of Wesfarmers' business divisions against their peers, a risk review, a review of selected Australian media, a policy review and review of stakeholder feedback.
- Senior management interviews to assess the effectiveness of the policies, procedures and frameworks in place to manage sustainability within Wesfarmers Group and each of the business divisions.
- A review of the processes used by Wesfarmers and each of the business divisions to engage with their stakeholders and the outcomes of external and internal stakeholder engagement undertaken during the reporting period in order to understand the nature of material issues raised by stakeholders.
- A review of Wesfarmers Group and each of the business divisions' key sustainability strategies, policies, objectives, management systems, background documentation and data collection and reporting procedures.
- Interviews with key staff responsible for the Report to ascertain their views, understanding and response to material sustainability issues faced by the business divisions.
- A series of interviews with key personnel responsible for collating and writing various parts of the Report in order to substantiate the veracity of selected claims.
- A review of the Report for any significant anomalies, particularly in relation to significant claims as well as trends in data.
- Examination of the aggregation and/or derivation of, and underlying evidence for over 260 selected data points and statements made in the Report and evaluation of these against Wesfarmers' indicator protocols and the GRI G3 principles of quality.
- Collecting and evaluating evidence to support the assurance work undertaken.

Our Independence

Net Balance was not responsible for preparation of any part of the Report. Net Balance confirms that we are not aware of any issue that could impair our objectivity in relation to this assurance engagement. Net Balance has assisted in the development of data management protocols for Wesfarmers to increase consistency in reporting between the business divisions. Net Balance undertook a review of Wesfarmers' National Greenhouse and Energy Reporting (NGER) submission. Net Balance also works with Bunnings on on-ground implementation projects. Both Wesfarmers and Net Balance have determined that these issues are not in conflict with Net Balance's role as the independent assurance provider.

Our Competency

The Wesfarmers assurance engagement was carried out by an experienced team of professionals led by a Lead Certified Sustainability Assurance Practitioner (Lead CSAP), accredited by the International Register of Certified Auditors UK (IRCA UK). The project included a team with expertise in environmental, social and economic performance measurement across a range of industry sectors. Net Balance is a global leader in the use of AccountAbility's AA1000AS, having undertaken over 50 assurance engagements in Australia throughout 2007 and 2008.

Findings and Conclusions

Adherence to AA1000 Principles

Inclusivity: Wesfarmers has demonstrated a commitment to be accountable to its stakeholders through its Company Values and sustainability reporting process. Wesfarmers has formal processes

in place both at the Group and business division levels for communicating with stakeholders, but should actively seek to expand its informal engagement and incorporate feedback into business processes. Engagement with shareholders, government and regulators, and key community partners is carried out at the Group level, while individual business divisions are responsible for engaging with their own stakeholders including industry bodies, regulators, customers, suppliers and employees. Stakeholder engagement at Wesfarmers would benefit from the development of an overarching engagement strategy that maps key stakeholders and identifies appropriate engagement channels.

Materiality: Wesfarmers has this year identified five key themes for sustainability reporting. These were developed in consultation with the business divisions and to reflect the range of impacts of Wesfarmers' businesses. Reporting under these key themes has enabled Wesfarmers to appropriately address its key environmental, social and economic material issues. In addition, the Report was found to provide balanced information about Wesfarmers' sustainability performance. Net Balance recommends that Wesfarmers' business divisions continue the shift towards reporting that focuses on their specific material issues, and that these issues are identified through a formal process based on ranking the relevance and significance of each issue both to the division and its stakeholders.

Responsiveness: Wesfarmers was found to be responsive to stakeholder concerns and expectations. This was demonstrated through the increasing range of formal communication mechanisms established with various types of stakeholders. These systems ensure that Wesfarmers is able to provide timely and accessible responses to its stakeholders through a range of communication channels. One example of the way that Wesfarmers has effectively responding to its stakeholders is in responding to the issue of importation of rock phosphate from Western Sahara by CSBP Limited.

Reliability of Performance Information

Based on the scope of the assurance process, the following was observed with regard to performance information:

- The findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting sustainability performance information.
- The level of accuracy of sustainability performance information was found to be within acceptable limits.
- Data trails selected were easily identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The sustainability performance disclosures presented within the Report appropriately reflect environmental, social and economic performance achieved during the period.

Overall, it is Net Balance's opinion that the information presented within the Report is fair and accurate and that the Report is a reliable account of Wesfarmers' sustainability performance during the reporting period.

The Way Forward

The structure and content of the Sustainability Report is now directed by the Group Reporting Methodology; this provides consistency for the reader as all business divisions are required to disclose comparable information in an identical format. Despite implementation of the Group Reporting Methodology, the assurance process uncovered several further opportunities for improvement. Prior to Wesfarmers beginning development of the 2010 Sustainability Report, the organisation should internally engage with Report preparers to ensure all business divisions understand the requirements of the Group Reporting Methodology, particularly in view of some of the newly acquired business divisions. Furthermore, Wesfarmers should ensure that greenhouse gas reporting as part of the sustainability report is consistent with reporting under the NGER Act. Business divisions are encouraged to undertake the AA1000 5 Part Materiality Test, the results of which will supplement the Group Reporting Methodology. Accordingly, it is recommended that a protocol be prepared as part of the Group Reporting Methodology suite for assessing materiality on an annual basis at a business division level. This will, in future, provide a framework for individual assurance processes for each of the business divisions.

The Report continues to be internally verified prior to external assurance. Net Balance encourages Wesfarmers to continue undertaking internal assurance of its Report. Further to our recommendation last year, improved internal controls have led to better performance in data and information management.

For several years, Net Balance has suggested Wesfarmers reduce the size of its Report to be meaningful and useful to its stakeholders. Wesfarmers has dedicated time this year to ensuring that the report is more concise, whilst also enhancing the content of the Report. The end product is a more user-friendly report that succinctly captures the sustainability performance of one of the most diversified companies in the world.

Further to our comment last year, the next step for Wesfarmers is to look beyond its own sustainability performance and seek to use its large market capitalisation and exposure to diverse industries to influence the operations and behaviours of its stakeholders (largely retail and wholesale customers, and to a degree its suppliers) to make positive sustainable impacts. Business divisions such as Bunnings and Target have made significant progress in areas of sustainable procurement and plastic bags. However, there are further opportunities. Two immediately available options for the organisation are to increase the focus on supply chain management and to develop innovative products to tackle climate change. The organisation is also encouraged to develop a Sustainable Procurement Policy (either at the Group level or tailored policies at the business division level). This will serve as guidance for all procurement decisions and will encourage suppliers to offer more sustainable goods and services.

As raised in last year's assurance findings, stakeholder engagement needs to continue, and in particular engagement with employees and highly interested and influential external stakeholders should be a focus. Net Balance again recommends conducting a comprehensive stakeholder mapping exercise to determine the key stakeholders at the divisional level. In addition, focussed engagement on the report should be undertaken early in the reporting period in order to gauge stakeholder opinion on reporting performance and to determine what stakeholders may want from the Report. The information gathered from the stakeholder engagement processes and Wesfarmers' responses could also be reported in future years.

As part of the organisation's extensive training suite, it is recommended that specific sustainability related training programs are developed to help raise awareness amongst staff as to the importance and benefits of conducting business in a sustainable manner. This would demonstrate to stakeholders that Wesfarmers is continuing to integrate sustainability as a core Group objective and that the organisation ranks this topic as highly as other measures of performance, such as health and safety.

Finally, with an increased focus on materiality and stakeholder engagement at the business division level, and with reporting responsibility continuing to shift to business divisions, it is recommended that Wesfarmers considers undertaking assurance at the business division level in addition to the Group level. Net Balance believes that this will assist business divisions to better focus on their key material and stakeholder considerations.

Net Balance has provided additional suggestions for reporting improvement in the Assurance Report presented to Wesfarmers' Management.

On behalf of the assurance team

23 October 2009
Melbourne, Australia

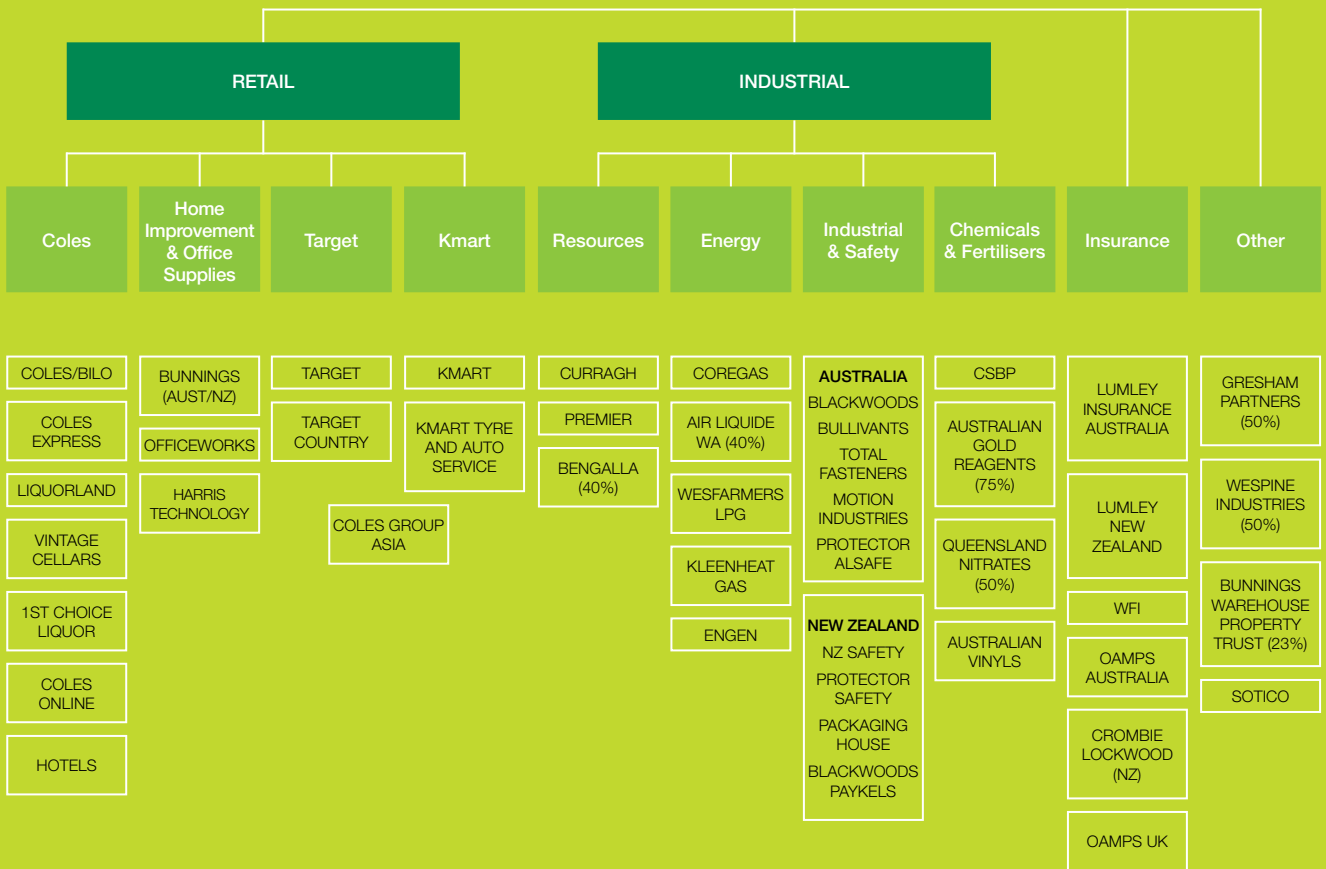


Terence Jeyaretnam
Director, Net Balance & Lead CSAP (IRCA UK)

Glossary

Australian Standards (AS)	National benchmarks for products and services
Average Time Lost Rate (ATLR)	An indicator of the average time lost for each lost time injury. The ATLR provides a measure of the severity of occurrences
Bank Cubic Metre (BCM)	A bank cubic metre is a measure of overburden removed in mining operations
Bank Cubic Metre Equivalent (BCMeq)	A bank cubic metre equivalent is a measure of both coal produced and overburden removed in mining operations
Carbon Pollution Reduction Scheme	Commonly known by its acronym CPRS this is (at time of writing) Federal Government legislation still before the Parliament that has the intent of limiting Australia's greenhouse gas emissions and establishing a market based carbon trading scheme to place a price on carbon emissions.
CFA	Country Fire Authority, Victoria
Coal21 Fund	A joint Government/industry research fund directed towards developing methods for reducing carbon emissions from coal use
CO₂e (carbon dioxide equivalent)	A method for converting the global warming capacity of all greenhouse gases to a standard unit of carbon dioxide's warming potential
DEC	Department of Environment and Conservation, a Western Australian regulatory Department
Energy Efficiency Opportunities Act 2006	This legislation, commonly known by the acronym EEO , is Federal legislation designed to require large energy users (like Wesfarmers Limited) to develop and report on energy efficiency initiatives in their business. Our first public report under this Act was submitted in December 2008.
EMS	Environmental Management System, which Involves a series of procedures governing an organisation's environmental performance against set standards
EPA	Variously the Environmental Protection Authority or Agency in Australian jurisdictions which can have environmental regulatory, project assessment or standard setting roles dependent upon individual legislation
Fugitive emissions	Generally deliberate but not fully controlled (or in all cases avoidable) emissions that typically result from leaks from pumps, pipes and valves. For example methane emitted from coal mine seams and vapour emitted when petroleum storage tanks are filled
Gigajoule	Unit of energy equivalent to 1,000,000,000 joules
Greenhouse gases (GHG)	Gases such as carbon dioxide, methane and nitrous oxide which contribute to retention of heat in the earth's lower atmosphere
International Organisation for Standardisation (ISO)	ISO publishes internationally-agreed standards covering areas such as quality management (the ISO 9000 series) and environmental management (ISO 14000)
Liquefied petroleum gas (LPG)	A combination of predominantly propane and butane extracted from natural gas or as a by-product of petroleum refining
Liquefied natural gas (LNG)	Comprising predominantly methane, it is produced from natural gas that has been purified, refrigerated and condensed to liquid form
Lost Time Injury (LTI)	An LTI is any work injury which causes absence for one day (or a work shift) or more
Lost Time Injury Frequency Rate (LTIFR)	The main calculation we use to measure the past year's workplace safety performance. It is calculated by dividing the number of LTIs by total hours worked, multiplied by one million
MegaWatt hour	Known by the acronym MWh this is a common unit of measurement of electricity consumption.
National Greenhouse and Energy Reporting Act 2007	Commonly known by the acronym NGERs this Act governs the public reporting of energy use and greenhouse emissions by large Australian organisations, including Wesfarmers Limited. Our first public report under these provisions was submitted in October 2009.
National Packaging Covenant	An agreement between the packaging supply chain industry and governments which sets guidelines covering the manufacture, supply, distribution, consumption and recovery/recycling of consumer packaging
National Pollutant Inventory (NPI)	An Australian internet database designed to provide the community, industry and government with information on the types and amounts of certain substances being emitted to the environment. The NPI contains data on certain priority substances which are emitted to the environment. The substance list was determined by consideration of health and environmental risks in Australia. The NPI uses standard assumptions, in part, to calculate potential emissions we cannot measure or have difficulty measuring and, accordingly, data reported to the NPI may differ from point source emissions contained in this report. More information can be found on the NPI website www.npi.gov.au
Overburden	Unmineralised material overlaying coal deposits or ore bodies
Rehabilitation	Treatment of disturbed areas to achieve a level of stability equal to that which existed before or to an alternative acceptable form.
SES	State Emergency Service in various states
SMS	Safety Management System
SOP	Standard Operating Procedure

Company Structure



Designed and produced by Ross Barr & Associates Pty Limited

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AUSTRALIAN MADE



BLEACHING PROCESS



ENVIRONMENTAL MANAGEMENT SYSTEMS



CERTIFICATION



FOREST MANAGEMENT



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