

SUSTAINABILITY

Wesfarmers has been committed to creating value for our shareholders, employees and communities for more than a century.

Long-term value creation is only possible if we play a positive role in the communities we serve. At Wesfarmers, sustainability is about understanding and managing the ways we impact our community and the environment, to ensure that we will still be creating value in the future.

We acknowledge that the world is changing. Climate change is here and it has the potential to impact our operations and supply chains. We believe climate change has serious implications for our customers, the community and the economy. These are risks we are managing because investing in Australia's response to climate change will deliver significant economic, social and environmental benefits for us all.

Wesfarmers is committed to minimising our footprint and to delivering solutions that help our customers and the community do the same. We endeavour to improve continuously our performance and publicly report on our progress in our annual sustainability report. The Dow Jones Sustainability Index tracks sustainability performance of leading companies around the world. In September 2016, Wesfarmers was advised it had recorded a significant increase in its ranking.



Innovative technologies are helping to drive business efficiency, limit risk and improve safety at our CSBP operations in Kwinana, Western Australia.

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

- Total recordable injury frequency rate reduced by 15.2 per cent.
- Promoted diversity in our workplaces, with more than 3,300 employees identifying as Indigenous.
- Improved the transparency of our supply chain with more than 3,000 factories in our audit program.
- Contributed more than \$110 million to the community through direct support and contributions from our customers and team members.
- Reduced our scope one and two emissions by more than two per cent in the last year, and decreased the emissions intensity of our business by more than 30 per cent over five years.

We acknowledge that we can always do better.

- While Wesfarmers' workforce is made up of 55 per cent women and 45 per cent men, a key opportunity for the Group is to increase the percentage of leadership positions held by women.
- Despite our efforts, ongoing reduction in waste disposed and water use is hard to maintain as our businesses continue to grow. We will continue to seek opportunities to do this.
- We will continue to focus on ethical sourcing, especially supply chain transparency. Strengthening our relationships with suppliers ensures that we can contribute positively in this area.

OUR COMMUNITY AND ENVIRONMENTAL IMPACT PRINCIPLES

We have 10 principles related to sustainability issues that have been identified as being most ‘material’ to the Group.



SAFETY

We maintain a relentless focus on providing safe workplaces.

Maintaining a safe workplace for our employees and keeping our customers, suppliers and other visitors safe across all our sites is our highest priority. Sustainable improvements in safety will continue to be core to our operations and we remain focused on safety leadership, strategies targeting risk reduction and improving physical and mental health.

Our safety performance still requires improvement but we are pleased that we are seeing the benefits of this relentless focus on making our workplaces safer.

Our safety performance

Across the Group, our safety performance is monitored by measuring total recordable injuries and lost time injuries.

There were no team member fatalities across the Group during the year, and team member safety continues to be our highest priority.

This year, our total recordable injury frequency rate was 33.4, a decrease of 15.2 per cent on last year.

Our safety initiatives

Each of our divisions have undertaken safety initiatives this year that target their particular safety risks.

- Bunnings engaged its team in driving a simplified safety strategy. This is reflected in a 6.9 per cent reduction in the number of injuries recorded and an 11.1 per cent reduction in the total recordable injury frequency rate. Key initiatives at Bunnings include its ‘See Something... Do Something’ campaign, which encourages team members to act in the moment, address any safety risks and acknowledge great safety practices.



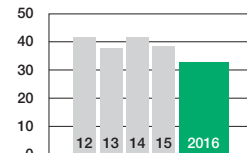
‘Have you seen me’ campaign in Coles distribution centres.

Further training for Bunnings forklift operators on manual handling and training for leaders on mental health are key programs that were implemented to support Bunnings’ vision that everyone goes home safe.

- As part of creating a mentally healthy workplace, Coles launched the ‘Mind Your Health’ program with three pillars of the strategy being awareness, leadership and risk reduction.
- Target delivered a new team member safety training program, upgraded the Target incident reporting database and held a safety focus week.
- In Wesfarmers’ Industrial and Safety Blackwoods business, branch and warehouse teams have been well supported during the branch merger program with careful risk management planning, resilience training and leadership tools and resources.

TOTAL RECORDABLE INJURY FREQUENCY RATE¹

33.4



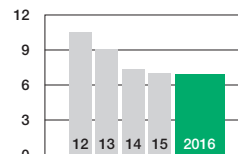
2016	33.4
2015	39.4 ²
2014	42.7
2013	38.7
2012	42.7

¹ TRIFR is the number of lost time injuries and medical treatment injuries per million hours worked.

² Restated due to maturation of data.

LOST TIME INJURY FREQUENCY RATE¹

7.2



2016	7.2
2015	7.3
2014	7.7
2013	9.0
2012	10.9

¹ LTIFR is the number of lost time injuries per million hours worked.



PEOPLE DEVELOPMENT

We provide opportunities for our people to enhance their job performance and develop their careers.

Wesfarmers businesses provide employment to approximately one in 60 working Australians or one in 17 working Australians under 20 years of age.

We distribute 61 per cent of the wealth we create in salaries, wages and benefits to our employees.

The quality of our people is our greatest competitive advantage and providing them with opportunities to improve their performance and their careers is key to our success.

We employ approximately 220,000 people globally, including more than 198,000 in Australia, making Wesfarmers Australia's largest private sector employer. Of our people, approximately 73 per cent are employed on a permanent basis and 27 per cent are employed on a casual basis.

In addition to our employees, our divisions engage contractors in a range of roles. There are also seasonal variations in employment numbers, with a peak throughout the Christmas/summer period in line with the broader retail industry.

In the 12 months to 30 June 2016, we employed 50,607 new people across the Group in a range of permanent, part-time and casual roles. Over the same period we have had a net increase in our overall employee numbers of approximately 13,500 people. This increase is due to the acquisition in February 2016 of the Homebase business from the Home Retail Group.

Training and development

Each division provides a wide range of training and development in job-specific technical aspects as well as generic skills, such as customer service, teamwork and leadership.



DIVERSITY

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 55 per cent women and 45 per cent men, a key opportunity for the Group is to increase the percentage of leadership positions held by women. Women hold 44 per cent of salaried roles and 56 per cent of award or Enterprise Bargaining Agreement (EBA) roles.

The Wesfarmers Diversity Policy outlines four core objectives which are used to measure performance in this area. The objectives are reviewed annually and are intended to remain relevant to the Group over a number of years. 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 four core objectives of the Wesfarmers Diversity Policy are:

Foster an inclusive culture: Seek to leverage each individual's unique skills, background and perspectives.

Improve talent management: Seek to embed gender diversity initiatives into our broader talent management processes in order to support the development of all talent.

Enhance recruitment practices: Commitment to hiring the best person for the job, which requires consideration of a broad and diverse talent pool.

Ensure pay equity: Aim to ensure equal pay for equal work across our workforce.

Further details on gender diversity at Wesfarmers, including indications of progress for the core objectives, is available on our website.

Indigenous engagement

Wesfarmers produced its first public Reconciliation Action Plan (RAP) in 2009, with a focus on 'Relationships', 'Respect', and 'Opportunities'. Using the RAP as a guide our businesses identify and implement opportunities that best suit their operations.

As Australia's largest private sector employer, we believe we are able to provide Indigenous people with greater opportunities to participate in sustainable employment, and it is the primary focus of our RAP.

At 30 June 2016, Wesfarmers had 3,329 Indigenous team members, representing 1.7 per cent of Wesfarmers' Australian workforce. This is a 20.5 per cent increase on the previous year.



Over the past year, Coles has increased its number of Indigenous team members by more than 500, taking its total number of Indigenous team members to 2,318.

INDIGENOUS TEAM MEMBERS

Year	Number of Members
2016	3,329
2015	2,762
2014	1,711
2013	1,302
2012	1,152

Across the Group, we have made commitments to: increasing our Indigenous cultural awareness; investing in partnerships supporting Indigenous education; increasing purchasing from Indigenous-owned businesses; and growing our Indigenous workforce.

Our RAP is registered with Reconciliation Australia and is the overarching document for divisional Indigenous engagement strategies. It will be available at wesfarmers.com.au/our-impact/indigenous-engagement



SUPPLIERS

We commit to strong and respectful relationships with our suppliers.

Our relationships with more than 15,000 suppliers across the Group are very important to us. This year we paid more than \$45 billion to our suppliers. We want to provide value to our customers and sustainable growth for our suppliers and their employees. Striving for better efficiency in our consumer supply chains ensures their continued competitiveness.

Coles is our largest consumer business and it continues to look for efficiencies in its supply chain. Coles' relationship with food and grocery suppliers in Australia continues to be the focus of some attention, and Coles is focused on strengthening these relationships to develop sustainable, long-term agreements with suppliers around Australia.

Australian first at Coles

Coles has an Australian Sourcing Policy, which aims to support Australian farmers and manufacturers where possible when sourcing fresh produce and Coles brand products. Today, 96 per cent of fresh fruit and vegetables sourced for Coles are Australian-grown and 100 per cent of its fresh milk, eggs and fresh meat from the meat department are produced in Australia.

Supporting small business

In April 2015, Coles established the Nurture Fund which is allocating \$50 million over five years to help small Australian food and grocery producers, farmers and manufacturers to innovate and grow their businesses. Successful applicants receive grants or interest-free loans to fund new market-leading products, technologies, systems and processes.

In 2016, Coles allocated nearly \$4 million in grants and interest-free loans from the Nurture Fund, with nine small businesses receiving assistance. Among the recipients were:

- Ashley Wiese and his business partners from Three Farmers in Western Australia, who have used a \$500,000 grant to help build mainland Australia's first quinoa processing plant. Three Farmers has since started processing Australian white quinoa and supplying Coles brand, replacing imports from South America.



By changing the way broccoli is transported Coles has reduced waste to landfill.

- Australian Fresh Leaf Herbs in outer Melbourne, which has used an interest-free loan of more than \$430,000 to build a state-of-the-art greenhouse, which uses cloud technology to help advise the best time to plant, pick and pack their herbs.
- The Clark family from Westerway Raspberry Farm in Tasmania, who have used a \$260,000 grant from Coles to adopt new freezing technology to supply Tasmanian frozen raspberries to customers.
- Onion and garlic grower Moonrocks, which has used a \$400,000 grant to help grow and pack garlic in remote Queensland, extending the availability of Australian-grown garlic in that state.
- Family business Harvey Citrus which has used a \$500,000 grant to develop Western Australia's first seedless lemons and has planted thousands of additional lime and mandarin trees to provide locally-grown produce for the upcoming citrus season.

Food and Grocery Code of Conduct

Since 2013, Coles has been a leading voice in the development and implementation of a voluntary Food and Grocery Code of Conduct with the Australian Food and Grocery Council. Coles signed the code once it was ratified by Parliament and it came into effect from 1 July 2015. The voluntary code governs certain conduct between grocery retailers and wholesalers in their dealings with suppliers, including supply agreements, payments, termination of agreements and dispute resolution. The Australian Competition and Consumer

Commission regulates the code which is prescribed under the *Competition and Consumer Act 2010*.

Coles and dairy farmers

Following a dramatic fall in world dairy prices caused by global oversupply, milk processors Murray Goulburn and Fonterra announced in May 2016 that they would retrospectively cut prices paid to farmers for their milk.

The retrospective price reductions led to widespread media coverage about what factors were to blame and Coles' '\$1 a litre' milk was brought into focus as part of the debate.

As a result, there was a reduction in sales of Coles' \$1 a litre milk and orders of branded milk were increased to meet the change in demand.

In response, Coles highlighted that:

- Coles brand milk is 100 per cent fresh milk sourced from Australian farmers.
- Coles brand milk accounts for around three per cent of Australian dairy production.
- Coles' drinking milk only accounts for five per cent of Murray Goulburn's production.

Coles announced in May 2016 that it would support the dairy industry in southern Australia by working with farmer organisations to launch a new milk brand that would deliver 20 cents a litre to an independent industry fund.



ETHICAL SOURCING

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

Wesfarmers' retail businesses source products for resale from a range of locations. Some of the major locations we source from outside Australia include China, Bangladesh, Europe, Indonesia, India, Thailand, New Zealand, Vietnam, South Korea and Malaysia. Buying products from these regions creates economic benefits for them as well as allowing our businesses to provide affordable products to consumers.

The breadth, depth and interconnectedness of our supply chain make it challenging to manage ethical sourcing risks including child labour, forced labour and freedom of association. However, we are committed to working with our suppliers to adhere to ethical business conduct and proactively address these issues through a range of actions.

We have a Group-wide Ethical Sourcing Policy, which sets the minimum standards expected of our divisions. Each division has its own ethical sourcing policy appropriate to its business.

The apparel industries are recognised as carrying a higher risk of child labour, forced labour and freedom of association, due to the lower skill level required in the manufacturing process. With a high volume of apparel sold by our Department Stores division, ethical sourcing practices are material issues for Wesfarmers.

During the year, Target, Kmart and Coles continued to lead the way for Australian retailers in relation to supply chain transparency by disclosing supplier details on their websites.

Ethical sourcing audit programs

To mitigate the risk of unethical practices occurring in our supply chains, the relevant Wesfarmers businesses (Coles, Bunnings, Target, Kmart, Officeworks and WIS) apply an ethical sourcing audit program to certain suppliers. Suppliers are considered lower risk if they operate in more regulated countries, or if they are supplying recognised international brands.

This year, our audit program covered 3,211 factories used to manufacture house-brand products for resale.

Factories in the audit program are required to have a current audit certificate, which means they have been audited by us or another party whose audits we accept.

Ethical sourcing training

We deliver training on ethical sourcing requirements to our team members, third party auditors, suppliers and factories to ensure they understand ethical sourcing risks and the standards expected by our divisions. During the year, our divisions delivered more than 2,800 hours of training.

Our divisions continuously review and make enhancements to ensure our ethical sourcing programs run effectively and are up to industry standards and the expectations of our customers and stakeholders. The ethical sourcing teams in the divisions participate in forums and seminars and have regular discussions with other stakeholders including retailers, industry associations, non-government organisations and third-party audit firms to understand emerging trends and risks.

Our cross-divisional ethical sourcing forum meets quarterly to share best practice and audit program outcomes, and ethical sourcing practices are reported regularly to the Audit and Risk Committee.

Timber procurement

As the leading timber product retailer in Australia and New Zealand, Bunnings' material ethical sourcing risk relates to the procurement of sustainable timber and wood-based products. Bunnings' timber and wood products purchasing policy has been part of Bunnings' mandatory supplier trading terms since 2003, requiring all timber and wood products to originate from legal and well-managed forest operations.

Bunnings is confident that more than 99 per cent of timber products are confirmed as originating from low risk sources including plantation, verified legal, or certified responsibly sourced forests. Within that, more than 90 per cent of its total timber products are sourced from independently certified forests or sourced with demonstrated progress towards achieving independent certification, such as that provided by the Forest Stewardship Council and the Programme for the Endorsement of Forest Certification (PEFC).



Kmart and Target have joined ACT, a partnership to improve wages in factories.

Living wage

Sourcing products from less developed countries contributes to the economic development of those countries, but concerns are sometimes raised as to whether workers, particularly in apparel supply chains, earn enough to meet their basic needs (a 'living wage'). This is a complex issue and our businesses are working to understand how they can appropriately contribute.

Living wage is defined as the minimum income necessary for a person to meet their basic needs and his/her family, including some discretionary income. This is in contrast to the minimum wage, which is the lowest wage permitted legally within a country or sector.

Kmart and Target have signed 'ACT' (Action, Collaboration, Transformation), a partnership between brands, retailers, manufacturers and IndustriALL (the global union) aimed at achieving living wages in apparel-sourcing countries.

ETHICAL SOURCING FACTORY AUDIT PROGRAM



3,211
TOTAL
NUMBER OF
FACTORIES

● APPROVED	1,555
● CONDITIONALLY APPROVED	1,373
● EXPIRED AUDITS	241
● CRITICAL BREACHES	42



We ensure that all our products comply with relevant mandatory standards before they are offered for sale.

 **PRODUCT SAFETY**

We are committed to providing consumers with safe products.

All consumer products we supply must be safe and meet consumer guarantees under the consumer laws of the countries where we operate. As well as safety testing and compliance with required standards, our divisions implement product recalls where possible safety issues arise.

Product safety initiatives

During the year, Kmart made a business-wide commitment to improve the quality and safety of its products. As part of this commitment, a framework was developed to provide a foundation for quality improvement programs.

Coles regularly reviews and improves its Coles brand range as part of its strategy to deliver quality, affordable products to customers. Coles has invested in developing the Coles food manufacturing supplier requirements to support suppliers in demonstrating compliance and traceability.

Target continually strives to improve quality and safety standards to ensure its customers can be confident in the products they buy. Approval processes continue to be reviewed to ensure that products that do not meet these strict standards are not shipped.

Bunnings continues to proactively engage with suppliers to ensure adherence to product safety standards.

Bunnings conducts regular product audits to ensure conformance with relevant mandatory standards, and also undertakes independent safety tests on selected products to confirm compliance to safety standards and customer expectations.

Officeworks continues to work closely with suppliers to ensure its products conform to all quality and safety standards and labelling. During the year, Officeworks published quality assurance guides on furniture and electrical equipment to all relevant suppliers.

WIS has established an accredited product test laboratory in its Global Sourcing Office in China, giving it the opportunity to test products closer to their source of manufacture. This will ensure safety and quality issues are identified quickly and addressed prior to shipping.

WIS also enhanced its purchasing specification procedures with a checklist to ensure thorough product safety and compliance due diligence is completed before a product is launched. This checklist includes mandatory packaging requirements and product-related risk assessments which will further strengthen sourcing processes.

In relation to button batteries, relevant Wesfarmers businesses have participated in the Australian Competition and Consumer Commission-facilitated industry working group, tasked with developing an industry code for button battery safety. Wesfarmers' retail divisions have been actively involved in the development of this new standard.

 **COMMUNITY CONTRIBUTIONS**

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

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; paying taxes to governments; and providing support to not-for-profit organisations. With 96 per cent of our revenue earned in Australia and the vast majority of our shares held in Australia, we have a significant positive impact on the Australian economy, as well as contributing to other economies.

Wesfarmers has always believed that a strong business environment is underpinned by a cohesive and inclusive community environment. Accordingly, Wesfarmers has had a long-term commitment to investing in community initiatives linked to long-term social and economic outcomes.

In 2016, the Wesfarmers Group collectively contributed \$58 million in direct funding to community organisations across Australia, New Zealand and other countries where we operate. The Group also facilitated donations from customers and employees of \$54 million this year.

Reflecting the divisional autonomy of the Group, our approach to community engagement is driven and managed by our businesses to ensure that value is created in ways that best fit with their operations and geographic spread.

At a corporate level, the Wesfarmers Board approves partnerships focused on four areas: medical research and health; Indigenous programs, particularly targeting education and employment outcomes; community and education initiatives; and the Wesfarmers Arts program.



LUMINOUS WORLD: contemporary art from the Wesfarmers Collection on display at the National Art School, Sydney February 2016.



Officeworks stores participated in the Australian Literacy and Numeracy Foundation's (ALNF) Wall of Hands campaign throughout September 2015.

The majority of these partnerships are long-term commitments with West Australian-based organisations, such as the Telethon Kids Institute, the Harry Perkins Institute of Medical Research, the Clontarf Foundation and Curtin Business School. In 2015, we renewed our partnership with Surf Life Saving WA by continuing to support the Wesfarmers Lifesaver Jetski teams. We also established a new partnership with Reconciliation WA, a commitment which builds on our other partnerships supporting Indigenous programs and reflects our ongoing commitment to closing the gap.

Financial and in-kind emergency relief support was provided by Wesfarmers and a number of its businesses to the West Australian communities of Esperance and Yarloop, who both suffered devastating bushfires over the 2015/16 summer.

Many of our divisions have major, long-term partnerships at a national level. However, a significant part of the contribution from our businesses is directed towards local community groups, either through financial or in-kind donations. For example, some of our retail businesses support local community groups by providing gift vouchers for use in their stores, or facilitate the collection of customer donations for local fundraising initiatives.

The well-recognised Bunnings 'sausage sizzles' provide opportunities for different local community groups to fundraise for their cause. As a result of these locally-driven fundraising activities, there is a significant number of community programs supported across Australia, including environmental projects, education programs and mental health initiatives.

Wesfarmers Arts

Wesfarmers has supported the arts in Australia for more than three decades, with long-term support of a wide range of premier performing and visual arts organisations as well as the ongoing development of the Wesfarmers Collection of Australian Art.

During the year, *Luminous World: contemporary art from the Wesfarmers Collection* embarked on the final leg of an extensive three-year national tour that saw the exhibition enjoyed by regional communities across Australia, from the Northern Territory to Tasmania. *Luminous World* completed its tour at the acclaimed historic National Art School in Sydney in February 2016.

Wesfarmers also contributed \$2.5 million in support of the activities of 12 leading arts organisations, including the National Gallery of Australia, Perth International Arts Festival, the Art Gallery of Western Australia, West Australian Ballet, West Australian Opera, West Australian Symphony Orchestra, Black Swan Theatre Company, Awesome Children's Festival, Form Contemporary Craft and Design, the Western Australian tours of the Australian Chamber Orchestra, the Bell Shakespeare Company and Musica Viva Australia.

Wesfarmers Arts continued its major support of the performing arts in Western Australia as Principal Partner of West Australian Symphony Orchestra, West Australian Opera and the Art Gallery of Western Australia. In May 2016, we made a major donation to the Gallery to refurbish and upgrade rooms and open spaces formerly closed to the public. The new Sky and Garden Micro Galleries and Imagination Room now present changing displays of large-scale works from the Wesfarmers Collection and a dedicated area for education, family and artist events.



CLIMATE CHANGE RESILIENCE

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

We acknowledge that the world is changing due to climate change. Many communities are experiencing the effects of rising temperatures, water shortages and increasingly scarce food supplies. These changes will continue to have serious implications for our employees, our customers, the community and the economy.

We want to be proactive about managing these risks because responding to climate change will deliver significant economic, social and environmental benefits for us all.

Our divisions respond to climate change in two ways. Firstly, we actively monitor and manage our own greenhouse gas (GHG) emissions and reduce them where possible. Secondly, we work to understand the specific risks created by climate change for our businesses and address those risks.

Our position on climate change

We recognise that the climate is changing due to human actions and we acknowledge that business and Australia have a part to play in mitigating this climate change.

We will continue to improve the GHG efficiency of our operations, which reduces our own business costs and risk, as well as contributing to climate change mitigation.

As the global population steadily grows, the continued development of emerging economies depend on access to affordable energy. Both renewables and lower-emission fossil fuels will form an integral part of the energy generation mix throughout the transition to a low emission global economy.

Managing our emissions

Our divisions are continually looking for ways to improve energy efficiency, reduce emissions across their operations and supply chains and invest in low-emissions and renewable technologies.



As part of ongoing efforts to improve the energy efficiency of its business operations, Bunnings has been trialling renewable micro generation projects since 2009.

We emit greenhouse gases both directly and indirectly. Our direct (scope one) emissions come from our industrial businesses, including the use of natural gas and diesel, and fugitive emissions from coal mining. Our main source of indirect (scope two) emissions is electricity used in our operations. We also estimate other indirect (scope three) emissions that occur as a result of our operations such as air travel, but are not controlled by us.

This year, we emitted a total of 3.9 million tonnes carbon dioxide equivalent (CO₂-e) in scope one and two emissions, which was more than two per cent lower than last year.

This year, the reduction in our emissions was driven by continued monitoring and management of electricity use across all sites. Our retailers all invested in LED lighting upgrades in some of their stores, with Kmart recording an average reduction in energy consumption of 31 per cent for stores where LED has been implemented to date. Bunnings continued to rollout solar photovoltaic systems at its stores, generating between 10 and 20 per cent of the stores' daily energy needs. At Target, energy use is down due to continued monitoring and management of electricity use across all sites and investment in LED lighting upgrades at 104 stores which was completed in November 2015.

This year, WesCEF's GHG emissions increased by 6.3 per cent compared to last year as a result of increased operating hours across its plants. The performance of the nitrous oxide abatement technology installed in CSBP's nitric acid plants continues to minimise GHG emissions. An average 90 per cent total nitrous oxide abatement was achieved during the year, which equates to a reduction of 1,220,422 tonnes of CO₂-e.

Adapting for climate change

Natural resource management

We are committed to being responsible stewards of the natural resources we use in our operations. Forests are a critical part of our efforts to reduce GHG emissions and our divisions are focused on ensuring the forestry products they source are from legal and well-managed forests.

Helping customers reduce their emissions

Our divisions are committed to helping customers avoid GHG emissions. For example, Bunnings continues to provide information and education to help customers make sustainable living choices and take practical actions at low cost or no cost to save energy, use less water and reduce waste. This includes providing a wide range of expert advice in-store and online, free do-it-yourself workshops and guides.

Officeworks is Australia's largest retail collector of used printer cartridges, computers and electronic accessories. Through recycling these materials, Officeworks has reduced the need for resource extraction, thus reducing the carbon intensity of its products.

Internal shadow carbon price

Since 1 July 2015, we have used an internal shadow carbon price in capital allocation processes. This shadow carbon price is designed to promote marginal emissions abatement projects and to ensure that regulatory, reputational and stranded asset risks are taken into account in relation to emissions intensive investments.



Curragh is focused on reducing water use at its mine site, and through a number of initiatives it has reduced raw water consumption by 27 per cent since June 2014.



WASTE AND WATER USE

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

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.

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.

Recycling and waste

This year, we increased our waste to landfill by 11 per cent to 151,000 tonnes and increased our waste recycled by 17 per cent to 356,000 tonnes. This is primarily due to improved data capture methods (which allow us to capture liquid waste disposed and recycled at Coles, Kmart and WesCEF), as well as store growth at Coles and Bunnings.

As one of Australia's largest food retailers, the Group's main source of waste is cardboard, food and plastic at Coles. Coles has comprehensive strategies to recycle and divert waste from landfill for these components. The principal component of Coles' recycling stream is cardboard, and this year its stores recycled 5.3 per cent more than last year. Coles donated

more than 7,800 tonnes of food via its partnerships with SecondBite and Foodbank, a 50 per cent increase on last year.

During the year Kmart conducted a review of its waste, and identified a number of opportunities for improvement. This includes better separation and recycling of flexible plastic and cardboard, and the reduction or recycling of polystyrene packaging.

Officeworks has increased the percentage of waste recycled to 71 per cent. Major initiatives included a waste optimisation program aimed at reducing waste bin size and an ongoing awareness program to educate team members on what is recyclable.

This year, Target, Kmart and Officeworks funded the collection and recycling of more than 142 tonnes of unwanted televisions and computer waste, under the National Television and Computer Recycling Scheme Product Stewardship Agreement.

Reducing water use

This year, the Group recorded water use of 16,000 megalitres, which is in line with consumption last year. Of this, 29 per cent is reclaimed and recycled water at the Curragh mine site.

Curragh continues to reduce raw water consumption. River water use at the mine has decreased over the past two years by 27 per cent. This can be attributed to greater water efficiencies, innovation and increased use of reclaimed mine water.



ROBUST GOVERNANCE

We maintain robust corporate governance policies in all our businesses.

The Governance section of this report contains access to all relevant corporate governance information, including director profiles, Board and committee charters and Group policies.

Anti-bribery Policy

Wesfarmers is committed to complying with the laws and regulations of the countries in which its businesses operate and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.

Bribery and the related improper conduct are serious criminal offences for both the company and any individuals involved. They are also inconsistent with Wesfarmers' values.

Political donations

Our Anti-bribery Policy stipulates that political donations must not be made at business unit or divisional level. Any political donations must be authorised by the Wesfarmers Board and disclosed as required by law and recorded in the Wesfarmers Group accounts. Any donations above a level determined in Federal legislation must be disclosed annually to the Australian Electoral Commission and will be published on its website.

Wesfarmers does not make political donations. However, occasionally and on a non-partisan basis, Wesfarmers representatives do pay fees to attend functions and forums organised by political parties. These forums provide an opportunity to discuss and exchange views with policymakers on issues of importance to the company and its shareholders.

An important part of sustainability at Wesfarmers is being transparent with all our stakeholders. We do this by measuring and publishing our performance for each of our material issues in our sustainability report. Our full sustainability report contains numerous case studies and data available for download. It is prepared in accordance with the Global Reporting Initiatives G4 standard and assured by Ernst & Young.