

17 November 2014

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir

WESFARMERS 2014 ONLINE SUSTAINABILITY REPORT RELEASED

We refer to the attached media release issued yesterday regarding the release of the Wesfarmers 2014 Sustainability Report online at <http://sustainability.wesfarmers.com.au>.

Also attached is the Wesfarmers 2014 Sustainability Overview, which provides a summary of the 2014 Sustainability Report. The 2014 Sustainability Overview will be provided to shareholders attending the Wesfarmers Annual General Meeting on Thursday, 20 November 2014.

Yours faithfully



L J KENYON
COMPANY SECRETARY

NEWS

16 November 2014

2014 ONLINE SUSTAINABILITY REPORT RELEASED

The Wesfarmers Group reduced its total greenhouse gas emissions by another 4.1 per cent in the 2014 financial year, bringing the reduction to more than 20 per cent over the past five years.

The latest data is included in the Wesfarmers 2014 Sustainability Report released today. Wesfarmers was a pioneer of formal sustainability reporting in Australia in 1998 and the 2014 report breaks further new ground as a dedicated [online and interactive publication](#), including 11 video case studies.

Wesfarmers Managing Director Richard Goyder said the 2014 Sustainability Report also reflected a new approach to reporting based on the issues rated most material to the sustainability of Wesfarmers' businesses.

Ten community and environmental impact principles had emerged, grouped into five areas: people, sourcing, community, environment and governance.

"Sustainability is an integral part of how we operate at Wesfarmers," Mr Goyder said.

"Our diverse business operations impact their communities and the environment in many ways and creating value over the long term requires that we take into account the impact that we have."

A key driver of the reduction in greenhouse gas emissions by 4.1 per cent to 4,866 kilotonnes of CO₂ equivalent was the continued improvement and adoption of nitrous oxide abatement technology at Wesfarmers Chemicals, Energy and Fertilisers. However collective efforts across the Group contributed to minimising greenhouse gas emissions, particularly given the growth of store networks and sales in most of the Group's retail businesses.

The video case studies include a Coles "supermarket of the future" at Hallam, Victoria, opened in April 2013. After 12 months of operation the store was using 20 per cent less energy than an equivalent sized store, with features including a ceiling which uses cool room panels to provide extra insulation, full LED lighting and air conditioning that adjusts for the number of people in the store. It uses natural refrigerant which is better for the environment and the cooling plant uses water from seven huge rainwater tanks which increases the energy efficiency of the refrigeration system.

NEWS

Another video case study features Target's efforts to improve ethical sourcing from Bangladesh, including establishing a direct sourcing office in Bangladesh employing more than 30 people to work on the ground with suppliers.

"We are working hard to make these improvements in a sustainable way so that our team members and customers are comfortable with the products we buy and sell", says Target Managing Director Stuart Machin.

Other highlights of the 2014 report include:

- An increase in the number of Aboriginal and Torres Strait Islander employees across the Group from 1,312 to 1,711
- Improvements in safety measures across the Group
- An increase in the number of senior roles filled by women to 29%

The report also quantifies the contribution made by Wesfarmers to the Australian economy in the year to June 30, 2014 including:

- Providing employment for 207, 282 people at 30 June, 2014 or 1 in every 55 working Australians
- Payment of more than \$7,787 million in wages and salaries
- Payment of \$1,880 million in taxes, levies and royalties
- Payment of \$2,235 million in dividends to 500,000 shareholders
- Payment of \$50 billion for goods and services
- 98 per cent of revenue earned in Australia
- 75 per cent of shares on issue held in Australia

The Group also made direct contributions to community organisations and charities of \$44.6 million, and facilitated the indirect contribution of another \$50.8 million.

The URL for the 2014 Sustainability Report is <http://sustainability.wesfarmers.com.au>.

For further information:

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A CENTURY OF PROGRESS



Our commitment to sustainability

Wesfarmers | Sustainability Overview 2014



 **Wesfarmers**
100 years • Thousands of stories

About Wesfarmers

From its origins 100 years ago as a Western Australian farmers' cooperative, Wesfarmers Limited has grown into one of Australia's largest listed companies. Our diverse business operations now include supermarkets; department stores; home improvement and office supplies; coal production and export; chemicals, energy and fertilisers; and industrial and safety products. With headquarters in Perth, Western Australia, we are one of Australia's largest employers and have approximately 500,000 shareholders.

The only significant changes to the Wesfarmers structure or ownership during the year were the sale of the Insurance division and the sale of the 40 per cent interest in Air Liquide WA in our Chemicals, Energy and Fertilisers division.

Sustainability at Wesfarmers

Our diverse business operations impact their communities and environment in many ways. Creating value over the long term requires that we take into account the impact we have on our stakeholders.

Wesfarmers will only be sustainable as a corporation if, in addition to its continued financial success, it adequately addresses a range of other issues which are both significant in their own right and which contribute to financial outcomes. The ten principles on the following page relate to the sustainability issues that have been identified as being most 'material' to us as a group. Each of our divisions is applying these principles to its business, taking into account the specific circumstances of its operating environment and is encouraged to set its own internal targets in relation to these principles. We report against these principles this year, and in future years.

Our sustainability reporting

For 17 years, we have published an annual sustainability report, informing shareholders, customers, employees, suppliers and the broader public about how we manage our impact on the community and the environment.

This year we have moved our sustainability report online at sustainability.wesfarmers.com.au. This move reduces the resources consumed by our reporting process and makes it easier to search and access specific relevant information about our sustainability performance. Our (now online) sustainability report is still independently audited, this year by Ernst & Young, and it is assessed in accordance with the Global Reporting Initiative.

This printed overview launches our ten new community and environmental impact principles and provides an overview of how we have performed against them this year. It does not take the place of our full sustainability report.

To view our full sustainability report, see sustainability.wesfarmers.com.au

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03	Managing Director's welcome
04	People <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <p> 4 Safety</p> <p>We will maintain a relentless focus on providing safe workplaces.</p> </div> <div style="width: 45%;"> <p> 6 Diversity</p> <p>We strive to create an inclusive work environment, with particular attention to gender diversity and the inclusion of Aboriginal and Torres Strait Islander peoples.</p> </div> </div>
08	Sourcing <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <p> 8 Suppliers</p> <p>We are committed to strong and respectful relationships with our suppliers.</p> </div> <div style="width: 45%;"> <p> 10 Ethical sourcing</p> <p>We will strive to source products in a responsible manner while working with suppliers to improve their social and environmental practices.</p> </div> </div>
12	Community <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <p> 12 Community contributions</p> <p>We will make a positive contribution to the communities in which we operate.</p> </div> <div style="width: 45%;"> <p> 14 Government cooperation</p> <p>We will work constructively with governments and their agencies.</p> </div> </div>
16	Environment <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 45%;"> <p> 16 Climate change resilience</p> <p>We will strive to improve the emissions intensity of our businesses and ensure their resilience to climate change.</p> </div> <div style="width: 45%;"> <p> 18 Water use and waste</p> <p>We will strive to reduce our waste to landfill and water use where possible.</p> </div> </div>
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Chairman's message

“By considering the impact of our business on a broad range of stakeholders, we are able to continue creating value for our shareholders over the long term. In turn, our financial success gives us the ability to employ more than 200,000 people, pay taxes, pay dividends, look after our environment and also contribute to the communities in which we operate.”

Dr Bob Every AO
Chairman

Managing Director's welcome



Welcome to the 2014 Wesfarmers Sustainability Overview.

This year we are committing to 10 community and environmental impact principles, addressing the areas that our stakeholders tell us are important to them. These principles cover the areas of people, sourcing, community, environment and governance, all of which we need to consider in order to continue creating value for our shareholders and for all our stakeholders.

This year we are proud of our progress in the following areas:

An 18 per cent reduction in the frequency of injuries across the Group;

More diverse workplaces, with 29 per cent of all management roles now held by women and steady growth in our Aboriginal and Torres Strait Islander employees;

A stronger and more transparent supply chain, especially for our discount department stores;

Continued contribution to the communities where we operate; and

An eight per cent reduction in emissions intensity and increased recycling.

Sustainability is an integral part of how we operate Wesfarmers and we will continue to report to you annually on how we are progressing against these ten principles. I encourage you to view our online sustainability report at sustainability.wesfarmers.com.au, to learn more about our performance this year.

Richard Goyder AO
Managing Director

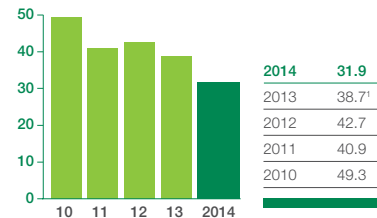
Safety 



18 per cent reduction in injury rate

TRIFR
31.9 Total recordable injury frequency rate

■ Lost time and medical treatment injuries divided by hours worked multiplied by 1,000,000

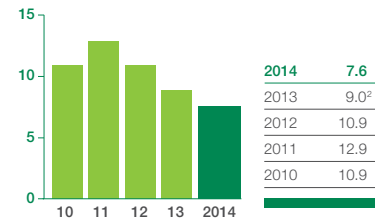


1 Last year's figure has been restated from 43.9 to 38.7 to reflect a change in Coles' and Industrial and Safety's definitions of TRIs to reflect industry practice. From 2013, TRIs include fatalities, lost time injuries and medical treated injuries, however exclude first aid treatment and medical referrals with no follow-up treatment. It also reflects the maturation of data.

2 This number is restated to reflect the maturation of data.

LTIFR
7.6 Lost time injury frequency rate

■ LTIFR is the number of lost time injuries, divided by the total hours worked multiplied by one million



We will maintain a relentless focus on providing safe workplaces.

We continue to be committed to the health and safety of our team members, customers and visitors.

Ongoing improvement in this area is a key pillar of overall sustainable business performance.

Our safety performance

We are pleased that the Group's total recordable injury frequency rate (TRIFR) decreased by 18 per cent from 38.7 to 31.9 this year, with improvements across all divisions. The lost time injury frequency rate (LTIFR) decreased by 15 per cent to 7.6 and the number of workers' compensation claims decreased by nine per cent to 8,045. There were no fatalities across the Group during the year. There were 1,720 lost time injuries (LTIs) across the Group and 7,186 total recordable injuries (TRIs), which include LTIs and medical treatment injuries.

We are proud of our improvements over the past year, but acknowledge that we will need to continue to focus on improving until none of our employees are injured at work. For this reason, we will retain a vigilant focus on safety with each business setting appropriate improvement targets.

Our safety initiatives

Each of our businesses has in place a strategic safety plan, to ensure sustainable continuous improvement in the health and safety of their workplaces, including lag and lead indicators to measure progress.

Over the last year there have been some great health, safety and wellbeing initiatives implemented across the businesses that have contributed to our improved performance. These initiatives have been critical in both their effect on safety outcomes and also the safety culture within our businesses.

One example is a new beverage handling system, consisting of mini pallets and trolleys, which was implemented at Coles Liquor to reduce the risk of manual handling within Liquorland stores. It is the first of its kind for the Australian liquor industry and has significantly reduced the risk and incidence of manual handling injuries.

Another example is Kleenheat's LPG Cylinder Valve Testing Device, which was designed and implemented to safely and efficiently induct low-pressure nitrogen across a cylinder valve and into an LPG cylinder to confirm the valve operability and pressure status prior to removing the valve. It is an innovative engineering solution that is unique within the LPG industry and offers a simple solution to a historic industry problem, contributing to a safer work environment.

Both of these initiatives were awarded Wesfarmers Innovation Awards in the safety category.

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/people/safety/



Diversity

Wesfarmers strives to create a work environment which is inclusive to all people regardless of gender, age, race, disability, sexual orientation, cultural background, religion, family responsibilities or other areas of potential difference.

All areas of diversity are important and Wesfarmers pays particular attention

to gender diversity and the inclusiveness of Aboriginal and Torres Strait Islander peoples.

Our approach to diversity

Wesfarmers recognises the value that diversity can bring, which includes:

- broadening the skills and experience of the pool from which Wesfarmers can draw and attract top talent to our businesses;

- providing greater alignment to customer needs;
- improving creativity and innovation; and
- modelling responsible corporate citizenship.

Wesfarmers has developed and implemented a Diversity Policy (available on our website) that aims to foster diversity at all levels within the Group.



29 per cent of management and professional roles held by women

We strive to create an inclusive work environment, with particular attention to gender diversity and the inclusion of Aboriginal and Torres Strait Islander peoples.

Gender diversity

While Wesfarmers' workforce is made up of 56 per cent (116,284) women and 44 per cent (90,998) men as at 30 June 2014, a key opportunity for the Group is to increase the percentage of women in leadership positions. The Wesfarmers Diversity Policy outlines four core objectives which are used to measure performance in this area:

- foster an inclusive culture;
- improve talent management;
- enhance recruitment practices; and
- ensure pay equity.

These objectives are intended to remain relevant to the Group over a number of years and thus are not revised annually. Specific progress targets are linked to senior executive key

performance objectives under the annual incentive plan. Given the diversity of the Wesfarmers portfolio, each division has developed its own gender diversity plan in line with the Group policy and tailored to the specific circumstances of that division.

The proportion of management and professional roles held by women has increased steadily in recent years, from 25 per cent in 2010 to 29 per cent this year.

Reconciliation Action Plan

This year marks five years of Wesfarmers having a Reconciliation Action Plan (RAP). A RAP is a public Aboriginal and Torres Strait Islander engagement strategy, registered with Reconciliation Australia.

Across the Group, we have made commitments to increasing our Aboriginal cultural awareness; supporting Aboriginal organisations through employee secondments; investing in Aboriginal education; increasing purchasing from Aboriginal-owned businesses; and growing our Aboriginal workforce.

This year, we made progress across all areas of our RAP. Highlights include, Aboriginal employment initiatives, community partnerships and Aboriginal procurement activities. Our full RAP report and 2015 commitments can be found on our website.

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/people/diversity/



Suppliers

We have more than 17,000 suppliers across the Group and our relationship with them is very important to us.

We want to provide better value to our customers in a way that is sustainable for our suppliers and their employees and helps them to grow with us. We believe we must constantly strive for better efficiency in our consumer supply chains to ensure their continued competitiveness.

Coles is our largest consumer business and its relationship with food and grocery suppliers in Australia continues to be the focus of some attention. An essential element of the Coles turnaround since its acquisition by Wesfarmers in 2007 has been to rebuild trust with consumers through everyday lower prices and an essential part of delivering this has been increasing the efficiency and cost-competitiveness of its supply chain. This has been challenging for some individual

food and grocery suppliers, however the strategy has contributed to double digit sales growth of fresh produce over the past five years and the consequent purchase of significantly greater volumes of fresh food from Australian suppliers.

Coles acknowledges that it is now working with fewer suppliers but it is aiming to have relationships that are deeper and longer-term, giving greater certainty to suppliers to invest



96 per cent of Coles' fresh fruit and vegetables are Australian grown

We are committed to strong and respectful relationships with our suppliers.

in their businesses and more opportunity for collaboration on efficiencies and product development.

Australia First

Coles has an Australia First sourcing policy, which aims to support Australian farmers and manufacturers where possible when sourcing fresh produce and Coles Brand products. Recent examples of increased local sourcing include the decision in January 2014 to replace all frozen vegetables in the Coles Smart Buy range with 100 per cent Australian-grown vegetables through a five-year contract with Simplot. Late last year, Coles committed to sourcing 100 per cent of its private label canned peaches, pears and apricots from SPC Ardmona in the Goulburn Valley. Today, 96 per cent of fresh fruit and vegetables sourced for Coles customers are Australian grown, along with 100 per cent of fresh milk and 100 per cent of meat from the meat department.

Working with dairy farmers

There has been continued discussion on the effect of the retail price of Coles private label milk on Australian dairy farmers. Consumers want local, fresh milk and Coles continues to work with processors to ensure this can be offered at an affordable, competitive price over the long term. Coles continues to stock a range of other brands from large and small processors, including a brand developed by Coles with South Australian Dairyfarmers' Association, SADA Fresh, launched in late 2013, which directs 40 cents from every two litre container of milk to industry-benefitting projects.

Code of conduct

In November 2013, Coles, Woolworths and the Australian Food and Grocery Council concluded a draft voluntary code of conduct setting out principles covering the trading relationships between the major supermarket chains and their suppliers. The code is only voluntary in the sense that retailers can opt to join, but once they do, the code applies to all the retailers' suppliers and supply agreements. It awaits approval from the federal government to be formally prescribed under the Competition and Consumer Act. The agreement was reached at the first meeting of the Retailer and Supplier Roundtable, another initiative in which Coles has been heavily involved to encourage and improve communication and collaboration on relevant issues between major retailers and their suppliers.

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/sourcing/suppliers/



Ethical sourcing

Our businesses source products from a range of locations outside Australia, including China, Hong Kong, Bangladesh, Europe, the United Kingdom, Thailand, Taiwan and India.

How we source products from developing countries remains an important and challenging issue for our businesses. Buying products from developing countries creates economic benefits for those countries as well as allowing our businesses to provide affordable products to consumers. But many countries from which we source do not have the regulation or infrastructure to protect workers' rights.

Wesfarmers acknowledges that it has an obligation to continuously improve the way it sources products from developing countries, and this year we have done this in a range of ways.

Increasing supply chain transparency

The garment industries are recognised as posing the highest risk for workers' rights, because they involve low-skilled labour. During or just after the reporting year, Kmart, Target and Coles started publishing the names and addresses of their suppliers on their websites.

Transparency in relation to our supplier factory locations helps to ensure accountability

and that decent conditions and workers' rights are being upheld.

Our ethical sourcing audit programs

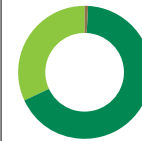
This year, 4,083 suppliers provided house-brand products to our retail businesses for resale. Our audit programs covered 3,904 of the factories used to manufacture products for these suppliers. Other factories were excluded from our audit program because they were considered low-risk due to product type or the location of the factory or supplier. This is because products that require a high level of skill in manufacture tend to be made by more sophisticated suppliers with better human resources management systems. OECD countries are considered to have robust enough regulation to address workers' rights issues.

“...Kmart and Target have now joined international best practice on supply chain transparency...”
– Helen Szoke, CEO Oxfam Australia



We will strive to source products in a responsible manner while working with suppliers to improve their social and environmental practices.

Ethical sourcing audit findings



● Approved factories	2,624
● Conditionally approved factories	1,240
● Critical breaches	40

This year, 2,624 factories were approved, which means there were no (or only minor) issues identified in an audit. They gained their 'approved' status either under our own audit programs, or because they have a current audit certificate from an international retailer whose audit processes meet our standards.

A further 1,240 factories were conditionally approved, which means that issues were identified to be remediated by the factories within a timeframe, with appropriate

follow up. By continuing to work with factories and follow up their remediation of workers' rights issues, our businesses have a positive impact on the lives of people working in these factories.

We identified critical breaches of our ethical sourcing policies in 40 factories across our retail divisions this year, due to issues (or suspected issues) including attempted bribery, child labour, unauthorised subcontracting, withheld wages and unwillingness to disclose information. Of these, six were remedied immediately, two had action plans that were on track at the time of writing and no further orders were placed at the remaining 32.

Our audit program is continuous throughout the year. At the end of the reporting period, 374 factories were yet to be engaged in our audit program, either because they are new suppliers or because audit programs have been expanded.

Critical breaches found in 40 out of 3,904 audited factories

Fire and safety in Bangladesh

In the previous year, both our divisions with significant business in Bangladesh, Target and Kmart, signed the Accord on Fire and Safety in Bangladesh (Accord). This year, Target and Kmart worked with the Accord to ensure factories satisfy required standards for fire and building safety systems.

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/sourcing/ethical-sourcing/



Community contributions











Direct community contributions

Total

\$44.6 million¹



	\$m
 Social welfare	21.95
 Health	8.42
 Education and young people	2.77
 Other	4.96
 Arts and culture	3.81
 Economic development	0.77
 Aid and development	1.18
 Environment	0.72

We have an impact on our communities in a variety of ways: meeting the basic needs of the community such as food, clothing and tools; providing employment for 207,000 people, or nearly one in every 55 working Australians; paying taxes to governments; and providing support to not-for-profit organisations.

¹ Includes \$4.8 million contributed by Home Improvement and Office Supplies, Kmart and Wesfarmers Industrial and Safety classified as 'other' due to separate assurance process.

We will make a positive contribution to the communities in which we operate.

Economic contribution to the community

This year, we paid approximately \$7.8 billion in wages and salaries to our employees, as well as \$1.9 billion in taxes, levies and royalties, and \$2.2 billion in dividends to our 500,000 shareholders. For detail on our financial performance, please see our annual report on our website.

Community partnerships

Wesfarmers and its divisions contribute to the strength and vibrancy of the communities in which they operate by assisting a range of community organisations. Our divisions create value for the community in ways that best fit with their core business and geographic spread.

At a Group level, Wesfarmers supports medical research, organisations targeting Indigenous disadvantage, education and other community initiatives through its community partnerships program. This year, we were

proud to provide support to the Telethon Kids Institute to establish the Wesfarmers Centre of Vaccines and Infectious Diseases, which aims to lower the burden of infectious diseases experienced by Western Australian and Aboriginal children specifically.

We also continued significant partnerships with the Lions Eye Institute, Surf Life Saving Western Australia, the General Sir John Monash Foundation and numerous others.

Across the Group, this year we directly contributed \$44.6 million to community organisations, which equates to 1.1 per cent of earnings before interest and tax and 1.7 per cent of net profit after tax. This was lower than last year's contribution, partially because in the previous year we established the Wesfarmers Chair of Australian History at the University of Western Australia, which was a significant one-off contribution to mark the University's centenary year.

In addition to our direct contributions, the Group facilitated donations from customers and employees, totalling \$50.8 million this year, which went to a wide range of community initiatives.

Wesfarmers Arts

The award-winning Wesfarmers Arts program continues to provide major ongoing support to a number of premier Australian arts companies. With a focus on increasing the opportunities for the community to experience quality art and culture from Australia and the world, Wesfarmers has been working in partnership with both national and Western Australian arts companies since 1985. Our belief is that a vibrant cultural sector makes a positive contribution to the lives of all Australians.

For further information about this principle, see sustainability.wesfarmers.com.au/communitycontribution/



Government cooperation



As one of the largest employers in Australia with operations across the country, Wesfarmers has a role to play in contributing to public policy and national debate on a range of issues.

We also interact and co-operate with government agencies frequently, in relation to our business operations.

Public policy development

During the year, as well as Wesfarmers Managing Director Richard Goyder's role as the Chair of the B20, we have liaised with federal and state governments through one-

on-one meetings, other direct and indirect communications and participation in formal consultation processes in relation to a range of issues that affect our businesses and society, including the following:

- competition regulation reform;
- retail trading hours;
- liquor licensing;
- carbon regulation;
- GST on imported goods; and
- Food and Grocery Code of Conduct.

Cooperation with government agencies

Our businesses are subject to a complex array of laws, regulations and licences and each division has its own regulatory compliance management system. Below are some of our material interactions with government agencies and how we have addressed them:

- **ACCC proceedings regarding Active Retail Collaboration program:** The Australian Competition and Consumer Commission (ACCC) commenced proceedings in the Federal Court of Australia against Coles, alleging that Coles engaged in unconscionable conduct in relation to its Active Retail Collaboration program. The ACCC is seeking from Coles pecuniary penalties, declarations, injunctions and costs. Coles has filed its defence and the trial is scheduled to commence in April 2015.

Wesfarmers Managing Director, Richard Goyder, chaired the B20



We will work constructively with governments and their agencies.

- **ACCC proceedings regarding bread marketing:** The ACCC issued proceedings in the Federal Court in June 2013, alleging that claims made by Coles in-store and on bakery products were misleading and deceptive. Specific objection was made to the phrases 'Freshly Baked In-Store', 'Baked Today, Sold Today' and 'Coles Bakery'. The court delivered a judgment in June 2014 finding that Coles had contravened sections 18, 29(1)(a) and 33 of the Australian Consumer Law. Orders have subsequently been made.
- **ACCC assessment of proposed divestment of Kleenheat Gas East Coast LPG operations:** The ACCC is assessing an application by Elgas Limited for informal clearance of its proposed acquisition of the east coast LPG operations of Kleenheat Gas.
- **Potential environmental non-conformances:** From time to time, an environmental licence condition is either breached or not fully met. When these incidents occur, the relevant business takes immediate action to mitigate any damage and notifies the government agency in accordance with requirements. No recorded events this year resulted in any material environmental harm, injury, prosecution or fine. Please see our Chemicals, Energy and Fertilisers, and Resources websites for details of their potential environmental non-conformances.
- **Regulatory approvals for divestments:** Approvals from the Commonwealth Treasurer, the Australian Securities and Investments Commission, the ACCC and the Australian Prudential Regulation Authority were required for the divestment of the Wesfarmers Insurance underwriting operations in the first half of 2014. For the divestment of the Wesfarmers Insurance broking operations in June 2014, approvals were obtained from the Foreign Investment Review Board, the New Zealand Overseas Investment Office and the Financial Conduct Authority of the United Kingdom.

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/community/government-cooperation/



Climate change resilience

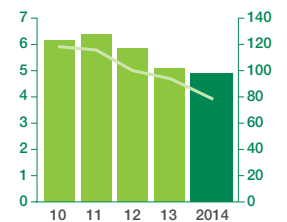


Our divisions have a range of energy efficiency initiatives

Greenhouse gas emissions

4,866 Tonnes CO₂e: '000

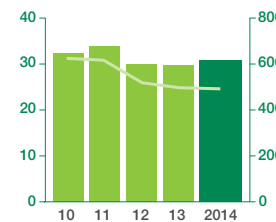
■ Thousand tonnes CO₂e (LHS)
— Tonnes CO₂e per \$m of revenue (RHS)



Energy use

31.0 Petajoules

■ Petajoules (LHS)
— Megajoules per \$m of revenue (RHS)



We will strive to improve the emissions intensity of our businesses and improve their resilience to climate change.

As significant climate change becomes more likely, reducing the carbon emissions of our operations and understanding the specific risks created by climate change increasingly becomes important.

In the last year, we have continued to improve the energy efficiency of our businesses and reduce our direct emissions where possible.

Greenhouse gas emissions

This year our reported total emissions were 4,866 thousand tonnes CO₂e, 4.6 per cent lower than last year, despite the growth of our business. Our Scope 1 and 2 emissions intensity decreased by eight per cent from 71 to 65 tonnes CO₂e per million dollars revenue, largely due to initiatives at Chemicals, Energy and Fertilisers, Coles and Resources. The decrease in emissions at Chemicals, Energy and Fertilisers is due to improvements with the abatement catalyst in its nitric acid plants.

Coles' greenhouse gas emissions continued to reduce this year, despite expanding its store network. This was achieved by continuing energy efficiency initiatives and improving recycling rates for solid waste from 63 per cent to 65 per cent and significantly reducing its waste to landfill by 12.5 per cent or 11,830 tonnes.

Energy use

This year, our energy use increased by four per cent, mainly driven by a 14.8 per cent increase in coal production in our Resources division. Coles' energy consumption remained stable despite its expanding store network due to energy efficiency initiatives. Coles has also improved its methods for capturing and reporting energy use data. Our divisions have a range of energy efficiency initiatives underway, such as those trialed at Coles' 'Supermarket of the future' and LED lighting projects at Kmart and Blackwoods.

Our December 2013 Energy Efficiency Opportunities report is available on our website

and outlines energy efficiency opportunities that were assessed and implemented during the year. Irrespective of changes to reporting requirements in this area, our businesses will continue to identify, investigate and implement energy efficiency opportunities in the ordinary course of their business.

Carbon regulation

The uncertainty surrounding carbon regulation during the year had an impact on mid-term project planning.

Wesfarmers will continue to work constructively with the government of the day in relation to carbon regulation, understanding the importance of an effective, efficient and fair carbon regulation approach, to address climate change.

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/environment/climate-change-resilience/



Water use and waste

Our retail businesses produce most of our waste. We are working to reduce the quantity of our waste and to divert as much as possible to recycling, both in our operations and for our customers.

Water use is a material issue in our industrial businesses and our focus is on using water more efficiently, or replacing scheme water with reclaimed or recycled water where possible.

Recycling and waste

This year, we decreased our waste to landfill by six per cent to 134,706 tonnes and increased our waste recycled by 10 per cent to 281,545 tonnes.

Coles diverted an increased amount of organic waste from landfill through its program with SecondBite, which caused a 13 per cent reduction in its waste disposed to landfill. Coles also improved its recycling through improvements in plastic recycling.

Kmart and Target are funding the recovery and recycling of 168 tonnes of discarded television and computer equipment this year, under the National Television and Computer Recycling Scheme Product Stewardship Agreement with DHL Supply Chain. Our contribution to this scheme ensures that at least 90 per cent of all e-waste collected is recycled. For more information about where to recycle e-waste, see the Drop Zone website. Officeworks also collected



Waste to landfill reduced six per cent

We will strive to reduce our waste to landfill and water use where possible.

291,893 kilograms of computer equipment for recycling through its BringITBack program last year.

Packaging

As retailers, many of our divisions can have an impact on waste by considering the life cycle of the products they sell and making changes to how products are packaged. All retail divisions have made commitments in relation to packaging under the Australian Packaging Covenant (APC), to which Wesfarmers is a signatory. Wesfarmers' Action Plan and Annual Report are available on the APC website.

Improvements to packaging this year include improvements to secondary and tertiary packaging, back loading to increase recycling and soft plastic packaging recycling.

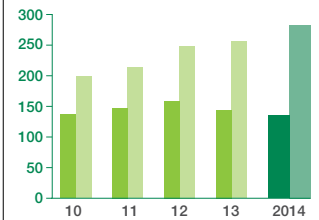
Water use

This year, the Group recorded water use of 17,000 megalitres with all businesses except Bunnings and Resources decreasing water consumption. Of this figure, five thousand megalitres, or 30 per cent of other water used, is reclaimed and recycled water at the Curragh mine site, which has only been monitored since 2013. Curragh increased its use of reclaimed and recycled water by nine per cent this year and decreased its use of municipal/scheme water by three per cent.

Excluding reclaimed water, water consumption across the Group declined four per cent this year.

Waste

417 Tonnes '000



Year	Disposed (thousand tonnes)	Recycled (thousand tonnes)
2014	135	282
2013	144	255
2012	159	248
2011	147	213
2010	137	198

Water use by source



Ground water	1,605
Municipal supply including surface water	9,145
Recycled and reclaimed	6,766

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/environment/waste-and-water-use/



Corporate governance

Corporate governance is the system of rules, practices and processes by which a company is directed and controlled.

We are very proud of our approach to corporate governance and believe it is vital to ongoing value creation for our shareholders and other stakeholders.

The corporate governance framework has been established by the Wesfarmers

Board and is underpinned by the corporate governance statement in the 2014 annual report. The Corporate Governance section of our website contains access to all relevant corporate governance information, including director profiles, Board and committee charters and Group policies.

Role of board and management

The role of the Board is to approve the strategic direction of the Group, guide and

monitor the management of Wesfarmers and its businesses in achieving its strategic plans and oversee good governance practice. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Wesfarmers Managing Director has responsibility for the day-to-day management of



Our directors bring a mix of skills, experience, expertise and diversity to decision-making

We will maintain robust corporate governance policies in all our businesses.

Wesfarmers and its businesses and is supported in this function by the Wesfarmers Leadership Team.

Structure and composition of the Board

Wesfarmers is committed to ensuring that the composition of the Board continues to include directors who bring an appropriate mix of skills, experience, expertise and diversity to board decision-making.

The Board currently comprises 12 directors, including 10 non-executive directors.

Remuneration of senior executives

Full details of the remuneration paid to non-executive and executive directors, and senior executives, are set out in the remuneration report on pages 84 to 102 of the 2014 annual report.

Senior executives comprising members of the Wesfarmers Leadership Team have an annual and long-term incentive or 'at risk' component as part

of their total remuneration package. The mix of remuneration components and the performance measures used in the incentive plans have been chosen to ensure that there is a strong link between remuneration earned and the achievement of the Group's strategy and business objectives and, ultimately, generating satisfactory returns for shareholders.

Governance policies

The ASX Corporate Governance Council sets out corporate governance principles and recommendations (ASX Principles) to achieve good governance outcomes and meet the reasonable expectations of most investors in most situations.

The Board believes that the governance policies and practices adopted by Wesfarmers this year follow the recommendations contained in the second edition of the ASX Principles.

Integrity in reporting

The Audit Committee monitors internal control policies and procedures designed to safeguard Group assets and to maintain the integrity of financial reporting. The Audit Committee also oversees the appointment of external auditors and assurers to ensure the accuracy of our external reporting. The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit Committee.

Risk management

The Risk Management Policy of Wesfarmers is approved by the Board. The policy details the overarching risk management controls that are embedded in the Group's risk management framework and reporting systems and the division of the key risk management functions between the Board, Wesfarmers Managing Director and Finance Director, Audit Committee, divisional management and Group Assurance and Risk.

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/governance/robust-governance/



Listening to stakeholders

We understand that listening and responding to our stakeholders is vital, so we can communicate effectively with those who have an interest in our business, and so we can continue to operate our businesses consistently with our stakeholders' changing expectations.

Each division communicates with its stakeholders in the most appropriate way for its business,

taking into account the needs of its stakeholder groups. At a Group level, Wesfarmers considers the interests of a wide cross-section of stakeholders in a variety of ways, determined by the actual or potential impact of our business on their interests. We communicate with particular stakeholder groups in the following ways.

Customers

Our customers contact us through emails, letters, websites, telephone calls, social media

and personal contact throughout the year. Customers who are concerned or pleased about particular activities in our business decisions sporadically communicate their views directly to Wesfarmers.

Employees

During the reporting period we listened to our 207,000 employees through a number of channels, including periodic divisional employee surveys, discussions with

We will regularly and openly listen to our stakeholders.

unions, personal contact, our whistleblower process, our website and via email.

Shareholders

As well as conducting independent assessments of investor perception, we listen to our retail shareholders at our annual general meeting and we listen to our institutional investors at regular post-result roadshows, strategy and operational briefings, results announcements and other ad hoc meetings.

Suppliers

Wesfarmers is committed to long-term outcomes that benefit both shareholders and our suppliers while recognising that robust negotiations are a part of normal and acceptable business practice and contribute to innovation, efficiency and the long-term sustainability and competitiveness of all parties.

As well as our divisions' close working relationships with suppliers, Wesfarmers meets periodically with key industry groups, including farmer representative bodies, trade unions and individual suppliers as requested.

Government

We communicate with government on a number of different levels, including directly with federal and state government representatives and regulators and indirectly through industry bodies.

As the Chair of B20 this year, our CEO, Richard Goyder, has invested a significant amount of time both listening to government and representing the views of the business community to contribute to national and global policy debate.

Non-government organisations

Our divisions work collaboratively with non-government organisations and industry associations on a range of projects and issues, including human and labour rights and environment and public policy.

Media

We work cooperatively with international, national and local media organisations because we believe it contributes to transparency and the reputation of the Group and provides an important avenue for communication with our stakeholders. This includes,

holding media conferences to coincide with major events and responding to media requests and feedback through our corporate affairs department.

We respond to all media inquiries, guided by what is in the best interests of our shareholders. That response may include declining to comment. Our Managing Director and Finance Director respond to media questions at the time of half-year and full-year financial results. The Managing Director also makes himself available regularly for other media interviews on request.

Community

As well as requests for sponsorship or other support from the general community, we receive feedback via letters, email and our website. We endeavour to respond individually to all inquiries, concerns and feedback. Where we are not able to satisfactorily respond to feedback, we explain our position. We respond to all requests for sponsorship and donations, guided by our sponsorship policies and priorities.

For further information about this principle, see sustainability.wesfarmers.com.au/our-principles/governance/stakeholder-engagement/



Group structure



Retail operations	
Coles	
Home Improvement and Office Supplies	
Kmart	
Target	
Industrial and other businesses	
Resources	
Chemicals, Energy and Fertilisers	
Industrial and Safety	
Other activities	

Independent Assurance Statement



Ernst & Young conducted limited assurance over Wesfarmers' Sustainability Report as presented on its website for the year ended 30 June 2014, in accordance with the Australian Standard on Assurance Engagements 3000 (revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ASAE 3000')

and Assurance Engagements on Greenhouse Gas Statements ('ASAE 3410'). The assurance procedures covered the application of AA1000 Accountability Principles (2008) (Inclusivity, Materiality, Responsiveness) and Global Reporting Initiative's ('GRI') Principles for Ensuring Report Quality of: balance; comparability; accuracy; timeliness; clarity; and reliability.

The full assurance statement can be found at sustainability.wesfarmers.com.au



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