



Climate-related disclosures

Wesfarmers recognises it can play an important role in supporting global efforts to transition to a low-emissions economy.

Our approach

The Group’s response to climate change aligns with our purpose and focus on long-term value creation.

Climate change presents a material risk to our businesses, with the potential to impact operations, team members, supply chains, customers and the communities in which we operate.

Our businesses are managed with climate and carbon awareness and we work in a disciplined way to decarbonise, manage climate-related risks, develop climate-related partnerships and invest in climate-related growth opportunities.

We are focused on reducing our operational Scope 1 and Scope 2 greenhouse gas emissions (operational emissions) and our divisions have set interim and net zero operational emissions targets. The pathways to decarbonise vary across the sectors in which our businesses operate, with each reflecting unique divisional attributes and emissions profiles.

We continue to monitor and report emissions, including performance and progress towards interim and net zero operational emissions targets.

For the third consecutive year, each of the divisions is reporting all material categories of Scope 3 emissions (value chain emissions), with the divisions continuing to refine their reporting to identify emissions reduction opportunities within their value chain.

This year, to better identify climate-related risks and realise climate-related opportunities, we refreshed the Group’s climate scenario analysis. This analysis supports work to identify and progress opportunities to invest in new or growing markets. It also supports enhanced integration with enterprise risk and strategic planning processes, to further embed climate-related considerations into business strategies.

Building partnerships and pursuing opportunities are essential to Wesfarmers’ decarbonisation and future growth. As a large, diversified Group, our transition to a low-emissions economy depends on a range of technologies becoming commercially viable and operating at scale. Partnerships are also essential to support decarbonisation of our value chain.

To prepare for Australia’s mandatory climate-related financial disclosures, this year we also commissioned a gap analysis to identify priorities and guide work to meet future disclosure requirements and associated Australian Sustainability Reporting Standards from 2025. In the interim, the Group continues to report climate-related disclosures using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Mt Holland mine and concentrator

commenced production of spodumene concentrate to produce battery-quality lithium hydroxide for use in electric vehicles

5.4%

reduction in Group Scope 1 and Scope 2 (market-based) greenhouse gas emissions

46MW

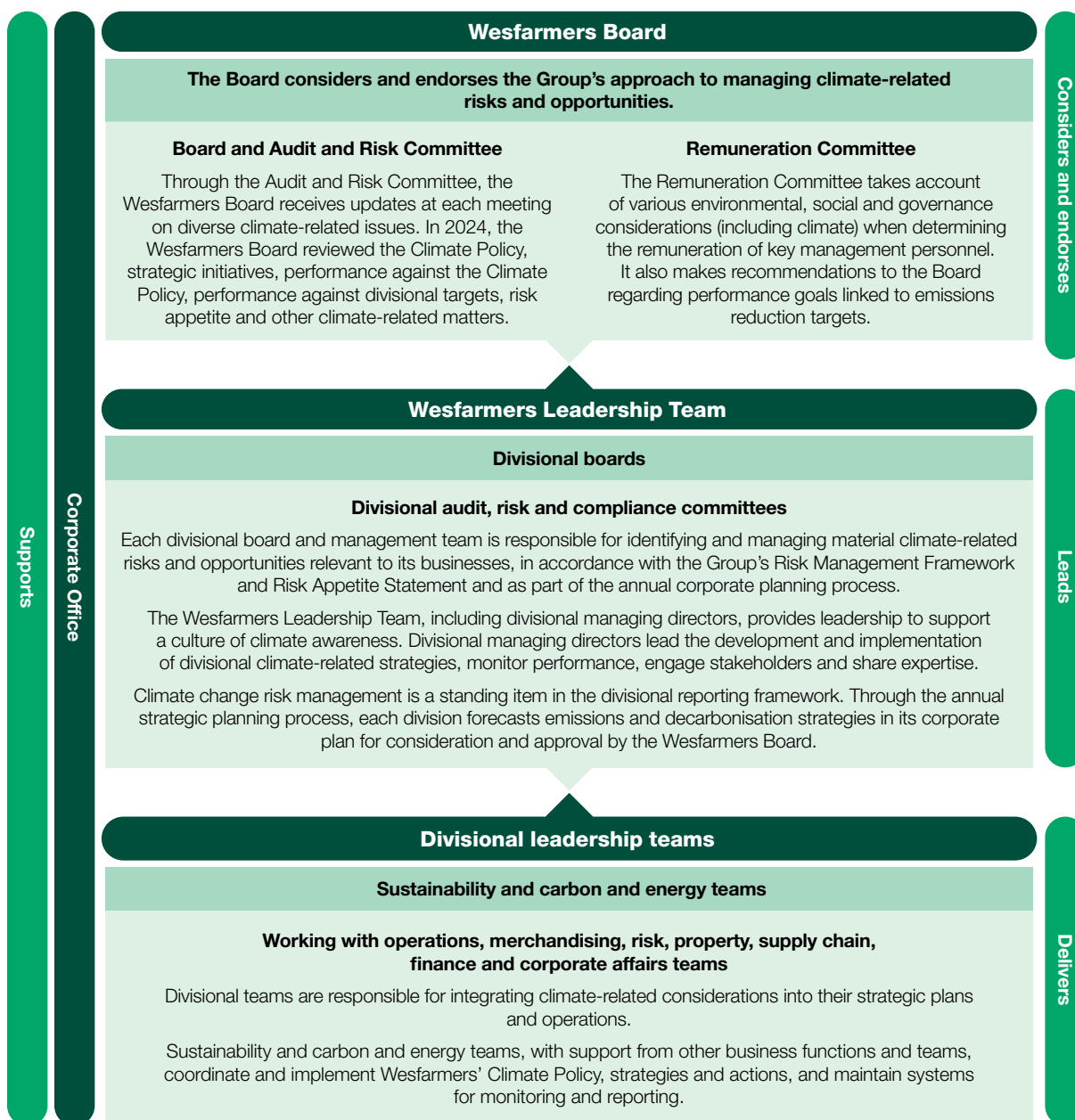
of rooftop solar generation capacity from 212 systems



Visit our website to read more on Wesfarmers’ approach to climate at wesfarmers.com.au/sustainability

Governance

Climate change is recognised as a material risk for the Group. In this context, the Wesfarmers Board has ultimate responsibility for overseeing the Group's approach to managing climate-related risks, opportunities and reporting. Effective governance is central to the Group's approach to responding to climate change.



Operating and financial review

Climate-related disclosures

Climate Policy

Wesfarmers' Climate Policy is considered and endorsed by the Wesfarmers Board. It establishes minimum expectations to manage climate-related risks and opportunities across the Group. The Climate Policy is reviewed annually to ensure it remains relevant and reflects changing context and expectations among our stakeholders. The Climate Policy is available at [wesfarmers.com.au/cg](https://www.wesfarmers.com.au/cg)

Corporate Office

Wesfarmers Corporate Office supports the divisions by setting the Climate Policy, determining the internal shadow carbon price and supporting the development of climate-related aspects of corporate plans. Wesfarmers Corporate Office also facilitates cross-divisional collaboration through a quarterly Carbon and Energy Forum, which brings together subject matter experts from across the Group with day-to-day responsibility for coordinating and managing climate-related programs. It provides opportunities to share knowledge across our divisions, with businesses that operate in different industries and sectors.

Strategy

To continue to create long-term sustainable value, Wesfarmers needs to mitigate, adapt and build resilience to the impacts of climate change and participate in the transition to a low-emissions economy.

As a large, diversified conglomerate, Wesfarmers acknowledges the decarbonisation pathway will vary across the sectors in which we operate. We take a disciplined approach to embed carbon awareness into our culture, operations and strategy. Consistent with our model of divisional autonomy, each division has its own climate strategy that reflects its unique emissions profile, risks and opportunities.

The Group has four overarching areas of strategic focus, building on actions and progress in prior years:

Operational decarbonisation

The Climate Policy requires divisions to set interim and net zero Scope 1 and Scope 2 emissions targets.

Value chain emissions

Our divisions continue to report Scope 3 emissions and identify opportunities to address these value chain emissions.

Growth opportunities

Wesfarmers and our divisions invest in opportunities that align with and support decarbonisation and a low-emissions economy.

Partnerships

Through partnerships, our divisions support the decarbonisation of our operational and value chain emissions.

Climate scenario analysis

Climate scenario analysis helps challenge and develop our understanding of the Group's resilience under different climate futures, across two time horizons: 2030 and 2050. It helps assess the Group's exposures to climate change across a range of physical and transition risks and informs our strategic response and plans to mitigate and adapt to the impacts of climate change across Wesfarmers' portfolio and value chain.

This year, we refreshed the Group's climate scenario analysis using scenarios and datasets from the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report. For physical analysis we used the IPCC's projected temperature outcomes based on the Shared Socioeconomic Pathways (SSP) framework. For transition analysis we used the Network for Greening the Financial System's (NGFS) scenarios.

To ensure our approach remains current, we made two key revisions to the Group's climate scenarios:

1. The upper physical scenario is now SSP 3-7.0, corresponding to approximately 3.6°C warming by 2100, to align with Australian and New Zealand Governments' regional climate modelling.
2. The transition scenarios now include the NGFS Net Zero 2050, Delayed Transition and Nationally Determined Contributions scenarios, as transition risks are greatest with accelerated action. In selecting the transition scenarios, we considered the availability of metrics for the most relevant and uncertain risks and opportunities across Wesfarmers' portfolio and value chain.

Climate scenarios are based on climate and socio-economic models. They are not forecasts intended to predict or provide probabilities of likely outcomes.

Actual future climate outcomes may differ due to a range of factors, including changes in government policy, market conditions, technological advancements and the speed, sensitivity, interplay and uncertainty of climate change impacts.

Caution should be exercised when considering any forward-looking statements associated with climate scenario analysis, including statements regarding strategy and the anticipated impact or effectiveness of strategy.

Climate scenarios for physical and transition analysis

Aggressive mitigation (+1.4°C – 1.7°C by 2100)

Physical risks are low and transition risks are high

There is global collaboration among governments to aggressively decarbonise, aligned to the goals of the Paris Agreement. Long-term global warming is limited, through stringent climate policies and innovation, with medium to high regional variation. The introduction and development of low and zero-carbon technologies is fast and the global economy achieves net zero emissions by around 2050. For physical analysis, the SSP 1-2.6 scenario was used. For transition analysis, the NGFS Net Zero 2050 and Delayed Transition scenarios were used.

Current pledges and targets (+2.7°C by 2100)

Transition risks are relatively low and physical risks are high

Global emissions decline based on existing policies and commitments but fall short of the goals of the Paris Agreement. Climate hazards become more intense and frequent requiring greater investment in adaptation. For physical analysis, the SSP 2-4.5 scenario was used. For transition analysis, the NGFS Nationally Determined Contributions scenario was used.

Limited climate action (+3.6°C by 2100)

Transition risks are low and physical risks are high

There is continued use of fossil fuels and energy intensive activities as climate pledges and targets are not achieved. Extreme weather is the key feature of this scenario with climate hazards intensifying, affecting operations, consumer behaviour and health services, including in Australia and New Zealand. For this scenario, we focused principally on the physical risks and for the physical analysis, SSP 3-7.0 was used.

Scenarios: ● Aggressive mitigation ● Current pledges and targets ● Limited climate action

Risks and opportunities

This year, we evolved our approach to identifying and assessing climate-related risks and opportunities, to further integrate them with the Group Risk Management Framework and corporate planning processes, elevating the visibility of potential climate-related impacts across the divisions.

While the divisions are exposed to climate-related physical and transition risks, there are also growth opportunities associated with the transition to a low-emissions economy.

Group Risk Management Framework

The Wesfarmers Risk Management Framework (Framework) supports and guides the processes by which risk is identified, assessed, managed, communicated and reported.

The Framework also includes the mechanisms by which Wesfarmers articulates its commitment to risk management practices and oversees the effectiveness of those practices, including the provision of assurance and continual improvement activities.

The Wesfarmers Board maintains a Risk Appetite Statement which includes climate-related risks and was last reviewed and approved in May 2024. For further information on Wesfarmers' approach to risk management see page 92.

Physical risks

Physical risks can be acute or chronic. Acute or event-driven physical risks are influenced by the frequency and severity of extreme weather events, while chronic physical risks are associated with long-term shifts in climate patterns (including sustained increased temperatures), resulting in sea level rise and chronic heatwaves.

Although impacts vary across regions, with every degree of warming, there may be non-linear, disproportionate changes in the magnitude, intensity and frequency of individual and concurrent extreme weather events. This could exacerbate and increase the frequency and intensity of physical impacts across our businesses.

In recent years, our businesses, team members, customers, suppliers and communities have been impacted by an increase in the frequency and intensity of extreme weather events, such as floods, fires and extreme heat days. In some locations, these events have disrupted store networks and supply chains, causing physical damage, including losses and infrastructure damage and adverse impacts on team members and local communities.













Transition risks

The risks associated with a transition to a low-emissions economy will be driven by changes in policy, regulation, technology, markets and stakeholder expectations. The speed, intensity and our ability to respond to the changing external environment will impact the magnitude of the Group's exposures.

Opportunities

Changes in markets, technology, customer preferences and stakeholder expectations provide opportunities for growth across products and services. There may be opportunities associated with the energy transition, including renewable energy, low-emissions hydrogen, ammonia and critical minerals (such as lithium). There may be opportunities in adjacencies in the energy transition and opportunities that support a circular economy.

The following parameters were used to identify, assess, prioritise and monitor Wesfarmers' climate-related risks and opportunities.

Specifications	Physical	Transition		
Drivers and metrics	 Extreme rain	 Storm surge	 Policy	 Markets
	 Extreme heat	 Cyclones	 Regulation	 Stakeholder perceptions
	 Extreme dry	 Sea level rise	 Technology	
	 Fire weather			
Regions	Assets in Australia and New Zealand (Wesfarmers sites and offices)			
	Key sourcing markets in Australia, New Zealand and internationally including exposure to certain ports and raw materials			

The following tables summarise, in no particular order, material physical risks and transition risks and opportunities for the Group, including their impact on our businesses and potential responses and mitigation strategies.

Physical risks

Scenarios: ● Aggressive mitigation ● Current pledges and targets ● Limited climate action

Time horizons: **Short:** 1 to 5 years **Medium:** 5 to 15 years **Long:** 15+ years

Description and impact	Potential response and mitigation strategies
Damage to physical assets and disruption to store network	
<p>Scenario: ●● Time horizon to impact: Short Financial impact: Direct costs</p> <p>Wesfarmers' businesses are exposed to extreme wet weather, including more frequent and intense flooding, storm surges and tropical cyclones, especially across northern and eastern Australia and New Zealand. This risk is expected to increase over time.</p> <p>Increased intensity and frequency of extreme wet weather may disrupt and damage our physical assets and store networks, reducing operational efficiency and increasing operational costs.</p> <p>Extreme weather (including drought conditions) may affect consumer behaviour and customer foot traffic. This may impact sales and demand in certain businesses (including the retailers, Wesfarmers Health and CSBP Fertilisers).</p> <p>Climate-related claims may lead to increased insurance premiums for certain locations and difficulty in obtaining or unavailability of insurance.</p>	<ul style="list-style-type: none"> – Redesign or retrofit stores and warehouses to adapt to extreme weather conditions – Consideration of implications for the location of new sites, stores and store renewals – Invest in measures to maintain comfort for team members and customers, including automated building management systems – Invest in omnichannel capabilities to provide flexibility to meet changing customer needs and preferences – Reflect climate risk assessments in capital allocation, including approach to mergers, acquisitions, portfolio management decisions and insurance
Acute weather events may disrupt Wesfarmers' supply chain	
<p>Scenario: ●● Time horizon to impact: Short to Medium Financial impact: Direct and indirect costs</p> <p>Wesfarmers' divisions and supply chains could be exposed to an increase in hot days (over 35°C) across most of Australia. Internationally, these risks are relevant in the subcontinent, the Middle East and the Mediterranean where some suppliers are located.</p> <p>Flooding, storm surges and cyclone events may result in disruptions to supply chains, interrupting port, airport, road and rail operations. These disruptions could result in delays and bottlenecks in accessing products, affecting customer service levels.</p> <p>Longer and more intense extreme weather events may affect the quality and yield of raw materials, upstream in the value chain, especially impacting our retail businesses.</p> <p>For our industrial businesses, extreme weather events may impact customer demand for products downstream in the value chain.</p>	<ul style="list-style-type: none"> – Diversify supplier base and geographic sourcing regions – Hold additional inventory to buffer delays from supply chain disruption – Deploy strategies to reduce dependence on virgin raw materials by using more recycled materials and reducing reliance on raw materials, which are more likely to be impacted by climate change – For WesCEF, assess markets, customers and end uses for products like fertilisers in regions that may be less impacted by acute weather events – Collaborate and build partnerships (including within supply chains) to help suppliers build their own climate resilience
Impacts on the health, safety and wellbeing of team members and the communities in which we operate	
<p>Scenario: ●●● Time horizon to impact: Short to Medium Financial impact: Direct and indirect costs</p> <p>Physical and psychological health, safety and wellbeing of team members is a critical business issue.</p> <p>Environmental hazards may affect team members' safety, wellbeing and productivity as a result of extreme heat (causing heat stress and related illnesses), bushfires (causing poor air quality or limiting access to workplaces and homes) or extreme wet weather resulting in flooding (restricting access to workplaces and homes).</p> <p>Impact on our suppliers, customers and local communities may result in business interruption, affecting business performance.</p>	<ul style="list-style-type: none"> – Continue to invest in improving store and facility design, including implementing automated building management systems to support team member and customer comfort – Adapt shift hours, introduce additional breaks, implement further automation and adopt other measures to help manage heat stress at stores, distribution centres and manufacturing facilities – Assess new store locations and designs, taking into account future climate scenarios

Transition risks and opportunities

Scenarios: ● Aggressive mitigation ● Current pledges and targets ● Limited climate action

Time horizons: **Short:** 1 to 5 years **Medium:** 5 to 15 years **Long:** 15+ years

Description and impact	Response and potential mitigation strategies
Changing customer preferences	
<p>Scenario: ●●● Time horizon to impact: Short to Medium Financial impact: Direct costs</p> <p>Changing customer preferences and expectations may impact existing product ranges as customers favour lower-emissions, circular, locally-sourced and more sustainable alternatives.</p> <p>For some products and market segments, customers may be unwilling to pay higher prices for these characteristics.</p> <p>OPPORTUNITY – Leverage our scale and expertise to respond to emerging customer needs by leading the development and offering of more sustainable, low-emissions products.</p>	<ul style="list-style-type: none"> – Adjust product and service ranges to reflect emerging customer needs and offer more sustainable products and services – Explore new markets and investment opportunities that support a low-emissions economy – Seek partnerships and invest in new technologies that accelerate the transition to a low-emissions economy
Carbon policies and pricing impact our competitiveness	
<p>Scenario: ●● Time horizon to impact: Short to Medium Financial impact: Direct and indirect costs</p> <p>Uneven global policies and strategies may add to manufacturing costs.</p> <p>If imports are not subject to similar carbon abatement policies, the competitiveness of domestic production may be disadvantaged.</p> <p>Access to some products and raw materials, including domestic gas, may be impacted or limited as regulation or policy impact their cost, competitiveness, availability and supply.</p> <p>The costs for businesses or products with large emissions footprints may increase, affecting margins, which may limit opportunities for growth including into alternative markets.</p>	<ul style="list-style-type: none"> – Implement an internal shadow carbon price on investments that attaches a cost to emissions – Engage stakeholders to ensure policies support the transition to a low-emissions economy while maintaining competitiveness against imports, including on policies that support key inputs, such as domestic gas supply, until an alternative is widely available – Decarbonise operations, including setting emissions reduction and net zero targets, consistent with the Climate Policy. This action may mitigate possible future exposure to direct carbon pricing while factoring in future costs – Diversify supplier base and sourcing regions to manage risks and exposures
Stranded assets in the global transition to a low-emissions economy	
<p>Scenario: ●● Time horizon to impact: Long Financial impact: Direct and indirect costs</p> <p>Emissions intensive operations and assets may be at risk of becoming stranded or obsolete if they cannot cost-effectively decarbonise or transition in response to market, technology and regulatory changes.</p> <p>The development of solutions such as CCUS may face challenges or take longer than expected, including to overcome regulatory issues or provide access to transportation infrastructure, potentially delaying their deployment and exacerbating these risks.</p> <p>OPPORTUNITY – Partner and invest in new markets for low-emissions hydrogen, ammonia and lithium, leveraging our expertise to support the global transition to a low-emissions economy.</p>	<ul style="list-style-type: none"> – Collaborate with partners to support solutions such as CCUS, including by repurposing existing assets – Investigate the introduction of low-emissions ammonia into WesCEF's existing production processes – Identify investment opportunities aligned with new products, markets and industries, supporting the transition to a low-emissions economy – Continue progressing towards interim and net zero targets and apply an internal shadow carbon price to investment decisions, to mitigate future exposures – Explore new markets and investment opportunities that support a low-emissions economy, including low-emissions hydrogen, ammonia and lithium
Erosion of our reputation and community support	
<p>Scenario: ●● Time horizon to impact: Short to Medium Financial impact: Direct and indirect costs</p> <p>There may be a risk of negative impacts on our reputation and community support due to our exposure to emissions intensive or hard-to-abate businesses, including to natural gas, with increasing pressure for greater action at a faster pace.</p> <p>OPPORTUNITY – Invest for the future in low-emissions technologies and resources for the energy transition, including portfolio renewal into new industries such as lithium.</p>	<ul style="list-style-type: none"> – Continue decarbonising operations consistent with interim and net zero targets and evaluate opportunities to reduce value chain emissions – Report on performance, consistent with best practice standards and frameworks, to provide stakeholders with consistent, comparable and transparent information – Proactively leverage expertise and financial capability to partner and invest in low-emissions technologies, solutions and industries

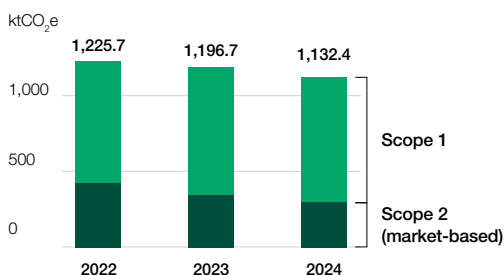
Operational decarbonisation

This year, the Group's Scope 1 and Scope 2 (market-based) emissions decreased to 1,132.4 kilotonnes of carbon dioxide equivalent (ktCO₂e), falling 5.4 per cent relative to 2023. While decarbonisation pathways vary across the sectors in which we operate, our divisions (except OneDigital¹), have set interim and net zero Scope 1 and Scope 2 emissions reduction targets.

With our commitment to reduce emissions, Bunnings Group, Kmart Group, WesCEF, Officeworks, Industrial and Safety and Wesfarmers Health have set interim and net zero operational emissions targets.

Group performance

Group Scope 1 and Scope 2 (market-based) emissions²



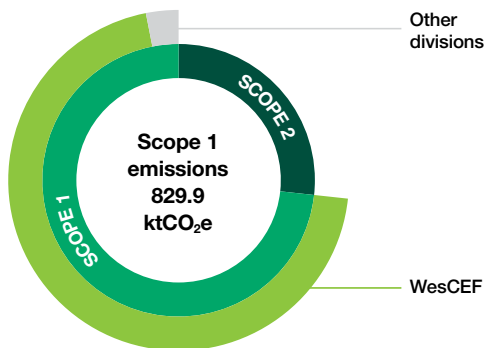
During the year, Group Scope 1 and Scope 2 (market-based) emissions were 1,132.4 ktCO₂e.

Scope 1 emissions were 829.9 ktCO₂e, a modest 1.9 per cent decrease relative to 2023, due principally to improvements to ammonia emissions intensity at WesCEF.

Scope 2 (market-based) emissions were 302.5 ktCO₂e, a decrease of 13.8 per cent relative to 2023. This decrease was achieved through ongoing energy efficiency measures, rooftop solar installations, renewable electricity procurement and lower electricity emission factors (reflecting a higher proportion of renewable electricity in the grid).

Group operational emissions profile

Scope 1 emissions by division

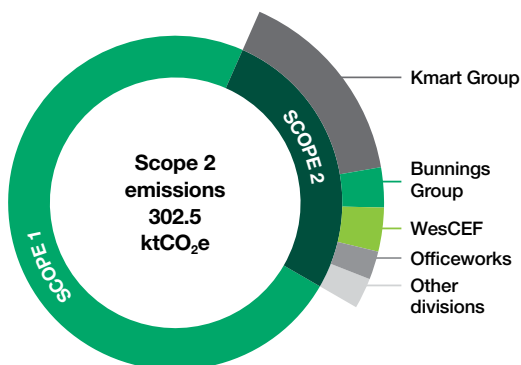


During the year, Scope 1 emissions accounted for 73.3 per cent of the Group's total operational emissions. They are 'direct' emissions released from the Group's operations.

WesCEF's industrial processes include manufacturing and processing ammonia, ammonium nitrate, sodium cyanide, LNG and LPG, which account for 95.8 per cent of the Group's Scope 1 emissions. These emissions are difficult to abate.

The remaining 4.2 per cent arise from fuels used in fleet vehicles, natural gas for heating, LPG in forklifts and equipment and refrigerants in cooling systems.

Scope 2 (market-based) emissions by division



During the year, Scope 2 (market-based) emissions accounted for 26.7 per cent of the Group's total operational emissions. They are 'indirect' emissions associated with grid electricity use across the Group.

Bunnings Group, Kmart Group and Officeworks contribute 78.4 per cent of the Group's Scope 2 (market-based) emissions.

Given Scope 2 emissions are material for our retail divisions and represent around 95 per cent of their operational emissions, Scope 2 emissions reductions are being prioritised in those divisions.

¹ OneDigital (including Catch) has yet to set net zero Scope 1 and Scope 2 targets. The division contributes 0.2 per cent of Group Scope 1 and Scope 2 (market-based) emissions.

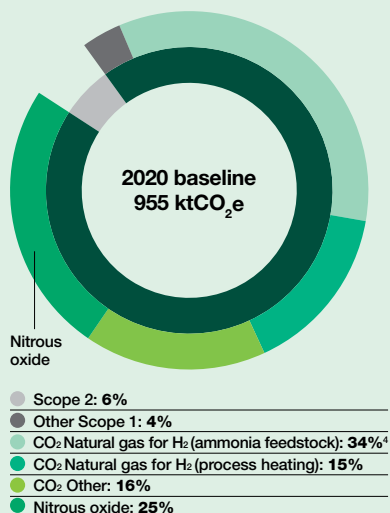
² Wesfarmers' reporting boundary is based on operational control as defined by the *National Greenhouse and Energy Reporting Act 2007* (Cth). Scope 2 emissions are stated using market-based accounting, in accordance with the World Resources Institute Greenhouse Gas Protocol Scope 2 Guidance. Supplementary location-based data can be found from page 189 and at [wesfarmers.com.au/sustainability](https://www.wesfarmers.com.au/sustainability)

Scope 1 operational decarbonisation

To reduce Scope 1 emissions, our divisions will need to make capital investments and enter into partnerships. It will also be important for low-emissions technologies to become commercially viable, operate at scale and for the policy and regulatory environment to remain supportive of decarbonisation.

Decarbonisation initiatives in WesCEF's 2050 net zero roadmap^{1,5} are expected to drive the Group's Scope 1 emissions reduction as 95.8 per cent of the Group's Scope 1 emissions arise from WesCEF's industrial processes. Other divisions account for 4.2 per cent of the Group's Scope 1 emissions, which will be addressed by replacing, electrifying or improving the efficiency of fleet, plant and equipment.²

WesCEF's interim 2030 target



This figure shows the greenhouse gas composition of WesCEF's 2020 baseline³ operational emissions.

Prior to 2020, WesCEF implemented solutions to avoid more than 40 per cent of its operational emissions, principally from secondary nitrous oxide catalytic abatement.

WesCEF's net zero roadmap includes an interim target to reduce operational emissions by 30 per cent by 2030, relative to its 2020 baseline. This interim target is largely expected to be achieved through investments in additional catalytic abatement in WesCEF's three nitric acid plants at CSBP Kwinana.

This year, WesCEF's operational emissions were 12.8 per cent below its 2020 baseline due to operational efficiencies and increased maintenance of existing secondary abatement catalysts in its nitric acid plants.

WesCEF has committed to upgrade its newest nitric acid plant to include tertiary catalytic abatement during the planned maintenance shutdown in the 2025

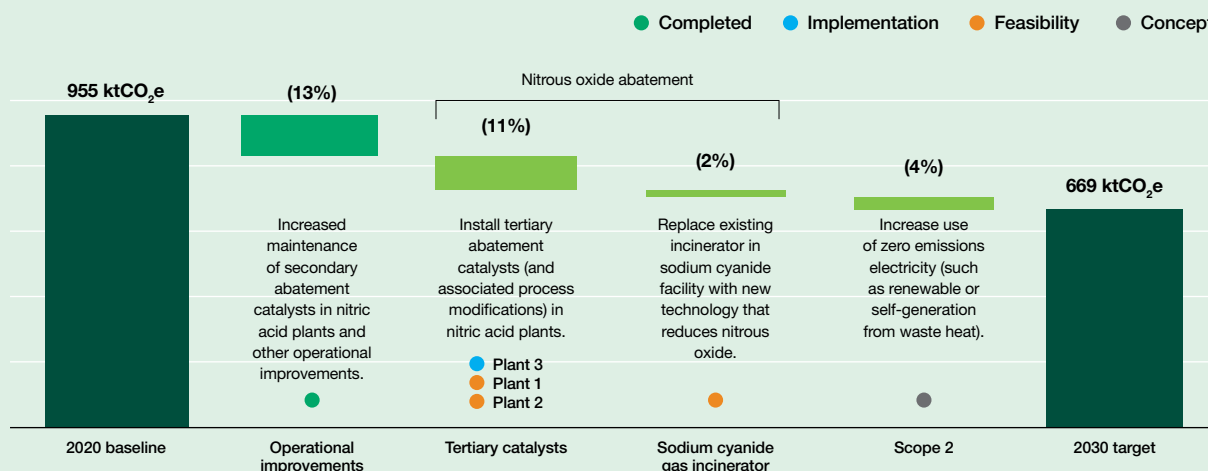
financial year, supported by \$500,000 in funding from the Western Australian Government.

WesCEF was also awarded \$33 million from the Australian Government's Powering the Regions Fund to partially fund the implementation of tertiary catalytic abatement in its remaining two nitric acid plants. The funding reflects the criticality of WesCEF's chemical manufacturing operations to Australia and is intended to support trade exposed facilities covered by the Safeguard Mechanism to reduce emissions and help WesCEF and Australia meet emissions reduction targets.

Implementation of tertiary catalytic abatement across all three nitric acid plants is expected to be completed by the end of the 2028 financial year, delivering a further 11 per cent reduction in operational emissions.

2030 pathway

This pathway represents WesCEF's current view. WesCEF continues to evaluate additional opportunities to reduce emissions and assess potential risks to achieving its interim target.



¹ Further information on WesCEF's net zero roadmap is available at [Wescef.com.au/Wescefs-roadmap-to-net-zero/](https://www.wescef.com.au/Wescefs-roadmap-to-net-zero/)

² Offsets may be required to address residual Scope 1 emissions across the Group. Around 10 per cent of WesCEF's remaining emissions may require the use of offsets if no commercially viable technological solutions emerge. Further information on divisional targets can be found from page 79.

³ Baseline emissions may be adjusted for significant changes to our business, including product volume expansions, portfolio changes such as mergers, acquisitions and divestments and changes to greenhouse gas reporting methodologies. If baseline emissions require revision, targets may also be adjusted.

⁴ This is high purity CO₂ and presented net of volumes captured and sold to third parties.

⁵ In setting its 2050 net zero target and roadmap, WesCEF assumed low-emissions technologies such as CCUS will advance and become commercially viable and operate at scale well before 2050. WesCEF also assumes government policy will remain supportive of climate action and technologies required to decarbonise. The assumptions underpinning WesCEF's targets will be regularly tested to ensure they are reasonable.

Scope 2 operational decarbonisation

Reducing Scope 2 emissions requires a transition to renewable electricity, through a portfolio of on-site and off-site solutions.

Bunnings, Kmart Group and Officeworks account for 78.4 per cent of the Group's Scope 2 emissions. Their targets to source 100 per cent renewable electricity by the end of calendar year 2025 will substantially reduce the Group's Scope 2 emissions.

We have three overarching strategies to reduce Scope 2 emissions.

Reducing electricity use

Improving energy efficiency of existing stores through retrofitting, automating building management systems, installing LED lighting and improving the efficiency of heating and cooling systems. For new stores, there are opportunities to apply sustainable design principles.

Generating on-site electricity

Investing in behind-the-meter electricity generation from renewable and waste-heat sources to replace grid-electricity use. For most divisions, this is through rooftop solar and for WesCEF, it is principally through waste-heat recovery. Where feasible, battery systems are considered, complementing rooftop solar installations.

Procuring renewable electricity

A portfolio of solutions including sourcing renewable electricity and associated large-scale generation certificates (LGCs) through power purchase agreements with electricity retailers and/or generators and retail renewable electricity products like GreenPower. Unbundled renewable energy certificates, including LGCs, will also be required.

ROOFTOP SOLAR ACROSS THE GROUP

212 systems

As at 30 June 2024, 212 rooftop solar systems with 46 MW of generation capacity were installed across the Group, with 47 systems installed during the year.

These systems generated 33,810 MW hours of renewable electricity, equivalent to the annual electricity use of more than 5,300 Australian households.



Sustainable buildings by design

By reducing energy use and improving building energy efficiency at new facilities, Officeworks is progressing towards its net zero Scope 1 and Scope 2 targets.

In late 2023, Officeworks relocated approximately 900 team members to

its new Support Centre at the recently redeveloped Chadstone Place in Victoria, a zero emissions building.

The Support Centre integrates sustainable design into a purposeful, engaging space that allows for a collaborative and flexible work environment, aligning to Officeworks' commitment to People and Planet.

The Officeworks project team collaborated with Vicinity Centres to transform an 8,100 sqm building, prioritising energy efficiency, responsible construction, procurement and finishes.

It includes modern design elements for team member comfort, such as tall interior spaces, landscaped inclusions, high-efficiency lighting, natural ventilation and rooftop solar generation.

The refurbished office achieved a 6-star Green Star Built rating and 5.5-Star Energy and 4-Star Water NABERS ratings.



Sourcing renewable electricity

In 2022, Bunnings entered into renewable electricity agreements with ZEN Energy and Red Energy. From January 2024, the ZEN Energy project links 89.3 per cent of Bunnings' electricity use in South Australia to the 87 MW Taillem Bend 2 Solar Farm, located approximately 90 kilometres southeast of Adelaide.

Similarly, the Red Energy agreement supplies large sites¹ in New South Wales and the Australian Capital Territory, representing 99.2 per cent of their electricity use across the state and territory. From July 2023, the agreement links to the 110 MW Sebastopol Solar Farm near Temora, New South Wales.

The Sebastopol Solar Farm covers 248 hectares and combines sheep farming with a large-scale solar farm, allowing sheep to graze beneath and around the panels. The Sebastopol Solar Farm showcases how renewable energy projects can coexist with agriculture, providing dual land use and additional income for farmers.

The ZEN Energy and Red Energy agreements continue to support Bunnings' progress towards its 100 per cent renewable energy target. In 2024, 79.6 per cent of Bunnings' electricity needs were met from renewable sources.

¹ Large sites are sites with electricity consumption that is equal to or exceeds 100 megawatt hours (MWh) per annum.

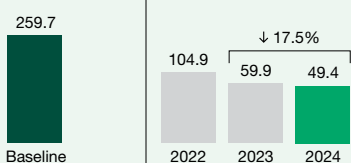
Operational decarbonisation divisional progress

Progress against targets¹ (ktCO₂e)

Baseline emissions profile

Progress in 2024

Bunnings Group



Net zero Scope 1 and Scope 2 by 2030

100 per cent renewable electricity by the end of calendar year 2025

Scope 1 emissions represent around 5 per cent of Bunnings Group's baseline operational emissions and come from natural gas for heating, LPG for community BBQs and forklifts and fuels in fleet vehicles.

Scope 2 emissions represent around 95 per cent of Bunnings Group's baseline emissions and come from grid electricity use across its stores, distribution centres and offices.

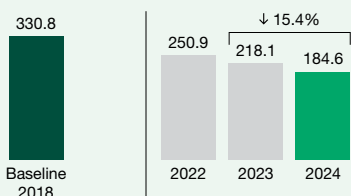
Bunnings Group's target to achieve 100 per cent renewable electricity by the end of calendar year 2025 will address its Scope 2 (market-based) emissions and contribute significantly to its net zero target.

This year, Bunnings Group achieved a 17.5 per cent reduction in Scope 1 and Scope 2 (market-based) emissions relative to the prior year. Bunnings Group is 81.0 per cent below its 2018 baseline, materially exceeding its interim target of 10 per cent by 2025.

Bunnings Group's emissions reductions were driven by efficiency measures, installation of rooftop solar systems and the commencement of renewable electricity contracts.

During the year, Bunnings Group installed 26 rooftop solar systems, for a total of 153 systems across its store network.

Kmart Group



Net zero Scope 1 and Scope 2 by 2030

100 per cent renewable electricity by the end of calendar year 2025

Scope 1 emissions represent around 5 per cent of Kmart Group's baseline operational emissions and come from natural gas for heating, LPG for forklifts, fuels in fleet vehicles and small refrigerant losses from cooling systems.

Scope 2 emissions represent around 95 per cent of Kmart Group's baseline operational emissions and come from grid electricity use.

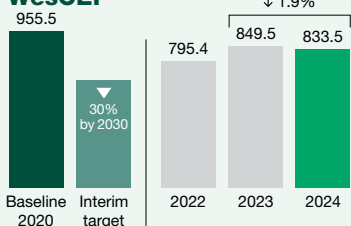
Kmart Group's target to achieve 100 per cent renewable electricity by the end of calendar year 2025 will address its Scope 2 (market-based) emissions and contribute significantly to its net zero target.

In 2024, Kmart Group achieved a 15.4 per cent reduction in Scope 1 and Scope 2 (market-based) emissions relative to the prior year. It is 44.2 per cent below its 2018 baseline, exceeding its interim target of 20 per cent by 2025.

Kmart Group's emissions reductions were driven by efficiency measures in its operations. Small volumes of renewable electricity from the installation of rooftop solar and lower electricity emission factors also contributed to the reductions.

In 2024, Kmart Group executed contracts to purchase 100 per cent renewable electricity in New Zealand, commencing in 2025. Kmart Group is working to source additional renewable electricity agreements to meet its 100 per cent renewable electricity target.

WesCEF



Net zero Scope 1 and Scope 2 by 2050

Interim target – 30 per cent Scope 1 and Scope 2 reduction by 2030

WesCEF's baseline operational emissions profile and 2030 interim target pathway are detailed on page 77.

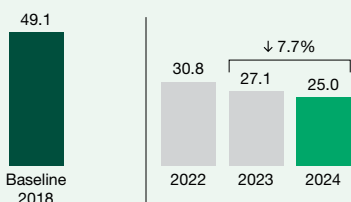
CSBP Kwinana's Scope 1 emissions represents 84.5 per cent of WesCEF's **Scope 1 emissions**. This facility is covered by the Safeguard Mechanism.

In 2024, the CSBP Kwinana facility is expected to generate Safeguard Mechanism credits as its emissions are below its Safeguard Mechanism baseline emissions.

WesCEF's Scope 1 and Scope 2 (market-based) emissions decreased 1.9 per cent in 2024 and are 12.8 per cent below its 2020 baseline.

The modest decrease in WesCEF's 2024 emissions was principally due to an improvement in the emissions intensity of ammonia production as a result of operational improvements and an increase in carbon dioxide captured and sold.

Officeworks



Net zero Scope 1 and Scope 2 by 2030

100 per cent renewable electricity by the end of calendar year 2025

Scope 1 emissions represent a negligible proportion of Officeworks' baseline operational emissions and come primarily from fuel use in fleet vehicles.

Scope 2 emissions represent almost all of Officeworks' operational baseline emissions and are associated with the use of grid electricity across Officeworks' stores and distribution centres.

Officeworks' target to achieve 100 per cent renewable electricity by the end of calendar year 2025 will address its Scope 2 (market-based) emissions and contribute significantly to its net zero target.

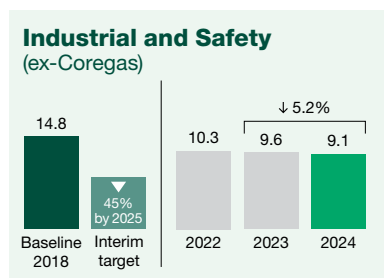
In 2024, Officeworks achieved a 7.7 per cent reduction in Scope 1 and Scope 2 (market-based) emissions relative to the prior year. Officeworks is 49.1 per cent below its 2018 baseline, exceeding its interim target of 25 per cent by 2025.

During the year, Officeworks installed 15 rooftop solar systems, for a total of 41 across its business.

¹ Interim and net zero targets assume low-emissions technologies will advance and become commercially viable and operate at scale to meet these targets. Baseline emissions may be adjusted for significant changes to our business, including product volume expansions, portfolio changes such as mergers, acquisitions and divestments and changes to greenhouse gas reporting methodologies. If baseline emissions require revision, targets may also be adjusted.

Operational decarbonisation divisional progress

Progress against targets¹ (ktCO₂e) | Baseline emissions profile | Progress in 2024



Net zero Scope 1 and Scope 2 by 2035

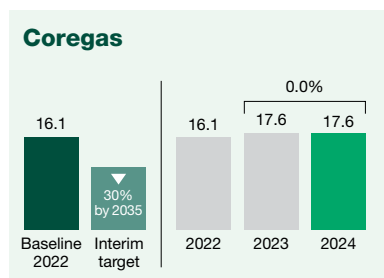
Interim target – 45 per cent Scope 1 and Scope 2 emissions reduction by 2025

Scope 1 emissions represent 29 per cent of Industrial and Safety’s (ex-Coregas) baseline operational emissions and arise from fuel use in fleet vehicles.

Scope 2 emissions represent 71 per cent of Industrial and Safety’s (ex-Coregas) baseline operational emissions and are associated with electricity use at its distribution centres, branches and trade stores.

In 2024, Industrial and Safety (ex-Coregas) achieved a 5.2 per cent reduction in Scope 1 and Scope 2 (market-based) emissions relative to the prior year and is 38.5 per cent below its 2018 baseline.

The reductions were driven by operational efficiencies, including site closures, installation of rooftop solar and procuring renewable electricity in New Zealand. Lower electricity emission factors also contributed to the decrease.



Net zero Scope 1 and Scope 2 by 2050

Interim target – 30 per cent Scope 1 and Scope 2 emissions reduction by 2035

Scope 1 emissions represent 54 per cent of Coregas’ baseline operational emissions and arise from Coregas’ industrial processes and fuel use in fleet vehicles.

Reducing Scope 1 emissions involves increasing efficiency, optimising production, freight network improvements and substituting internal combustion engine vehicles with low-emissions alternatives, such as hydrogen and electric vehicles.

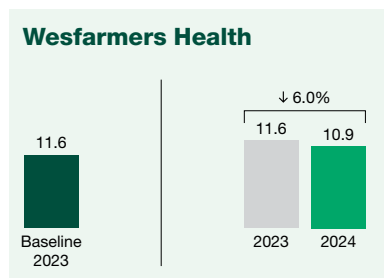
Scope 2 emissions represent 46 per cent of Coregas’ baseline operational emissions and come from grid electricity use across its facilities.

In 2024, Coregas’ emissions were stable and remain 9.3 per cent above its baseline.

The increase is due to continued business growth since 2022 when Coregas’ operational emissions baseline was established.

In December 2023, Coregas announced a \$16 million investment in a new Air Separation Unit (ASU) at its existing facility in Darra, Queensland. The ASU will increase cryogenic fluid production, serving increased demand in the region, currently supplied from Coregas’ facility in Port Kembla, New South Wales. Bringing production closer to customers will help reduce Coregas’ transport-related Scope 1 emissions.

Commissioning of the facility is planned for mid-calendar year 2025.



Net zero Scope 1 and Scope 2 by 2035

Interim target – 100 per cent renewable electricity at new distribution centres

Scope 1 emissions represent around 2 per cent of Wesfarmers Health’s baseline operational emissions and arise from fuel use in fleet vehicles.

Scope 2 emissions represent over 98 per cent of Wesfarmers Health’s baseline operational emissions and come from electricity use across its company stores, clinics, distribution centres and offices. Reductions will be achieved through improved energy efficiency across its sites, installation of rooftop solar at its distribution centres and procuring of renewable electricity.

In 2024, Wesfarmers Health reported a 6.0 per cent reduction in Scope 1 and Scope 2 (market-based) emissions relative to the prior year.

The reduction was principally due to closures of stores and clinics across its portfolio.

During the year, Wesfarmers Health set a net zero Scope 1 and Scope 2 emissions target by 2035 and an interim commitment to source 100 per cent renewable electricity at its distribution centres, aligned to the implementation of its network strategy.

Internal carbon price

Since 2014, Wesfarmers has incorporated an internal carbon price (as a shadow price) in capital allocation and expenditure decisions through the Wesfarmers Project Expenditure and Disposals Policy. An internal carbon price acts as a commercial incentive for businesses to strategically plan emissions reductions or anticipate future costs by attaching a price to emissions associated with an investment or operation.

During the year, the Climate Leaders Coalition² (CLC) developed an internal carbon price playbook, providing businesses with practical steps to establish an internal carbon price as a strategic tool to support decarbonisation objectives. As a CLC signatory, Wesfarmers piloted the CLC playbook for decision-makers on internal carbon pricing before it was published. Through the pilot, Wesfarmers provided input on various use cases of an internal carbon price across its diverse portfolio of businesses.

¹ Interim and net zero targets assume low-emissions technologies will advance and become commercially viable and operate at scale to meet these targets. Baseline emissions may be adjusted for significant changes to our business, including product volume expansions, portfolio changes such as mergers, acquisitions and divestments and changes to greenhouse gas reporting methodologies. If baseline emissions require revision, targets may also be adjusted.

² The CLC is a group of cross-sectoral Australian corporate CEOs supporting corporate decarbonisation. For further information visit climateleaders.org.au

Value chain emissions

Wesfarmers' value chain, or Scope 3, emissions are material and reflect the scale and nature of the Group's businesses. During the year, work continued to refine the Group's Scope 3 emissions data to help identify decarbonisation opportunities within the value chain.

Scope 3 emissions are 'indirect' greenhouse gas emissions arising from activities upstream and downstream of our divisions' operations. These emissions are outside our direct control and represent the Scope 1 and Scope 2 emissions of direct and indirect suppliers, customers and team members.

In 2024, the Group's Scope 3 emissions were approximately 35.8 MtCO₂e, approximately 32 times the Group's operational emissions. The Bunnings Group, Kmart Group and WesCEF value chains represent 79.9 per cent of the Group's Scope 3 emissions. For Bunnings Group and Kmart Group, Scope 3 emissions are primarily linked to the volume and nature of products sold. For WesCEF, Scope 3 emissions principally arise from the purchase and use of ammonia, natural gas and fertilisers.

Three Scope 3 categories¹ represent 93.9 per cent of the Group's Scope 3 emissions.

Category 1 – Purchased goods and services

These emissions arise from upstream activities relating to the extraction, manufacture and production of goods and services. These emissions are the largest contributor to the Group's Scope 3 emissions as they represent the 'cradle-to-gate' emissions of products sold by our divisions.

Category 11 – Use of sold products

These emissions arise from customer use of products sold by our divisions. They include emissions associated with energy use, such as electricity to power electrical goods or secondary activities such as laundering apparel.

This category also includes emissions from the use of fertilisers and combustion of fuels sold.

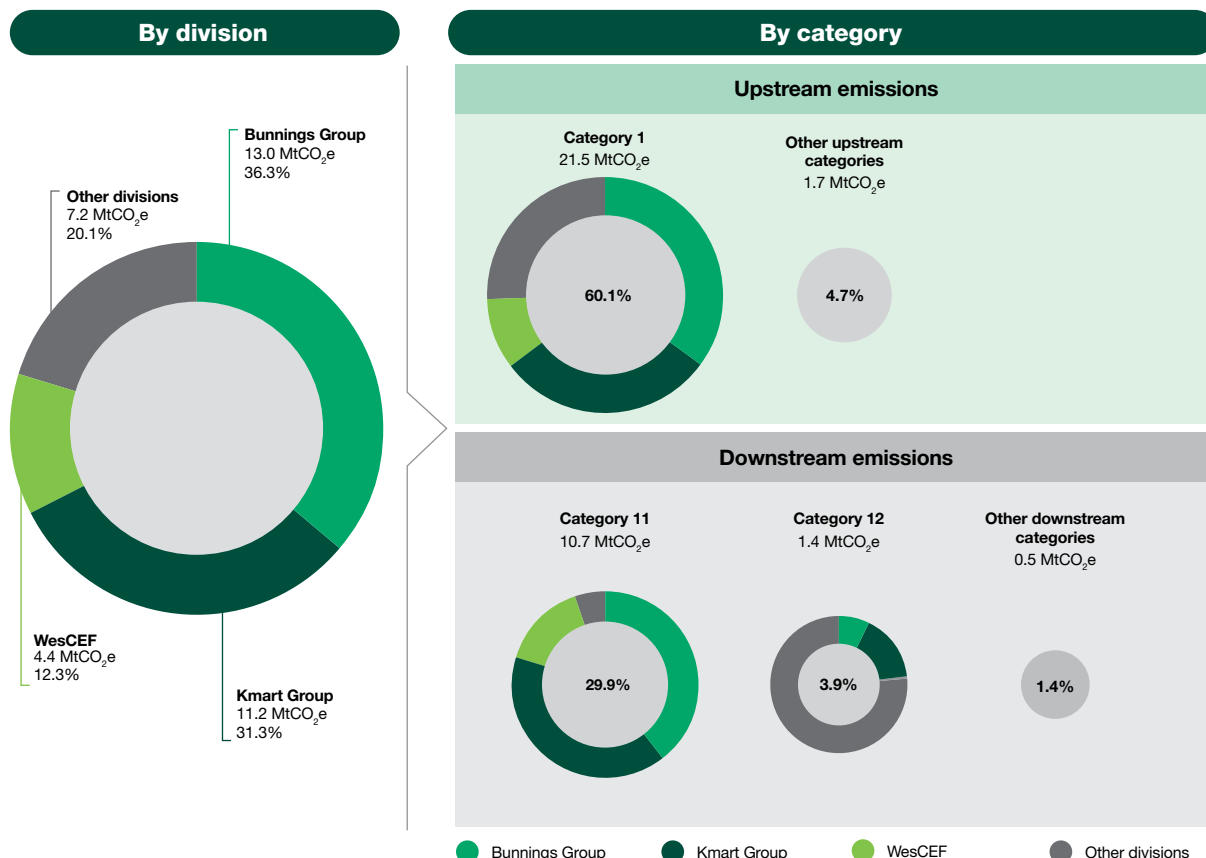
Category 12 – End-of-life treatment of sold products

These emissions arise from the treatment, processing and disposal of products sold at the end of their life (such as waste disposal, recycling and reprocessing).

This category also includes emissions from the release of industrial, medical and specialty gases by our customers after use.

Group Scope 3 emissions by division and category

Total Scope 3 emissions 35.8 MtCO₂e



¹ There are 15 Scope 3 categories listed in the World Resources Institute Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard. Our full Scope 3 inventory can be found at [wesfarmers.com.au/sustainability](https://www.wesfarmers.com.au/sustainability)

Value chain emissions

Our progress

Collaboration, partnerships and a whole-of-economy approach are essential in addressing Scope 3 emissions.

Recognising the importance of partnerships, in 2024, Bunnings joined the European DIY Retail Association and Global Home Improvement Network (EDRA/GHIN) Scope 3 Taskforce (Taskforce). The Taskforce provides an opportunity to support standardisation and refinement of Scope 3 emissions reporting and to share best practice with global peers.

Kmart Group continued to collect supplier-specific emissions data, achieving coverage of more than half of its suppliers

Scope 3 focus areas

With indirect influence over our value chain, it is important to understand where and how we can engage with suppliers, customers and others to support emissions reductions.

Across the Group, there are three overarching focus areas.

Data

Calculating Scope 3 emissions is complex and we use a blend of spend-, activity-, supplier- and life cycle-based approaches to calculate our Scope 3 inventory. Some divisions have continued to refine their approach, improving the resolution of their calculation methods where possible.

Suppliers

Upstream Category 1 emissions are the largest source of Scope 3 emissions across the Group. It will be essential to engage with key suppliers to understand their emissions profiles, including emissions that are further upstream in their supply chains, to identify and support efforts to deliver emissions reduction opportunities.

Customers

Reducing downstream emissions from Category 11 and Category 12 requires further improvements to product efficiencies and support for responsible disposal of products at their end-of-life, including through take-back and recycling programs across our divisions' store networks. Emissions from electricity used by products sold will decrease as the electricity grid decarbonises.

in Category 1. The data indicates that over half the thermal energy needs in upstream apparel production processes come from non-renewable sources, highlighting potential emissions reduction opportunities with suppliers.

WesCEF conducted a desktop analysis of key suppliers to gather information that will allow it to assess upstream value chain decarbonisation opportunities. Key findings indicate that in 2023, about half of WesCEF's Scope 3 emissions were from purchased inputs and energy. Of these emissions, 60 per cent come from six suppliers, each with net zero Scope 1 and Scope 2 targets. Decarbonisation by these suppliers will likely require the implementation of low-emissions ammonia technologies and use of renewable electricity.

Recognising the importance and challenge of reducing Scope 3 emissions, we have taken a systematic approach to refine our inventory to help identify achievable and measurable reduction opportunities that are backed by data.



Pilot on quantifying emissions avoided

As a leading provider of workwear solutions, Workwear Group connects its customers with garment recycling solutions to support responsible disposal of uniforms at end-of-life. These initiatives aim to divert textile waste from landfill, which reduces raw or virgin material consumption in other industries.

Recognising the complexities in quantifying these benefits, in 2024, Workwear Group launched a pilot to evaluate how recycling and end-of-life treatment of garments can contribute to emissions reduction.¹ The pilot is evaluating whether recovered or regenerated materials contribute to avoided emissions in diverse industries, by replacing virgin resources required to manufacture products, such as insulation, filling materials, fertiliser and plastic pellets.

While avoided emissions from end-of-life treatment represent a small portion of Group Scope 3 emissions, the pilot is an important first step in quantifying avoided emissions from end-of-life treatment and enabling Workwear Group to test assumptions, improve data accuracy and enhance its Scope 3 reporting. Together, Workwear Group and its customers will gain clearer insights into emissions benefits and challenges from garment end-of-life treatments, while supporting circular business models.

Supporting sustainable agriculture

CSBP Fertilisers' data and nutritional management tool, DecipherAg, provides insights for farmers to optimise production and support emissions reduction in agriculture.

DecipherAg's 'Review' features visualisation tools to analyse crop yield, nutrient use efficiency (NUE) assessment and greenhouse gas emissions. The analysis may help optimise inputs to improve agricultural supply chain sustainability.

By correlating crop yield, biomass imagery, water availability and soil nutrition data, farmers can evaluate their crop performance and identify efficiency opportunities, including optimising fertiliser use. By comparing emissions data at the farm, paddock and crop level, farmers can make informed decisions on crop selection and fertiliser inputs, optimising production and contributing to more sustainable agricultural practices.

¹ Recycled and end-of-life treatment of products may help to displace the use of virgin materials. This may contribute to emissions reduction outside our value chain, in separate industries or sectors.

Growth opportunities

Decarbonisation will provide Wesfarmers with opportunities to invest in adjacent or supporting industries and growing markets.

New industries and adjacencies

Globally, the transport sector accounts for around one-fifth of global emissions, 70 per cent of which arise from road vehicles.¹ Decarbonising road transport will require replacing fossil fuel-based internal combustion engine vehicles with battery-electric and hydrogen-electric fuel cell vehicles.

Wesfarmers' investment in integrated lithium production and in advancing the hydrogen supply chain plays a role in supporting decarbonisation of the transport sector. Further information on the Covalent lithium project can be found from page 36.

Customer preferences

Changing consumer preferences may provide opportunities to invest in new or growing markets, such as low-emissions hydrogen, ammonia and other products that support decarbonisation across the economy.

For our retailers, omnichannel and circular business models may evolve as demand rises for low-emissions products and products with sustainability credentials.



The energy transition fuels growth for Coregas

Coregas is leveraging its expertise in industrial and specialty gases to advance its business and help fuel the energy transition.

Coregas plays an important role in the hydrogen supply chain in Australia and New Zealand, with customer and supplier net zero targets and ambitions providing opportunities for investment.

The launch of Coregas' H2Station – Australia's first hydrogen refuelling station for heavy vehicles – supported Aluminium Revolutionary Chassis Company (ARCC), Premier Illawarra and Remondis to deploy hydrogen vehicles in the Illawarra-Shoalhaven region.

Coregas and Halcyon also launched New Zealand's first green hydrogen fast refuelling station at Wiri, South Auckland.

This year, Coregas expanded its operations with the acquisition of a hydrogen liquefier in Port Hastings, Victoria. Prior to Coregas' acquisition, the hydrogen liquefier played an important role supporting the Hydrogen Energy Supply Chain pilot, which successfully demonstrated that hydrogen can be produced, liquefied and transported to Japan. Currently, Coregas is working with stakeholders to identify opportunities to leverage this asset to advance the hydrogen supply chain for Australia.

During the year, Coregas also secured a major contract to support a trial to develop low-emissions aluminium. The decarbonised process replaces natural gas with hydrogen in the calcination combustion process. Coregas will be supplying liquid oxygen, to enable the 'clean' combustion of hydrogen.²

Coregas' expertise and focus on partnerships has enabled it to capture growth opportunities while supporting decarbonisation efforts of its customers and value chain.

¹ IPCC: Climate Change 2022: Mitigation of Climate Change. Contribution of Working Group III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.

² Combustion of hydrogen and oxygen produces water vapour.

Partnerships

Partnerships are essential to support and accelerate operational and value chain decarbonisation.

Partnerships and collaboration with governments, research organisations, industry, suppliers, customers and others, help to trial, commercialise and scale up low-emissions technologies and advance emerging solutions that support decarbonisation.

For some divisions, such as WesCEF, partnerships will be essential to support operational decarbonisation of industrial processes. Diverse partners will be important to the discovery and development of low-emissions technologies, as they are piloted and become commercially viable and capable of operating at scale.

For other divisions, partnerships with suppliers, customers and adjacent businesses will be essential to support value chain decarbonisation.



Partnerships for transition

WesCEF's 2050 net zero Scope 1 and Scope 2 target depends on the deployment of a combination of solutions, including new and emerging technologies.

WesCEF collaborates and partners with industry and researchers to identify, study and deploy low-emissions technologies and solutions, including with:

- Australian and state governments to accelerate implementation and investment in low-emissions technology
- APA Group and the Parmelia Green Hydrogen Project to investigate the feasibility of a large-scale renewable hydrogen production facility south of Kwinana, Western Australia. This project received funding from the Australian Renewable Energy Agency (ARENA) as part of ARENA's Advancing Renewables Program

- Jupiter Ionics, as part of a consortium to develop novel green ammonia technology, to deploy small scale units to produce distributed green ammonia from renewable energy
- Monash University as part of the Australian Research Council Research Hub for Carbon Utilisation and Recycling to develop technologies to transform carbon dioxide emissions into useful products from the manufacturing and energy sectors
- Mitsui E&P Australia to study low-emissions ammonia solutions, including a carbon capture and storage project. A successful carbon dioxide injection test was completed during the year at Mitsui E&P Australia's proposed carbon storage facility in Dongara, Western Australia. This project is now preparing for front-end engineering design.

These partnerships aim to reduce uncertainty relating to WesCEF's net zero roadmap and accelerate commercialisation of technologies detailed in its net zero roadmap.

Policy and industry engagement

During the year, Wesfarmers and its divisions engaged with the Australian and state governments, industry associations and member organisations on policies and actions to support climate action and ensure Australia remains competitive in the transition to a low-emissions economy. Examples of the Group's engagement on climate policy include:

– **Mandatory climate-related financial disclosures**

Wesfarmers engaged in consultations in support of Australia's proposed mandatory climate-related financial disclosures. As part of the consultations, we provided input into the opportunities and challenges associated with the standardisation of sustainability reporting.

– **New vehicle efficiency standard**

Bunnings, through industry associations, provided insights on critical issues affecting the retail sector, while supporting Australia's New Vehicle Efficiency Standard to accelerate transport decarbonisation.

– **Carbon leakage review**

WesCEF supported the assessment of measures to address carbon leakage risks, including scope to introduce a Carbon Border Adjustment Mechanism to ensure Australian emissions intensive businesses remain internationally competitive as they decarbonise.

– **Low-emissions ammonia (green and blue)**

Decarbonising ammonia production will be essential to WesCEF's net zero roadmap. While low-emissions ammonia produced from electrolysis processes with renewable energy is technically feasible, renewable electricity supply and costs are substantial barriers to deployment at scale. Low-emissions ammonia produced with natural gas and CCUS is expected to play a critical role in WesCEF's net zero roadmap, with policy reforms required to advance CCUS and access to natural gas during the transition. During the year, in submissions to the Australian and Western Australian Governments, WesCEF highlighted the challenges and opportunities with low-emissions ammonia production.