



19 September 2017

The Manager  
Market Announcements Office  
Australian Securities Exchange

Dear Manager,

**2017 CORPORATE GOVERNANCE STATEMENT AND APPENDIX 4G**

In accordance with ASX Listing Rules 4.7.3, 4.7.4 and 4.10.3, attached is the Wesfarmers Limited 2017 Corporate Governance Statement and Appendix 4G.

Yours faithfully,

A handwritten signature in black ink, appearing to be "LJ Kenyon", written over a horizontal line.

**LJ KENYON**  
COMPANY SECRETARY

## 2017 Corporate Governance Statement

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The Board of Wesfarmers Limited is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its stakeholders. This statement details the key aspects of the governance framework and practices of Wesfarmers. Wesfarmers regularly reviews its governance framework and practices so as to ensure it consistently reflects market practice and stakeholder expectations.

### Roles and responsibilities of the Board and management

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

In performing its role, the Board is committed to a high standard of corporate governance practice and fostering a culture of compliance which values ethical behaviour, personal and corporate integrity, accountability and respect for others.

The Board has a charter which clearly sets out its role and responsibilities and describes those matters expressly reserved for the Board's determination and those matters delegated to management.

The Wesfarmers Group Managing Director has responsibility for the day-to-day management of Wesfarmers and its businesses, and is supported in this function by the Wesfarmers Leadership Team. Details of the members of the Wesfarmers Leadership Team are set out under the Wesfarmers Leadership Team profiles in the corporate governance section of the company's website at [www.wesfarmers.com.au/cg](http://www.wesfarmers.com.au/cg). The Board maintains ultimate responsibility for strategy and control of Wesfarmers and its businesses.

In fulfilling its roles and responsibilities, some key focus areas for the Board during the 2017 financial year are set out below.

#### *Key focus areas of the Board during the 2017 financial year included:*

- Overseeing Group Managing Director succession planning, resulting in the appointment in February 2017 of Mr Rob Scott as the Group's Deputy Chief Executive Officer, to succeed the current Group Managing Director, Mr Richard Goyder, at the conclusion of the 2017 Annual General Meeting
- Approving leadership appointments, including Mr Anthony Gianotti who became the Group's Deputy Chief Financial Officer in July 2017 and will succeed the current Chief Financial Officer, Mr Terry Bowen, on 10 November 2017, and senior management changes
- Overseeing management's performance in strategy implementation
- Monitoring the Group's operating and cash flow performance, financial position and key metrics, including financial covenants and credit ratings
- Reviewing business operations and development plans of each division likely to impact long-term shareholder value creation through portfolio management and consideration of divestment options
- Monitoring the Group's safety performance and overseeing implementation of strategies to improve safety performance and enhance workplace safety awareness
- Reviewing talent management and development
- Monitoring and evaluating growth opportunities to complement the existing portfolio
- Approving revisions to the Board and committee charters
- Reviewing policies, reporting and processes to improve the Group's system of corporate governance

## 2017 Corporate Governance Statement

### Structure and composition of the Board

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

The Board currently comprises nine directors, including eight non-executive directors. Details of the directors, including their qualifications and date of appointment are set out below. Detailed biographies of the directors as at 30 June 2017 are set out on pages 62 and 63 of the company's 2017 annual report.

On 14 February 2017 Wesfarmers announced that Mr Richard Goyder will retire from the Board and his role as Group Managing Director at the end of the 2017 Annual General Meeting after serving as a director for more than 15 years. Mr Rob Scott was appointed as Wesfarmers' Deputy Chief Executive Officer in February 2017 and will join the Board as Group Managing Director at the conclusion of the 2017 Annual General Meeting.

On 4 September 2017 Wesfarmers announced that Mr Terry Bowen resigned from the Board after serving as a director for eight years. Mr Bowen will remain as Wesfarmers Chief Financial Officer until 10 November 2017.

Name of director	Term in office	Qualifications
<b>Michael Chaney AO</b>	Director since June 2015 and Chairman since November 2015	BSc, MBA, FTSE
<b>Richard Goyder AO</b>	Director since July 2002	BCom, FAICD
<b>Paul Bassat</b>	Director since November 2012	B.Comm, LL.B.
<b>James Graham AM</b>	Director since May 1998	BE (Chem)(Hons), MBA, FIEAust, FTSE, FAICD, SF Fin
<b>Tony Howarth AO</b>	Director since July 2007	SF Fin, FAICD
<b>Wayne Osborn</b>	Director since March 2010	Dip Elect Eng, MBA, FAICD, FTSE
<b>Diane Smith-Gander</b>	Director since August 2009	B.Ec, MBA, FAICD, FGIA
<b>Vanessa Wallace</b>	Director since July 2010	B.Comm, MBA, MAICD
<b>Jennifer Westacott</b>	Director since April 2013	BA (Honours), FAICD, FIPAA

The Board is of the view that the tenure profile, represented by the length of service of each of its directors on the Board, is appropriately balanced such that Board succession and renewal planning is managed over the medium to longer term. The current directors possess an appropriate mix of skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the company's strategic priorities as a diversified corporation with current businesses operating in supermarkets, liquor, hotels and convenience stores; home improvement; department stores; office supplies; and an industrial division with businesses in chemicals, energy and fertilisers, industrial and safety products, and coal.

The Board skills matrix set out below describes the combined skills, experience and expertise presently represented on the Board.

<i>Skills, experience and expertise</i>	
– CEO level experience	– Capital markets
– ASX-listed company experience	– Finance and banking
– Strategy and risk management	– E-commerce and digital
– Governance	– Human resources and executive remuneration
– Financial acumen	– Marketing/customers/retail
– Regulatory and government policy	– Resources and industrial
– International experience	– Corporate sustainability

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

Mr Archie Norman, who has significant retail experience, was appointed in 2009 as an advisor to the Board on retail issues. In this role, Mr Norman attends Wesfarmers Board meetings as required and is a director of the Coles and Target boards. Mr Norman is also an advisor to the Bunnings UK & Ireland business.

## 2017 Corporate Governance Statement

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### Independence of the Chairman

The Chairman is elected from the independent non-executive directors. The responsibilities of the Chairman are set out in the Board Charter.

Mr Michael Chaney is the present serving Chairman, who assumed the role at the conclusion of the 2015 Annual General Meeting. Further information on Mr Chaney is set out on page 62 of the company's 2017 annual report.

### Director independence

Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement, having regard to the best interests of the company as a whole.

Prior to accepting an invitation to become a director of an external company, each non-executive director is required to notify the Chairman. In considering the new appointment, the Chairman is to consider:

- any Board policies on multiple directorships;
- the terms of Wesfarmers' Conflicts of Interest Policy; and
- the time commitment required of the director to properly exercise his or her powers and discharge his or her duties as a director and member of any Board committees.

An independent director is a non-executive director who is not a member of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The Board regularly assesses the independence of each non-executive director in light of the information which each director is required to disclose in relation to any material contract or other relationship with Wesfarmers in accordance with the director's terms of appointment, the Corporations Act 2001, the Board Charter and Wesfarmers' Conflicts of Interest Policy. Each non-executive director may be involved with other companies or professional firms which may from time to time have dealings with Wesfarmers. Details of some of the offices held by directors with other organisations are set out on pages 62 and 63 of the company's 2017 annual report and on the company's website.

The Board considers any changes to non-executive director's interests, positions, associations or relationships that could bear upon his or her independence. The Board's assessment of independence and the criteria against which it determines the materiality of any facts, information or circumstances is formed by having regard to the ASX Principles, in particular, the factors relevant to assessing the independence of a director set out in recommendation 2.3; the materiality guidelines applied in accordance with Australian Accounting Standards; any independent professional advice sought by the Board at its discretion; and developments in international corporate governance standards.

The Board considers a relationship to materially interfere with, or that could reasonably be perceived to materially interfere with, a director's independent judgement, where it is of such substance and consequence and there is a real and sensible possibility that it would affect the director's judgement across all aspects of the director's role.

The Board has reviewed the position and relationships of all directors in office as at the date of the company's 2017 annual report and considers that seven of the eight non-executive directors are independent.

Mr James Graham is deemed not to be independent, by virtue of his position as Chairman of Gresham Partners Limited (Gresham), which acts as an investment advisor to the company. Details of Mr Graham's association with Gresham are set out in note 25 on pages 134 and 135 of the company's 2017 annual report. The Board has determined that the appointment of Mr Graham continues to be in the best interests of Wesfarmers because of his substantial knowledge, technical competencies and expertise. There are a number of policies and protocols in place, including Wesfarmers' Conflicts of Interest Policy, the Gresham Mandate Review Committee Charter, Wesfarmers' Code of Conduct, Wesfarmers' Board Charter, and directors' standing notices, to ensure that any conflicts of interest which may arise are managed in accordance with the ASX Principles and all applicable laws.

## 2017 Corporate Governance Statement

### Non-executive directors

#### Independent

Michael Chaney (Chairman)	Diane Smith-Gander
Paul Bassat	Vanessa Wallace
Tony Howarth	Jennifer Westacott
Wayne Osborn	

#### Non-independent

James Graham

### Directors' rights and obligations

The key rights and obligations of the directors are set out below:

Retirement and re-election	Conflicts of interest	Access to information and independent advice	Related party transactions
<ul style="list-style-type: none"> <li>– One third of directors (other than the Managing Director) must retire at each annual general meeting</li> <li>– Directors filling casual or additional vacancies must have their appointment confirmed at the next annual general meeting</li> <li>– The Nomination Committee makes recommendations on the re-appointment of directors</li> <li>– The Chairman must retire from this position at the expiration of 10 years unless the Board decides otherwise</li> <li>– The Chairman's appointment is formally reviewed at the end of each three-year period</li> </ul>	<ul style="list-style-type: none"> <li>– Directors have a duty not to place themselves in a position which gives rise to a real or substantial possibility of conflict of interest or duty, in relation to any matter which is or is likely to be brought before the Board</li> <li>– Directors have an ongoing obligation to disclose to the Board immediately any real or substantial possibility of conflict of interest or duty</li> <li>– Directors are required to declare material personal interests or other conflicts requiring disclosure by formal standing notices</li> <li>– The Conflicts of Interest Policy sets out disclosure obligations and procedures to be followed by directors in the event of a conflict or potential conflict of interest or duty</li> </ul>	<ul style="list-style-type: none"> <li>– Directors are entitled to the following:                             <ul style="list-style-type: none"> <li>– Unrestricted access to employees and records, subject to law</li> <li>– Independent professional advice at Wesfarmers' expense, where reasonable and necessary to fulfil their duties, and subject to prior consultation with the Chairman, and for the Chairman, with the Chairman of the Audit and Risk Committee</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>– Related party transactions are included in note 25 of the 2017 financial statements as required under the relevant Accounting Standards</li> </ul>

## 2017 Corporate Governance Statement

### Committees of the Board

The Board has established a Nomination Committee, a Remuneration Committee, an Audit and Risk Committee, and a Gresham Mandate Review Committee as standing committees to assist with the discharge of its responsibilities.

All directors have a standing invitation to attend committee meetings where there is no conflict of interest. These committees review matters on behalf of the Board and (subject to the terms of the relevant committee's charter):

- refer matters to the Board for decision, with a recommendation from the committee (where the committee acts in an advisory capacity); or
- determine matters (where the committee acts with delegated authority), which it then reports to the Board.

Details of the current membership and composition of each committee are set out below. Details of meeting attendance for members of each committee are set out in the directors' report on page 69 of the company's 2017 annual report. The roles and responsibilities of each committee are set out in the respective committee charters.

Heading	Members	Composition
<b>Audit and Risk Committee</b>	Tony Howarth (Chairman) Diane Smith-Gander Jennifer Westacott	<ul style="list-style-type: none"> <li>– Three or more non-executive directors</li> <li>– Members who between them have accounting and financial expertise and a sufficient understanding of the industries in which the Group operates, to be able to discharge the Committee's mandate effectively</li> <li>– A majority of independent non-executive directors</li> <li>– Chaired by an independent director who is not the chair of the Board</li> </ul>
<b>Nomination Committee</b>	Michael Chaney (Chairman) All other non-executive directors	<ul style="list-style-type: none"> <li>– All non-executive directors</li> <li>– A majority of independent non-executive directors</li> <li>– Chaired by an independent director</li> </ul>
<b>Remuneration Committee</b>	Wayne Osborn (Chairman) Paul Bassat Michael Chaney James Graham Vanessa Wallace	<ul style="list-style-type: none"> <li>– Three or more non-executive directors</li> <li>– A majority of independent non-executive directors</li> <li>– Chaired by an independent director</li> </ul>
<b>Gresham Mandate Review Committee</b>	Any two of: Diane Smith-Gander (Chairman) Wayne Osborn Jennifer Westacott	<ul style="list-style-type: none"> <li>– Such members as the Board determines from time to time</li> </ul>

### The role of the Company Secretary

Linda Kenyon is the Company Secretary of Wesfarmers and a member of the Wesfarmers Leadership Team. Ms Kenyon's qualifications and experience are set out in the directors' report on page 70 of the company's 2017 annual report.

The Company Secretary is accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. The Company Secretary works closely with the Chairman to manage the flow of information between the Board, its committees and senior executives across the Group. Further details on the role of the Company Secretary are set out in Wesfarmers' Board Charter.

## 2017 Corporate Governance Statement

### Board succession planning

#### Appointment of new non-executive directors

As part of the Nomination Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when they arise, or to identify candidates to complement the existing Board, and make recommendations to the Board on their appointment. Where appropriate, external consultants are engaged to assist in searching for candidates.

Where a candidate is recommended by the Nomination Committee, the Board will assess that candidate against a range of criteria including background, experience, professional qualifications, personal qualities, the potential for the candidate's skills to augment the existing Board and the candidate's availability to commit to the Board's activities. Wesfarmers also undertakes appropriate checks before a candidate is recommended to the Board. If these criteria are met and the Board appoints the candidate as a director, the director will enter into a written contract with the company, setting out the terms of his or her appointment consistent with the ASX Principles, and that director must seek to have their appointment approved by shareholders at the next annual general meeting.

The Board aims through the notices of meeting for annual general meetings to provide shareholders with all material information known to the Board and relevant to a decision on whether or not to elect or re-elect a director.

The Board Charter requires a director to hold, directly or indirectly, a minimum of 1,000 ordinary shares in Wesfarmers within two months of their appointment and at all times during the director's period of office, and increase that shareholding to an amount equivalent in approximate value to the gross annual base fee paid to each non-executive director within five years of appointment.

#### Induction of new non-executive directors and ongoing director development

As part of a comprehensive induction program covering Wesfarmers' financial, strategic, operational and risk management position, a new director meets with the Chairman, the Audit and Risk Committee Chairman, the Group Managing Director, divisional managing directors and other key executives, to gain an insight into the values and culture of Wesfarmers. The program also includes site visits to a number of Wesfarmers' key operations.

All directors are expected to maintain the skills required to discharge their obligations to the company.

On an ongoing basis, directors are provided with papers, presentations and briefings on matters which may affect the business or operations of Wesfarmers. Directors are also encouraged to undertake continuing education and training relevant to the discharge of their obligations as directors of the company, typically arranged by the Nomination Committee. Subject to consultation with the Company Secretary, the reasonable cost of continuing education and training is met by Wesfarmers.

To assist the directors in maintaining an appropriate level of knowledge of the operations of the company, directors undertake site visits each year to some of Wesfarmers' businesses.

#### Evaluation of the Board and its committees

The Nomination Committee is responsible for scheduling formal performance reviews of the Board and its committees at least every two years. The Board then undertakes an evaluation process to review its performance which is facilitated by an external consultant.

The review process for both the Board and its committees involves:

- (i) completion of a questionnaire/survey by each director or member of the committee and nominated senior executives who have regular interaction with the Board, facilitated by an external consultant;
- (ii) the preparation and provision of a report to each director with feedback on the performance of the Board or committees of the Board based on the survey results; and
- (iii) the Board /committee members meeting to discuss areas for improvement and identify actions to be taken for improvement.

A performance review of the Board committees was conducted with the assistance of an external consultant in October 2016. The next performance review of the Board will be undertaken by the end of the 2018 financial year. The Nomination Committee is also responsible for scheduling performance reviews of each non-executive director. In relation to the re-appointment of a non-executive director, the Nomination Committee reviews the performance of each non-executive director during their term of office and makes recommendations to the Board.

Annual performance reviews for each non-executive director are scheduled to be conducted by the end of the 2018 financial year. The performance review process comprises:

- completion by each director of a survey prepared and distributed by an external consultant; and
- an individual feedback session conducted by the Chairman with each non-executive director, covering his or her performance based on the survey results. A non-executive director is nominated by the Board to conduct a similar feedback session with the Chairman.

#### Key focus areas of the Nomination Committee during the 2017 financial year included:

- Succession planning for the Group Managing Director
- Consideration of directors to be recommended to shareholders for re-election at the 2016 Annual General Meeting
- Consideration of feedback from major shareholders during the Chairman's Roadshow conducted prior to the 2016 Annual General Meeting

## 2017 Corporate Governance Statement

### Remuneration and evaluation of senior executives

#### Remuneration

Full details of the remuneration paid to non-executive and executive directors, and senior executives, are set out in the remuneration report on pages 73 to 92 of the company's 2017 annual report.

#### Evaluation of the performance of senior executives

Senior executives comprising members of the Wesfarmers Leadership Team have a variable or 'at risk' component as part of their total remuneration package either under an annual incentive and long-term incentive arrangement or under the Key Executive Equity Performance Plan (KEEPP). The mix of remuneration components and the performance measures used in the incentive plans have been chosen to ensure that there is a strong link between remuneration earned and the achievement of the Group's strategy and business objectives and, ultimately, generating satisfactory returns for shareholders.

Annual incentives and KEEPP allocations are based on achievements against annual scorecards that are set at the start of the financial year and that consist of financial and strategic measures. Awards are determined after the preparation of the financial statements at the end of the financial year (in respect of the financial measures) and after a review of performance against the strategic measures has been carried out by the Wesfarmers Managing Director. In the case of the Wesfarmers Managing Director, this review is conducted by the Chairman and the results are reported to the Board. The Board confirms final awards based on overall financial and personal performance after the reviews have been completed in August each year.

The Wesfarmers Long Term Incentive Plan (WLTIP) for the 2017 financial year comprised an allocation of performance rights, subject to a four-year performance period, with performance hurdles based on relative total shareholder return. The Performance Shares allocated under KEEPP in the 2017 financial year will also vest subject to a four-year performance period but with performance hurdles based on the relevant divisional corporate plan and relative shareholder return.

The Board tests the WLTIP and KEEPP performance conditions following finalisation of the annual accounts at the end of the relevant four-year performance period.

Each senior executive has a written contract with the company, setting out the terms of his or her appointment, including remuneration entitlements and performance requirements.

The Securities Trading Policy reflects the Corporations Act 2001 prohibition on key management personnel and their closely related parties entering into any arrangement that would have the effect of limiting the key management personnel's exposure to risk relating to an element of their remuneration that remains subject to restrictions on disposal. Wesfarmers directors, the Wesfarmers Leadership Team, and certain of their immediate family members and controlled entities are prohibited from dealing in Wesfarmers securities and engaging in short selling, short-term trading, security interests, margin loans and hedging relating to Wesfarmers securities unless approval has been sought and clearance obtained from the Company Secretary.

As part of the annual performance and development review process, the potential future development of an executive is discussed, along with any training required to enhance the prospects of both the development objectives being achieved and overall progression within Wesfarmers. Annual performance reviews of each member of the Wesfarmers Leadership Team, including the executive directors, for the 2017 financial year have been undertaken in accordance with the process described above.

The remuneration report, which details Wesfarmers' policy on the remuneration of senior executives, is set out on pages 73 to 92 of the company's 2017 annual report.

#### **Key focus areas of the Remuneration Committee during the 2017 financial year included:**

- Reviewing and making a recommendation to the Board in relation to the fixed remuneration, annual incentive and long-term incentive awards for the Group Managing Director and his direct reports
- Reviewing the succession and transition plans for the Wesfarmers Leadership Team, including recommending to the Board the remuneration package and contractual arrangements for the incoming Group Managing Director and Group Chief Financial Officer.
- Reviewing the senior executive remuneration framework and policies, including terms of employment such as notice periods, restraint and non-solicitation clauses
- Reviewing and making a recommendation to the Board in relation to the structure of the Wesfarmers variable remuneration plans, including the approval and implementation of KEEPP and recommending to the Board the vesting outcomes of the 2013 Wesfarmers Long Term Incentive Plan shares, based on the achievement of the performance conditions as at 30 June 2017
- Reviewing and making a recommendation to the Board in relation to non-executive director fees
- Reviewing and monitoring diversity targets and gender pay equity

## 2017 Corporate Governance Statement

### Governance policies

The Board believes that the governance policies and practices adopted by Wesfarmers during the reporting period for the year ended 30 June 2017 follow the recommendations contained in the ASX Principles released on 27 March 2014. This Corporate Governance Statement is current as at the date of the company's 2017 annual report, and has been approved by the Board. Wesfarmers' compliance with the recommendations contained in the ASX Principles is set out in the company's Appendix 4G which is available on the corporate governance section of the company's website at [www.wesfarmers.com.au/cg](http://www.wesfarmers.com.au/cg)

Details of Wesfarmers' corporate governance policies are summarised in the table below. The corporate governance section of the company's website (details above) contains access to all relevant corporate governance information, including Board and committee charters, and Group policies referred to below.

#### Corporate governance policies and practices

##### **Conflicts of Interest Policy** (revised February 2017)

Sets out the obligations of each director to disclose conflicts of interest to the Board and the procedures to be followed where a director has disclosed a conflict of interest in accordance with the policy; or the Board has identified a matter which is, or is likely to be, brought before the Board which may place a particular director in a position of conflict.

Complements the Board's ongoing use of formal standing notice registers to notify the Board of the nature and extent of any material personal interests or other conflicts.

##### **Code of Conduct** (revised August 2016)

References Wesfarmers' policies, procedures and guidelines aimed at ensuring anyone who is employed by or works in the Group complies with a set of guiding principles, consistent with the principles of honesty, integrity, fairness and respect.

##### **Whistleblower Policy** (revised February 2017)

Promotes and supports a culture of honest and ethical behaviour. The policy encourages reporting of suspected unethical, illegal, fraudulent or undesirable conduct, either with management within the division or with a Protected Disclosure Officer.

##### **Anti-bribery Policy** (revised August 2016)

Prohibits directors and employees of the Group from engaging in activity that constitutes bribery or corruption, and provides guidelines as to what constitutes bribery or corruption.

##### **Securities Trading Policy** (revised September 2015)

Sets out a policy designed to ensure compliance with insider trading laws and protect Wesfarmers' reputation in relation to trading in securities by its directors and employees. It also reflects the Corporations Act 2001 prohibition on hedging and prohibits, without consent, specific types of transactions by Wesfarmers directors, the Wesfarmers Leadership Team and certain of their immediate family members and controlled entities which may not be in accordance with market expectations or may otherwise give rise to reputational risk.

##### **Market Disclosure Policy** (revised August 2016)

**Requires immediate internal** reporting of market sensitive information, and includes processes to manage confidentiality and engagements with the media and investment community. Appoints a disclosure officer to administer the policy, and a disclosure committee to manage and make determinations with respect to the Group's continuous disclosure obligations.

##### **Investor Engagement** (revised July 2016)

Establishes Wesfarmers' program for engaging and communicating with shareholders, including at the company's annual general meetings, regular investment briefings and strategy days, and the annual report, shareholder review and shareholder quick guide documents lodged with the ASX.

##### **Gender Diversity Policy** (revised August 2016)

Designed to foster gender diversity at all levels within the Group.

See pages 12 and 13 of the corporate governance statement on diversity disclosures.

##### **Environment Policy** (revised August 2016)

Sets out the minimum level of controls and standards required across the Group to ensure compliance with environmental law, regulatory requirements and environmental licence conditions, and demonstrate a commitment to operate the business sustainably.

##### **Ethical Sourcing Policy** (revised August 2016)

To ensure the Group sources products in a responsible and consistent manner while working with suppliers to improve their social and environmental practices. Each business must adopt policies and procedures to ensure that suppliers engaged to supply goods for resale through its retail networks comply with all applicable laws and regulations in the areas in which they operate and take all reasonable steps to meet minimum employment standards.

### Ethical and responsible behaviour

Wesfarmers' primary objective is to deliver satisfactory returns to shareholders through financial discipline and exceptional management of a diversified portfolio of businesses. The Wesfarmers Way is the framework for the company's business model and comprises our core values of integrity, openness, accountability and boldness. The Wesfarmers Way, together with the Code of Conduct and other policies, guide the behaviour of everyone who works at Wesfarmers as we strive to achieve our primary objective.

The Board carries out its duties having regard to these values, the Board Charter and the Group's Code of Conduct and other policies. The Board regularly reviews these policies so as to ensure that they continue to reflect Wesfarmers' values and the standard of behaviour expected of its people.

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### Investor engagement

Wesfarmers recognises the importance of providing its shareholders and the broader investment community with facilities to access up-to-date high quality information, participate in shareholder decisions of the company and provide avenues for two-way communication between the company, the Board and shareholders.

Wesfarmers has developed a program on investor engagement for engaging with shareholders, debt investors, the media and the broader investment community. In addition, the company's shareholders have the ability to elect to receive communications and other shareholding information electronically.

#### *Key activities in Wesfarmers' investor engagement program include:*

- Wesfarmers' Annual General Meeting, generally held in November
- The release of Wesfarmers' Annual Report, Shareholder Review, Shareholder Quick Guide for half and full-year results and online Sustainability Report (generally released between September and November each year)
- Regular releases of financial information, including half and full-year financial results (incorporating second and fourth quarter retail results), first and third quarter retail results, and quarterly statement of coal production, development and exploration
- Media and analyst calls with Wesfarmers management following the release of key financial information
- Investor briefing days, which are typically held once a year
- Maintenance of Wesfarmers' website, at [www.wesfarmers.com.au](http://www.wesfarmers.com.au), which contains up-to-date information on the operations of the Wesfarmers Group, its Board, management and corporate governance structure, ASX announcements, the share price, dividend distribution, debt investment, and other information
- One-on-one briefings with members of the domestic and international investment community
- Responding to shareholder and debt investor queries

### Integrity in financial reporting

#### **Role of the Audit and Risk Committee**

The Audit and Risk Committee monitors internal control policies and procedures designed to safeguard Group assets and to maintain the integrity of financial reporting.

The membership and composition of the Audit and Risk Committee are set out on page 5 of this corporate governance statement.

The Audit and Risk Committee maintains direct, unfettered access to the company's external auditor, Group Assurance and Risk (internal audit) and management.

The Wesfarmers Managing Director, Finance Director, Group General Counsel, Executive General Manager Group Accounting, Assurance and Risk, General Manager Group Assurance and Risk, Company Secretary, the external auditor (Ernst & Young) and any other persons considered appropriate, attend meetings of the Audit and Risk Committee by invitation.

#### *Key focus areas of the Audit and Risk Committee during the 2017 financial year included:*

- Reviewing and assessing the Group's processes which ensure the integrity of financial statements and reporting, and associated compliance with accounting, legal and regulatory requirements
- Reviewing the processes and controls around the recognition of commercial income by the retail divisions to ensure recognition is in accordance with Accounting Standards and accepted industry practice
- Monitoring the ethical sourcing of products for resale through the Group's retail networks to ensure that there are appropriate safeguards and processes in place
- Monitoring the Group's cyber security framework, including data protection management, and the reporting structure and escalation process on information security risks
- Reviewing and evaluating the adequacy of the Group's insurance arrangements to ensure appropriate cover for identified operational and business risks
- Monitoring the retail shrinkage control measures and reporting procedures in the Group's divisions
- Monitoring the Group's tax compliance program both in Australia and overseas, including cross-border intra-Group transactions, to ensure its obligations are met in the jurisdictions in which the Group operates

## 2017 Corporate Governance Statement

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### Role of the external auditor

The company's external auditor is Ernst & Young. The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit and Risk Committee. Mr Darren Lewsen is the lead partner for Ernst & Young and was appointed on 1 July 2013.

If it becomes necessary to replace the external auditor for performance or independence reasons, the Audit and Risk Committee will formalise a procedure and policy for the selection and appointment of a new auditor.

### Independence declaration

Ernst & Young has provided the required independence declaration to the Board for the financial year ended 30 June 2017. The independence declaration forms part of the directors' report and is provided on page 72 of the company's 2017 annual report.

### Performance of non-audit and assurance-related services

The Board has considered the nature of the non-audit and assurance-related services provided by the external auditor during the year and has determined that the services provided, and the amount paid for those services, are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Details of fees paid (or payable) to Ernst & Young for non-audit and assurance-related services provided to the Group in the year ended 30 June 2017 are set out in the directors' report on page 71 of the company's 2017 annual report.

### Attendance of external auditor at annual general meetings

The lead audit partner of Ernst & Young attends the company's annual general meeting and is available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

### Risk management

Wesfarmers is committed to the identification, monitoring and management of material risks associated with its business activities across the Group.

The Board recognises that a sound culture is fundamental to an effective risk management framework. Wesfarmers promotes a culture which values the principles of honesty, integrity, fairness and accountability, and these values are reflected in the Group's Code of Conduct.

Management is responsible for the Group's day-to-day compliance with risk management systems. Management monitors compliance with, and the effectiveness of the risk management systems and controls at a divisional level. Wesfarmers' senior management reports to the Board on the adequacy of the risk management systems and processes on a consolidated basis across the Group. This assists the Board in identifying areas to further strengthen the Group's culture and approach to risk management. Separately, Group Assurance and Risk review and report to the Audit and Risk Committee on the adequacy of the Group's risk management systems and internal control environment.

### Risk Management Framework

The Risk Management Framework of Wesfarmers is reviewed by the Board on an annual basis and was approved in May 2017. This framework details the overarching principles and risk management controls that are embedded in the Group's risk management processes, procedures and reporting systems and the division of the key risk management functions between the Board, Wesfarmers Managing Director and Finance Director, Audit and Risk Committee, divisional management and Group Assurance and Risk including:

- the Group Code of Conduct;
- established Group and divisional structures, reporting lines and, appropriate authorities and responsibilities, including guidelines and limits for approval of all expenditure, including capital expenditure and investments, and contractual commitments;
- Operating Cycle and Divisional Reporting Requirements documents that clearly set out the Board, Board committees and divisional board activities and reports;
- a formal director induction program and a directors' program of annual site visits to Wesfarmers' operations to enhance the Board's understanding of key and emerging business risks;
- a formal corporate planning process which requires each division to assess trends that are likely to affect and shape their industry, perform scenario planning and prepare a SWOT analysis;
- Group policies and procedures for the management of financial risk and treasury operations, such as exposures to foreign currencies and movements in interest rates;
- a Group compliance reporting program supported by approved guidelines and standards covering safety; information technology; the environment; legal liability; taxation compliance; risk identification, quantification and reporting; and financial reporting controls;
- a comprehensive risk financing program, including risk transfer to external insurers and reinsurers;
- annual budgeting and monthly reporting systems for all businesses which enable the monitoring of progress against performance targets and the evaluation of trends;
- appropriate due diligence procedures for acquisitions and divestments;
- crisis management systems for all key businesses in the Group; and
- external and internal assurance programs.

## 2017 Corporate Governance Statement

### Risk management oversight and responsibility

The division of the key risk management functions is set out below.

Function	
<b>Board</b>	<p>Review, approve and monitor the Group's risk management systems, including internal compliance and control mechanisms</p> <p>Approve and monitor the systems and policies to ensure integrity of budgets, financial statements and other reporting</p>
<b>Wesfarmers Managing Director and Finance Director</b>	<p>Provide a declaration to the Board regarding the half and full-year financial statements</p> <p>Assess and provide assurance to the Board that the Group's risk management and internal control systems are operating effectively in all material respects</p>
<b>Audit and Risk Committee</b>	<p>Review and assess the Group's processes which ensure the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including Accounting Standards</p> <p>Review the qualifications, independence, performance and remuneration of, and relationship with, the Group's external auditors</p> <p>Oversee the internal controls, assurance, policies and procedures which the Group uses to identify and manage business risks</p>
<b>Management</b>	<p>Implement and maintain risk management and internal control systems</p> <p>Prepare divisional Risk Review Compliance Reports (approved by each divisional board)</p> <p>Prepare a consolidated Group Risk Review Compliance Report setting out key risks and the controls and processes implemented to mitigate these risks (approved by the Wesfarmers Leadership Team)</p> <p>Report to the Board on the adequacy of the systems and processes in place to manage material business risks</p>
<b>Group Assurance and Risk</b>	<p>Monitor the effectiveness of risk management systems through a single outsourced audit provider</p> <p>Prepare internal audit reports and reporting to the Audit and Risk Committee on the adequacy of risk management and the internal control environment</p> <p>Maintain direct and unfettered access to the Audit and Risk Committee for the General Manager Group Assurance and Risk</p> <p>Facilitate the annual risk compliance reporting and preparing the Group Risk Compliance report for review by the Audit and Risk Committee</p>

### Internal Audit Function

The Risk Management Framework also sets out the role of the Audit and Risk Committee in executing the internal audit function through a compliance reporting program developed to encompass the areas identified as most sensitive to risk. The General Manager Group Assurance and Risk monitors the internal control framework of the Group and provides reports to the Audit and Risk Committee, which then approves an internal audit charter and annual internal audit plan to ensure that planned audit activities are aligned to material business risks. The Audit and Risk Committee also reviews internal audit reports issued by the General Manager Group Assurance and Risk and monitors progress with recommendations made in those reports to ensure the adequacy of the internal control environment. The internal audit function and external audit are separate and independent of each other.

The roles and responsibilities of the Audit and Risk Committee are further set out in the Audit and Risk Committee Charter.

### Risk certification

#### Financial risk

The Wesfarmers Managing Director and the Finance Director provide written statements to the Board in accordance with section 295A of the Corporations Act 2001, and recommendation 4.2 of the ASX Principles, in respect of the half and full-year reporting periods.

With regard to the maintenance of financial records, compliance of financial statements with accounting standards and systems of risk management and internal compliance in this written statement, the Board received assurance from the Wesfarmers Managing Director and the Finance Director that the declarations were founded on a sound system of risk management and internal control and that the system was operating effectively in all material aspects in relation to financial reporting risks, in respect of the half and full-year reporting periods.

This statement was also signed by the Executive General Manager Group Accounting, Assurance and Risk.

#### Non-financial risk

Management within each division is required to have in place effective risk management policies, programs and internal control systems to manage the material business risks of the division in accordance with Wesfarmers' risk management framework.

Divisional management is ultimately responsible to the Board for the relevant division's internal control and risk management systems. Management has reported to the Audit and Risk Committee on the effectiveness of the internal control and risk management systems throughout the year, and management of its material business risks. The Audit and Risk Committee, following the receipt of reports from management, in accordance with its annual review process, has reviewed and satisfied itself for the 2017 financial year that the Wesfarmers' risk management framework continues to be sound.

## 2017 Corporate Governance Statement

### Diversity

Wesfarmers considers building a diverse and inclusive workforce an opportunity to drive strong and sustainable shareholder returns. Our customers and stakeholders are increasingly diverse and to gain the best insight into their needs, and how to meet them, diverse and inclusive teams are required. A diversity of perspectives and backgrounds also strengthens creativity and innovation in teams. Moreover, creating an environment that attracts, retains, and promotes talent with a wide range of strengths and experiences ensures Wesfarmers is best equipped for future growth.

Our commitment to diversity across Wesfarmers extends to all individuals and all perspectives. Particular focus is paid to achieving a balance of men and women in senior management positions across our divisions and continuing to boost employment of Aboriginal and Torres Strait Islander people.

#### Indigenous affairs – Reconciliation Action Plan

Wesfarmers' diversity strategy includes a commitment by every division to make its businesses places where Indigenous people feel welcome and valued, as employees, customers and suppliers. To do this, Wesfarmers prepared and committed to its first Reconciliation Action Plan (RAP) in 2009, which outlines specific measurable actions to be undertaken across the Group, targeting Indigenous employment, business engagement, community partnerships and team member volunteering with Indigenous organisations.

Since the launch of its RAP, Wesfarmers has sought to achieve a level of Indigenous representation in its workforce which better reflects the communities in which it operates. Wesfarmers has made good progress to date, increasing the number of Indigenous team members in its workforce from 948 people at 30 June 2009 to 4,231 Indigenous people at 30 June 2017.

In addition, Wesfarmers has created Indigenous employment opportunities through the procurement of local and national Indigenous suppliers. In the six years to 2016, Wesfarmers procured more than \$47 million in products and services from Indigenous suppliers.

More details about the Wesfarmers commitment to Indigenous engagement and its RAP can be found on the Indigenous Engagement section of the company's website at [www.wesfarmers.com.au/our-impact/indigenous-engagement](http://www.wesfarmers.com.au/our-impact/indigenous-engagement). The Wesfarmers 2017 – 2020 RAP will be published in November 2017.

#### Gender diversity

Wesfarmers has developed and implemented a Gender Diversity Policy that aims to foster gender diversity at all levels within the Group.

Wesfarmers' workforce (229,900 as at 30 June 2017) is made up of 54 per cent (120,923) women and 46 per cent (102,067) men. Strengthening the balance of gender in our senior executive and management and professional roles is a priority for Wesfarmers. Details of female representation across the Group are set out below:

Percentage of female employees	30 June 2013	30 June 2014	30 June 2015	30 June 2016	30 June 2017
Wesfarmers Limited non-executive directors	30	30	33	38	<b>38</b>
Senior executive positions* (general manager and above)	25	25	25	23	<b>24</b>
All management and professional roles*	28	29	29	30	<b>32</b>
Total workforce	57	56	55	55	<b>54</b>

\* Senior executive positions and all management and professional roles are defined through job evaluation methodology.

The Wesfarmers Gender Diversity Policy outlines four core objectives which are used to measure performance in this area. The objectives are reviewed annually by the Board, as well as Wesfarmers' progress in achieving these objectives. Specific progress targets are linked to senior executive key performance objectives under the incentive plans. Given the diversity of the Wesfarmers portfolio, each division has developed its own gender balance plan in line with the Group objectives.

## 2017 Corporate Governance Statement

The four objectives and indications of progress achieved for all roles at manager level and above are outlined below.

Objective	Progress
<p><b>Foster an inclusive culture</b></p> <p>This objective seeks to leverage each individual's unique skills, background and perspectives.</p>	<p>In 2017, the Wesfarmers leadership model was updated to ensure that our leaders seek to "bring out the best in a diverse range of people" and "lead collaboratively across diverse networks and teams". Understanding the different strengths and perspectives that individuals bring to our divisions leads to teams that are more engaged and higher performing. In 2017 Wesfarmers and our divisions invested in a number of town hall sessions across the Group by leading gender experts to build awareness about leveraging the economic benefits of gender balance. In addition, forums have been conducted for best practice sharing across the Group and several of our divisions conducted listen and learn sessions with female leaders and team members.</p> <p>Our divisions continue to introduce and embed practices to improve access to childcare, better manage team members on parental leave, and improve take-up of flexible work arrangements. A number of our positions – from those in the executive teams to those in our stores – are filled by team members who job share or work flexibly.</p> <p>Of all permanent roles at 30 June 2017, 60 per cent are held by employees engaged on a part-time basis (2016: 62 per cent). Part-time and casual roles account for approximately 73 per cent of our total workforce (2016: 72 per cent).</p> <p>Of all employees at a manager level or above, 90 per cent of employees expected to return from on parental leave during the year ended 30 June 2017 returned on either a full-time or part-time basis (2016: 85 per cent).</p>
<p><b>Improve talent management</b></p> <p>This objective seeks to embed gender diversity initiatives into our broader talent management processes in order to support the development of all talent.</p>	<p>Developing the leadership capabilities of our female and male talent so that we can have more gender balanced teams at all levels of seniority and across all functional areas, is a priority for Wesfarmers.</p> <p>Over the 12 months to 30 June 2017, the overall number of women in manager or above roles increased from 30 per cent to 32 per cent. This increase was reflected across various levels of management, including general manager and manager levels, with only the senior manager level experiencing a slight decline in the representation of women managers.</p> <p>Female employees represented 33 per cent of all internal promotions at manager level or above, falling slightly from 35 per cent during the previous year.</p> <p>The Group Managing Director meets twice a year with each division to discuss succession plans and the pipelines of high-potential leaders and ways to ensure divisions are successfully attracting, retaining, and promoting current and future female leaders.</p> <p>Women continue to comprise 28 per cent of the divisional leadership team succession pipeline population (roles that report directly to a divisional Managing Director).</p>
<p><b>Enhance recruitment practices</b></p> <p>This objective is a commitment to hiring the best person for the job, which requires consideration of a broad and diverse pool of talent.</p>	<p>Wesfarmers seeks to tap into 100 per cent of the available talent pool for any given role or function. Several of our divisions have put in place structured hiring processes to ensure diversity in recruiting. For instance, through the "hiring for leadership" process, Officeworks mitigates the risk of bias by including a balanced hiring panel.</p> <p>In the 2017 financial year, 49 per cent of all externally recruited positions were filled by women (2016: 48 per cent). Of all externally recruited positions, 47 per cent of all general manager new hires (2016: 30 per cent), 37 per cent of senior manager new hires (2016: 36 per cent) and 37 per cent of all appointments at manager or above levels (2016: 39 per cent) were filled by women.</p>
<p><b>Ensure pay equity</b></p> <p>This objective aims to ensure equal pay for equal work across our workforce.</p>	<p>Since 2010, a Group review of gender pay equity has been conducted annually, with results reviewed by the Board and divisional Managing Directors. Over this period the company has aggressively moved to close any pay equity gaps. Wesfarmers has been able to maintain the pay gap at all managerial levels of the organisation to 5 per cent with the exception of the general manager level which stands at 8.1 per cent (2016: 6.7 per cent). Any apparent gaps are analysed to ensure such gaps can be explained with reference to market forces which may include, for example, different rates of pay in different industries, location, the relative supply and demand for different qualifications, individual performance and experience.</p>

Every year, Wesfarmers businesses lodge their annual compliance reports with the Workplace Gender Equality Agency (WGEA). A copy of these reports may be obtained via the WGEA website.

Wesfarmers has become a signatory to the United Nations Women's Empowerment Principles. Our support of the principles is consistent with our ongoing commitment to gender diversity and aligned to the work we are currently doing across the Group. For more information [click here](#).

## Appendix 4G

### Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

Wesfarmers Limited

ABN / ARBN:

28 008 984 049

Financial year ended:

30 June 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

These pages of our annual report:

This URL on our website: [www.wesfarmers.com.au/cg](http://www.wesfarmers.com.au/cg) □

The Corporate Governance Statement is accurate and up to date as at 19 September 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 19 September 2017

Name of Director or Secretary authorising lodgement: Linda Kenyon

<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 1 ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> in our Board Charter at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a>
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 6
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 6 and 7
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: (1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	... the fact that we have a diversity policy that complies with paragraph (a): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12 ... and a copy of our diversity policy or a summary of it: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a> ... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 13 ... and the information referred to in paragraphs (c)(1) or (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 12

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 6</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 6</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 7</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 7</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>	
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>
2.5	<p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>
2.6	<p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>
	<p>If the entity complies with paragraph (a):</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com/cg">www.wesfarmers.com/cg</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> on page 5 of our Corporate Governance Statement and page 69 of our 2017 Annual Report.</p>
	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 2</p>
	<p>... the names of the directors considered by the board to be independent directors:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4</p> <p>... and, where applicable, the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 3</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 2</p>
	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 3</p>
	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 3</p>
	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 6</p>

<b>Corporate Governance Council recommendation</b>		<b>We have followed the recommendation in full for the whole of the period above. We have disclosed ...</b>
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>		
4.1	The board of a listed entity should: <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> </li> </ul> </li> <li>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	If the entity complies with paragraph (a): <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5 ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a> ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> at pages 62, 63 and 69 of our 2017 Annual Report
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 10
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>		
5.1	A listed entity should: <ul style="list-style-type: none"> <li>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</li> <li>(b) disclose that policy or a summary of it.</li> </ul>	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a>
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	... information about us and our governance on our website: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	... our policies and processes for facilitating and encouraging participation at meetings of security holders: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a> (see the Investor Engagement policy)
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	If the entity complies with paragraph (a): ... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5 ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a> ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> at page 5 of our Corporate Governance Statement and page 69 of our 2017 Annual Report
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 10 ... and that such a review has taken place in the reporting period covered by this Appendix 4G: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 10
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	If the entity complies with paragraph (a): ... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 11

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input checked="" type="checkbox"/> at pages 12 to 52 (Operating and Financial Review) and pages 53 to 61 ((Sustainability) of our 2017 Annual Report</p>

<b>Corporate Governance Council recommendation</b>		<b>We have followed the recommendation in full for the whole of the period above. We have disclosed ...</b>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>If the entity complies with paragraph (a):</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5</p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at page 5 of our Corporate Governance Statement and page 69 of our 2017 Annual Report</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> at pages 73 to 92 of our 2017 Annual Report (Remuneration Report)</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/cg">www.wesfarmers.com.au/cg</a> (see the Securities Trading Policy)</p>