



25 September 2019

The Manager  
Market Announcements Office  
Australian Securities Exchange

Dear Manager,

**2019 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 2019 Corporate Governance Statement and Appendix 4G.

Yours faithfully,

A handwritten signature in black ink, appearing to be "A Spaseska".

**A Spaseska**  
Executive General Manager  
Company Secretariat & Group Risk



# **2019**

## CORPORATE GOVERNANCE STATEMENT

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2019 Wesfarmers Annual Report  
is available at  
[www.wesfarmers.com.au](http://www.wesfarmers.com.au)

# THE BOARD OF WESFARMERS LIMITED

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.

The Board believes that the governance policies and practices adopted by Wesfarmers during the reporting period for the year ended 30 June 2019 follow the recommendations contained in the third edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles**). It is noted that the fourth edition of the ASX Principles was released on 27 February 2019, and takes effect for

a listed entity's first full financial year commencing on or after 1 January 2020.

Many of Wesfarmers' corporate governance policies and practices set out in this Corporate Governance Statement also comply with the fourth edition of the ASX Principles.



## Board members

Back row from left to right: Bill English KNZM, Jennifer Westacott AO, Rob Scott, Michael Chaney AO, Wayne Osborn.

Front row from left to right: Diane Smith-Gander AO, Vanessa Wallace, Tony Howarth AO, Mike Roche, Sharon Warburton.

# 1. ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The role of the Board is to approve the purpose, values and strategic direction of the Group, to guide and monitor the management of Wesfarmers and its businesses in accordance with the purpose, values and strategic plans, and to 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 to fostering a culture of compliance which values ethical behaviour, personal and corporate integrity, accountability, transparency 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 senior management. Senior management, amongst other matters, takes primary ownership of, and is responsible for instilling and reinforcing the Group's values, implementing sound risk management and controls which accord with the risk appetite set by the Board and ensuring the Board receives timely and accurate information about the Group to enable it to fulfil its responsibilities. Further information on the roles and responsibilities of the Board and of senior management can be found in the Board Charter, which is available on the Wesfarmers website.

The Board holds management accountable for the performance of its delegated functions. In doing so the Board constructively challenges management's proposals and decisions, and seeks to instil a culture of accountability throughout the Group.

The 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 on pages 12 and 13 of the company's 2019 annual report and 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, the key focus areas of the Board during the 2019 financial year are set out below.

## Key focus areas of the Board during the 2019 financial year included:

Overseeing management's performance in strategy implementation

Reviewing business operations and the development plans of each division likely to impact long-term shareholder value creation whether through portfolio management, consideration of divestment options or other strategies

Overseeing the implementation of strategy to address areas of underperformance and reposition the portfolio to deliver growth in shareholder returns

Overseeing the implementation of the Coles demerger

Approving the sale of Wesfarmers' 40 per cent interest in the Bengalla Joint Venture for \$860 million with a pre-tax gain on disposal of \$679 million (August 2018)

Approving the sale of the Kmart Tyre and Auto Service business for \$350 million with a pre-tax gain on disposal of \$267 million (August 2018)

Approving the sale of Wesfarmers' 13.2 per cent interest in Quadrant Energy for approximately US\$170 million with a pre-tax gain on disposal of US\$98 million (November 2018)

Monitoring the Group's operating and cash flow performance, financial position and key metrics, including financial covenants and credit ratings

Reviewing the Group's risk management framework and monitoring that the Group is operating with due regard to the risk appetite set by the Board

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

Reviewing policies, reporting and processes to improve the Group's system of corporate governance

Appointing the Company Secretary



## 2. STRUCTURE AND COMPOSITION OF THE BOARD

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

The Board currently comprises ten directors, including nine non-executive and independent 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 2019 are set out on pages 74 and 75 of the company's 2019 annual report.

On 23 July 2018, James Graham retired as a non-executive director of Wesfarmers coinciding with his appointment as Chairman-elect of the demerged Coles Group. The demerger was implemented on 28 November 2018.

Paul Bassat retired as a non-executive director from the Board at the end of the 2018 Annual General Meeting on 15 November 2018 after serving as a director for six years.

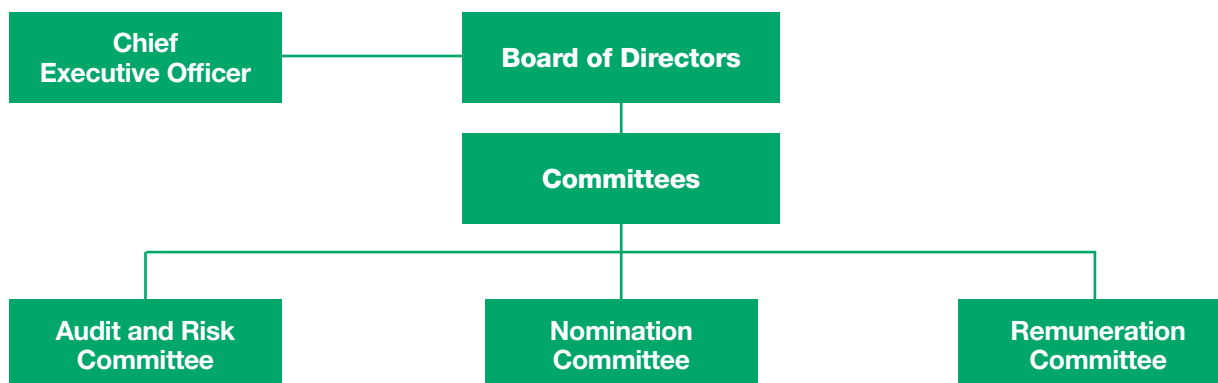
Mike Roche was appointed a director on 19 February 2019. He has more than 40 years' experience in the finance sector including the provision of strategic, financial, merger and acquisition and capital advice to major corporate, private equity and government clients. He has advised on a large number of major transactions in most sectors over his career and brings extensive and valuable experience to the Board including as a leading innovator in capital markets.

Sharon Warburton was appointed a director on 1 August 2019. She has extensive board and executive experience in corporate strategy, business operations, finance, accounting and risk management, particularly in the resources, construction and infrastructure sectors, along with significant expertise in governance and

remuneration. She brings valuable, complementary and diverse experience to the Board as the Group continues to evolve its portfolio.

The Board is of the view that the tenure profile, represented by the length of service of each of its directors, 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, commitment, experience, expertise (including knowledge of the Group and the relevant industries in which the Group operates) and diversity to enable the Board to discharge its responsibilities effectively and deliver the company's strategic priorities as a diversified corporation with current businesses operating in home improvement and outdoor living; apparel and general merchandise; office supplies; and an Industrials division with businesses in chemicals, energy and fertilisers, and industrial and safety products.

### GOVERNANCE FRAMEWORK



Board Tenure & Qualifications		
Name of director	Term in office	Qualifications
Michael Chaney AO	Director since June 2015 and Chairman since November 2015	BSc, MBA, FAICD
Rob Scott	Director since November 2017	B.Comm, MAppFin, CA, GradDipAppFin
Bill English KNZM	Director since April 2018	BA (Hons), BCom
Tony Howarth AO	Director since July 2007	SF Fin, FAICD
Wayne Osborn	Director since March 2010	Dip Elect Eng, MBA, FAICD, FTSE
Mike Roche	Director since February 2019	Bsc, GAICD, FIA (London), FIAA (Australia)
Diane Smith-Gander AO	Director since August 2009	B.Ec, MBA, FAICD, FGIA
Vanessa Wallace	Director since July 2010	B.Comm, MBA, MAICD
Sharon Warburton	Director since August 2019	BBus, FCA, GAICD, FAIB
Jennifer Westacott AO	Director since April 2013	BA (Honours), FAICD, FIPAA, FANZSOG

## 2. STRUCTURE AND COMPOSITION OF THE BOARD CONT.

The Board skills matrix set out on this page 5, describes the combined skills, experience and expertise presently represented on the Board.

To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors. The Nomination Committee considers the Board skills matrix when assessing the professional development needs of the Board.

David Cheesewright who has extensive experience in international retailing and manufacturing, including 19 years with Walmart, was appointed as an advisor to the Wesfarmers Board in August 2018 and is the Wesfarmers nominee on the board of Coles Group Limited of which Wesfarmers holds a 15 per cent interest.

### SKILLS, EXPERIENCE AND EXPERTISE

CEO level experience

ASX-listed company experience

Capital markets

Finance and banking

Strategy and risk management

E-commerce, data and digital

Governance

Human resources and executive remuneration

Financial acumen and transaction experience

Mergers and acquisitions

Marketing/customers/retail

Regulatory and government policy

Resources and industrial

International business experience

Corporate sustainability

International and domestic political experience

Crisis and disaster management and recovery

Community engagement

International trade experience

Construction and infrastructure

## 2. STRUCTURE AND COMPOSITION OF THE BOARD CONT.

### 2.1 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.

Michael Chaney is the present serving Chairman. Further information on Mr Chaney is set out on page 74 of the company's 2019 annual report.

### 2.2 Director independence

Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any business, interest, position, association 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 who is free of any interest, position, association, business or other relationship that might influence, or could reasonably be perceived to influence, 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 74 and 75 of the company's 2019 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 Board focuses on 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 influence, or that could reasonably be perceived to influence, 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.

The Board has reviewed the position and relationships of all directors in office as at the date of the company's 2019 annual report and considers that all nine non-executive directors are independent.

### Non-executive directors

#### Independent

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Michael Chaney (Chairman)

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Bill English

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Tony Howarth

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Wayne Osborn

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Mike Roche

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Diane Smith-Gander

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Vanessa Wallace

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Sharon Warburton

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Jennifer Westacott

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## 2. STRUCTURE AND COMPOSITION OF THE BOARD CONT.

### 2.3 Directors' rights and obligations

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

#### Retirement and re-election

One third of directors (other than the Managing Director) must retire at each annual general meeting

Directors filling casual or additional vacancies must have their appointment confirmed at the next annual general meeting

The Nomination Committee makes recommendations on the re-appointment of directors

The Chairman must retire from this position at the expiration of 10 years unless the Board decides otherwise

The Chairman's appointment is formally reviewed at the end of each three-year period

#### Conflicts of interest

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

Directors have an ongoing obligation to disclose to the Board immediately any real or substantial possibility of conflict of interest or duty

Directors are required to declare material personal interests or other conflicts requiring disclosure by formal standing notices

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

#### Access to information and independent advice

Directors are entitled to the following:

- Ability to directly contact and discuss matters with employees and the Company Secretary, and unrestricted access to records, subject to law
- 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

#### Related party transactions

Related party transactions are disclosable in accordance with the relevant Accounting Standards and the *Corporations Act 2001*. These are presently reported in note 26 of the 2019 financial statements.

## 2. STRUCTURE AND COMPOSITION OF THE BOARD CONT.

### 2.4 Committees of the Board

The Board has established a Nomination Committee, a Remuneration Committee and an Audit and Risk 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 81 of the company's 2019 annual report. The roles and responsibilities of each committee are set out in the respective committee charters.

Committee	Members	Composition
<b>Audit and Risk Committee</b>	Tony Howarth (Chairman) Bill English Diane Smith-Gander Sharon Warburton (since August 2019) 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>	Mike Roche (Chairman since July 2019, member since February 2019) Paul Bassat (until November 2018) Michael Chaney Wayne Osborn 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>

### 2.5 The role of the Company Secretary

Linda Kenyon was appointed as the Company Secretary of Wesfarmers on 2 April 2002 and retired from this role on 30 June 2019. Ms Kenyon was succeeded by Aleksandra Spaseska from 1 July 2019. Ms Spaseska is a member of the Wesfarmers Leadership Team and her qualifications and experience are set out in the directors'

report on page 82 of the company's 2019 annual report.

The Company Secretary is appointed by the Board and 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.

## 3. BOARD SUCCESSION PLANNING

### 3.1 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 to 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 (in their personal capacity) 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.

Candidates for appointment, election or re-election as a director are requested to provide details of their other commitments (and an indication of time involved in relation to those commitments), and to confirm their other commitments will not affect their ability to perform and discharge their responsibilities as a director of Wesfarmers.

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.

### 3.2 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 Group's structure, business operations, history, key risks and regulatory and legal framework. The program also includes site visits to a number of Wesfarmers' key operations. The induction program is tailored to the director's existing skills, knowledge and experience.

All directors are expected to maintain the skills required to discharge their obligations to the company. The Board, through the Nomination Committee, periodically reviews the professional development needs of the directors.

On an ongoing basis, directors are provided with papers, presentations and briefings on matters which may affect the business or operations of Wesfarmers to assist the directors in fulfilling their role and discharging their duties. 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.

### 3.3 Evaluation of the Board and its committees

The Nomination Committee is responsible for scheduling regular performance reviews of the Board, its committees and individual non-executive directors. 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.

#### Key focus areas of the Nomination Committee during the 2019 financial year included:

Identification and nomination of Mike Roche and Sharon Warburton as new non-executive directors for election to the Board bringing skills, experience and expertise to augment those of current directors

Consideration of feedback from major shareholders during the Chairman's Roadshow conducted prior to the 2018 Annual General Meeting

The performance review process involves a one-on-one meeting between the Chairman and each individual non-executive director. The outcomes of the review are discussed by the Board and its committees. From time to time, the evaluation process may be facilitated by an external consultant.

An internal performance review process was undertaken in respect of the 2019 financial year. In addition, over the year, the Board and the committees had numerous discussions, as did the Chairman, with each individual director. An externally facilitated performance review process was undertaken in respect of the 2018 financial year.

## 4. REMUNERATION AND EVALUATION OF SENIOR EXECUTIVES

### 4.1 Remuneration

Full details of the remuneration paid to non-executive directors, the executive director and senior executives, along with details on Wesfarmers' policy on the remuneration of senior executives are set out in the remuneration report on pages 85 to 110 of the company's 2019 annual report.

### 4.2 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 under the Key Executive Equity Performance Plan (KEEPP). The mix of remuneration components and the performance measures used in the KEEPP 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, alignment with the Group's values, management of risk in accordance with the Group's risk appetite, and, ultimately, generating satisfactory returns for shareholders.

The 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 Group Managing Director. In the case of the Group 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 strategic performance after the reviews have been completed in August each year. No individual director or senior executive is involved in deciding his or her own remuneration.

The Performance Shares allocated under the KEEPP in the 2019 financial year will vest subject to a four-year performance period. For the Group Managing Director and Group Chief Financial Officer the performance hurdles are based on relative total shareholder return, portfolio management and investment outcomes and strategic targets. For the remaining KEEPP participants, the performance hurdles are based on the relevant divisional corporate plan and relative total shareholder return. Further information regarding the KEEPP is set

out in the remuneration report on pages 91 to 98 of the company's 2019 annual report.

The Board will test the KEEPP performance conditions following finalisation of the annual accounts at the end of the relevant four-year performance period and has broad discretion to determine the vesting outcomes based on all relevant factors, including ensuring conduct contrary to the Group's values or risk appetite is not rewarded.

Each senior executive (in their personal capacity) has a written contract with the company, setting out the terms of his or her appointment, including remuneration entitlements and performance requirements. Wesfarmers also undertakes appropriate checks before a senior executive is appointed.

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 members of their immediate family and controlled entities are prohibited from dealing in Wesfarmers securities and engaging in 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 Group Managing Director, for the 2019 financial year have been undertaken in accordance with the process described above.

#### Key focus areas of the Remuneration Committee during the 2019 financial year included:

Reviewing and making a recommendation to the Board in relation to the fixed and variable remuneration of the Group Managing Director and his direct reports

Reviewing and making recommendations to the Board in relation to the Wesfarmers variable remuneration plans, including recommending to the Board the vesting outcomes of the 2015 Wesfarmers Long Term Incentive Plan shares, based on the achievement of the performance conditions as at 30 June 2019

Reviewing the succession and transition plans for the Wesfarmers Leadership Team

Reviewing the senior executive remuneration framework and policies, including terms of employment such as notice periods, restraint and non-solicitation clauses

Reviewing and recommending to the Board in relation to the impact, if any, upon the senior executive long-term incentive plans as a result of significant portfolio change including the demerger of Coles

Reviewing and making a recommendation to the Board on non-executive director fees

Reviewing and monitoring diversity targets and gender pay equity



## 5. GOVERNANCE POLICIES

The Board believes that the governance policies and practices adopted by Wesfarmers during the reporting period for the year ended 30 June 2019 follow the recommendations contained in the ASX Principles. This Corporate Governance Statement is current as at the date of the company's 2019 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.

### **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 September 2019)

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 Wesfarmers' values.

The Board is provided with details of any material breaches of the Code of Conduct in accordance with Wesfarmers' reporting processes and procedures and escalated to the Board's immediate attention if and as required.

### **Whistleblower Policy** (revised August 2019)

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.

The Board is provided with details of any material incidents reported under the Whistleblower Policy in accordance with Wesfarmers' reporting processes and procedures and escalated to the Board's immediate attention as appropriate.

This policy was updated following significant changes to the Australian whistleblower laws in February 2019.

### **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.

The Board is provided with details of any material breaches of the Anti-bribery Policy in accordance with Wesfarmers' reporting processes and procedures and escalated to the Board's immediate attention if and as required.

### **Securities Trading Policy** (revised August 2019)

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.

Following the Coles Demerger, this policy was updated to restrict Wesfarmers directors and the Wesfarmers Leadership Team from trading in Coles Group Limited shares without obtaining prior clearance and to remove references to 'quarterly retail sales results'.

### **Market Disclosure Policy** (revised August 2019)

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 June 2019)**

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 and shareholder

quick guide documents lodged with the ASX.

### **Inclusion Policy** (revised September 2019)

Designed to foster many facets of diversity in addition to gender, including different ages, ethnicities and backgrounds at all levels within the Group.

See pages 18 to 21 of this 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.

Wesfarmers has disclosed risks and opportunities associated with climate change in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) on pages 64 to 72 in the 2019 annual report.

### **Ethical Sourcing and Modern Slavery Policy (revised February 2019)**

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 and services comply with all applicable laws and regulations in the areas in which they operate and take all reasonable steps to meet Wesfarmers' modern slavery and ethical sourcing minimum standards.

This policy was updated following the passing of the *Australian Modern Slavery Act* in December 2018.



## 6. 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 values of integrity, openness, accountability and entrepreneurial spirit, details of which are published on Wesfarmers' website.

Wesfarmers believes it is only possible to achieve this objective over the long term by:

- anticipating the needs of our customers and delivering competitive goods and services;
- looking after our team members and providing a safe, fulfilling work environment;

- engaging fairly with our suppliers and sourcing ethically and sustainably;
- supporting the communities in which we operate;
- taking care of the environment; and
- acting with integrity and honesty in all of our dealings.

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 and senior executives of the Group strive to ensure that their own actions and decisions reference and reinforce Wesfarmers' values and that they instil and reinforce a culture of acting lawfully, ethically and responsibly.

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 to ensure that they continue to reflect Wesfarmers' values and the standard of behaviour expected of its people. Ensuring that directors, senior executives, divisional managers, employees and other personnel of Wesfarmers behave consistently with Wesfarmers' values also involves calling out and reporting conduct which is inconsistent with those values. The Audit and Risk Committee oversees the policies and frameworks for the reporting of incidents and issues to the appropriate members of the senior management team, Corporate Office and / or the Board.

## THE WESFARMERS WAY

### OBJECTIVE

### TO DELIVER A SATISFACTORY RETURN TO SHAREHOLDERS

#### VALUE-CREATING STRATEGIES

**Strengthen existing businesses through operating excellence and satisfying customer needs**

**Secure growth opportunities through entrepreneurial initiatives**

**Renew the portfolio through value-adding transactions**

**Ensure sustainability through responsible long-term management**

#### GROWTH ENABLERS

**Outstanding people**

**Commercial excellence**

**Empowering culture**

**Innovation**

**Social responsibility**

**Robust financial capacity**

#### CORE VALUES

**Integrity**

**Openness**

**Accountability**

**Entrepreneurial spirit**

## 7. 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 an investor engagement program 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.

Wesfarmers takes its continuous disclosure responsibilities seriously and has a detailed Market Disclosure Policy in place, a copy of which is available on Wesfarmers' website. The company also has processes in place to ensure that the Board receives copies of all material market announcements made pursuant to its continuous disclosure obligations promptly after those have been made.

When Wesfarmers holds a new and substantive investor or analyst presentation, it releases a copy of the presentation materials to the ASX ahead of the presentation.

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

Wesfarmers' Annual General Meeting generally held in November

The release of Wesfarmers' Annual Report and Shareholder Quick Guide for half and full-year results

Regular releases of financial information, including half and full-year financial results

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

Engaging with the Australian Shareholders Association and retail stockbrokers

### INVESTOR RELATIONS PROGRAM

More information on investor engagement is available at [www.wesfarmers.com.au/cg](http://www.wesfarmers.com.au/cg)

### WEBSITE

Visit our Investor Centre at [www.wesfarmers.com.au](http://www.wesfarmers.com.au)

### AGM

Provides shareholders with an opportunity to hear about our performance and ask questions of the Board and senior management

# 8. INTEGRITY IN FINANCIAL REPORTING

## 8.1 Role of the Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its responsibilities in overseeing the company's financial reporting, compliance with legal and regulatory requirements, the setting and reviewing of risk parameters and the risk appetite of the Wesfarmers Group, and proactively managing the Group's systems of internal control and its financial and non-financial risk management framework in accordance with the Group's purpose, values and strategic direction. Full details are set out in the Audit and Risk Committee Charter.

The membership and composition of the Audit and Risk Committee are set out on page 8 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 Group Managing Director, Group Chief Financial Officer, Group General Counsel, Executive General Manager Group Accounting & Assurance, General Manager Group Assurance & Risk, Executive General Manager Company Secretariat & Group Risk, the external auditor (Ernst & Young) and any other persons considered appropriate, attend meetings of the Audit and Risk Committee by invitation.

## 8.2 Role of the Disclosure Committee

Wesfarmers recognises the importance of having processes in place to ensure the integrity of its regular corporate reporting. The Board has a Disclosure Committee comprised of Wesfarmers' Managing Director, Chief Financial Officer and Group General Counsel to which it has delegated responsibility for overseeing the process for verification and sign-off of Wesfarmers' corporate reporting not audited or reviewed by an external auditor, including the Strategy Briefing Day Presentation and Tax Contribution Report. The verification process involves the review and sign off by relevant divisions and functions of Wesfarmers, including Corporate Affairs, Group Accounting, Company Secretariat, Corporate Solicitors Office and Group Assurance and Risk, prior to corporate reports receiving the approval by the Disclosure Committee.

## 8.3 Role of the external auditor

The company's external auditor is Ernst & Young and Darren Lewsen was appointed as the lead audit partner from 1 July 2013. In accordance with the

### Key focus areas of the Audit and Risk Committee during the 2019 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

Monitoring the Group's cyber security framework, including data protection management, third party data risk management and the reporting structure and escalation process on information security risks

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 retail shrinkage control measures and reporting procedures in the Group's divisions

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

Reviewing and evaluating the adequacy of the Group's insurance arrangements to ensure appropriate cover for identified operational and business risks

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

Monitoring the processes and framework established for the divisional audit and risk committees

Appointing the Group's internal auditor for a three-year term following a competitive tender process

Overseeing the Group's transition to the new lease accounting standard AASB 16 *Leases*, including reviewing the transition plan for the implementation of the new standard and ensuring associated disclosures are consistent with work undertaken and accepted industry practice

Monitoring compliance with Group policies including the Code of Conduct and reporting processes

requirements of the *Corporations Act 2001*, the Board, on the recommendation of the Audit and Risk Committee, approved Mr Lewsen to act as the lead partner for a sixth consecutive year for the 2018/2019 financial year. Mr Lewsen retired as the lead audit partner on completion of the audit of the financial statements for the year ended 30 June 2019. Mr Trevor Hammond (Partner-Assurance Ernst & Young) was appointed as the new lead audit partner from 1 July 2019. The 2019 financial year annual review of the effectiveness, performance and independence of the external auditor by the Audit and Risk Committee focused on Ernst & Young's ability to transition to a new lead audit partner.

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 2019. The independence declaration

forms part of the directors' report and is provided on page 84 of the company's 2019 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 2019 are set out in the directors' report on page 83 of the company's 2019 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.

# 9. RISK MANAGEMENT

Wesfarmers is committed to the identification, monitoring and management of material financial and non-financial 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, through the Board, instils and promotes a culture which values the principles of honesty, transparency, integrity, fairness, constructive challenge and accountability, and these values are reflected in the Group's Code of Conduct.

These elements are necessary to support effective risk management and awareness, and to support appropriate behaviours and judgements about risk taking within the parameters and risk appetite set by the Board.

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. Senior management across the Group is responsible for reinforcing and modelling the key behaviours required to maintain a sound risk culture, including encouraging constructive challenge and transparency. Wesfarmers' senior management reports to the Board on the adequacy of the risk management systems and processes on a consolidated basis across the Group and reports any material issues to the Board. Divisional Managing Directors are accountable for risk management outcomes, and day-to-day compliance, in their respective divisions. During the second half of the 2018 financial year, the Group formalised its approach to the review and consideration of operational risks within each division through the establishment of divisional audit and risk committees. These committees ensure management has access to timely information about emerging and existing risks and provides management with a dedicated forum to facilitate constructive debate and challenge regarding operational risk management. The committees further strengthen operational risk management and support the divisional boards and management and have become an increasingly important component of the Board's assurance framework on risk and governance.

This framework 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.

## 9.1 Risk Management Framework

The Risk Management Framework of Wesfarmers is reviewed on an annual basis by the Board to satisfy itself that the Risk Management Framework continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board. The Risk Management Framework was approved in May 2019.

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, Group Managing Director and Chief Financial Officer, Audit and Risk Committee, divisional management and Group Assurance and Risk.

Wesfarmers accepts that risk is part of doing business and the Group is committed to the identification, monitoring and management of material risks associated with its business activities. The Wesfarmers Risk Management Framework consists of the following elements:

- An independent Board, consisting of directors possessing the required values and bringing a suitable mix of skills, experience and diversity to Board oversight and decision making.
- The Board has established an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee as standing committees, each with its own charter, to assist with the discharge of its responsibilities.
- Established Group and divisional structures, reporting lines and appropriate authorities and responsibilities. These include guidelines and limits for approval of contracts, capital expenditure and investments.
- Audit and Risk Committees at Bunnings, Officeworks, Kmart Group, Industrial and Safety, and WesCEF to strengthen the divisional risk management processes.

- Wesfarmers recognises that while quality assets and strategies are critical, it is people who ultimately drive outcomes. Wesfarmers seeks to be an employer of choice as attracting outstanding people with the right values and utilising their individual talents is the most critical element in striving for sustainable success. Talent management and succession planning forms a key part of this.
- Wesfarmers Operating Framework that clearly sets out the Board, Board Committees and divisional Board activities and reports.
- Group policies and procedures, including those for the management of financial risk and treasury operations, such as exposures to foreign currencies and movements in interest rates.
- The Group Code of Conduct which is aimed at ensuring that anyone who is employed by or works for Wesfarmers acts in a manner consistent with the principles of honesty, integrity, fairness and respect, including ethical behaviour.
- A formal corporate planning process exists. As part of setting strategy, the divisions assess the environment for trends that are likely to affect and shape their industry, perform scenario planning and prepare a SWOT analysis.
- A Group risk review process that identifies, assesses and prioritises risks and as part of this process risk mitigation actions are also implemented.
- A Group compliance program, supported by approved guidelines and standards covering safety, the environment, legal liability, information technology and human rights.
- 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 and business continuity processes for all key businesses in the Group.
- External and internal assurance programs.



## 9. RISK MANAGEMENT CONT.

### 9.2 Risk management oversight and responsibility

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

Key Risk Management Oversight	Function
<b>Board</b>	<p>Set the risk appetite for the Wesfarmers Group</p> <p>Review the Group's risk management framework at least annually to satisfy itself that it continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board</p> <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>Group Managing Director and Chief Financial Officer</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 financial and non-financial 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> <p>Report any material risk issues to the Board</p>
<b>Management</b>	<p>Implement and maintain risk management and internal control systems on an end-to-end basis and report any material risk issues to the Audit and Risk Committee</p> <p>Prepare divisional Risk Review Compliance Reports (approved by each divisional board) to provide the Board with clear, concise and balanced reporting</p> <p>Prepare a consolidated Group Risk Review Compliance Report setting out key risks and the controls and processes implemented to mitigate these risks, the status of remediation of risk issues and early indicators and emerging 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>



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## 9. RISK MANAGEMENT CONT.

### 9.3 Internal Audit Function

The Risk Management Framework also sets out the role of the Audit and Risk Committee in implementing 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 & Risk monitors the internal control framework of the Group and provides reports to the Audit and Risk Committee and subsequently the Board, and receives timely information, including early indicators of emerging risks. The Audit and Risk Committee then approves the 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 & 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.

### 9.4 Risk certification

#### Financial risk

The Group Managing Director and the Chief Financial Officer 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 Chief Financial Officer 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.

#### 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 on an end-to-end basis. 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 2019 financial year that the Wesfarmers' risk management framework continues to be sound and that the entity is operating with due regard to the risk appetite set by the board.

## 10. DIVERSITY



Wesfarmers considers building a diverse and inclusive workforce as an opportunity to deliver on our objective of satisfactory returns to shareholders. Our customers and stakeholders are 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 in teams. Moreover, creating an environment that attracts, retains, and promotes team members with a wide range of strengths and experiences ensures Wesfarmers is best equipped for future growth.

At Wesfarmers we strive to provide an inclusive work environment, where everyone feels respected and safe. We believe everyone has a part to play in actively and intentionally behaving with inclusion in mind, and that means encouraging, recognising and including the many facets and combinations of diversity that characterise our teams.

Our commitment to inclusion across Wesfarmers extends to all people and perspectives. Particular focus in measuring progress against representation is paid to achieving a gender balance in senior management positions across our divisions and continuing to boost employment of Indigenous people.

### 10.1 Indigenous affairs at Wesfarmers

Our vision for reconciliation is an Australia that affords equal opportunities to all. Wesfarmers is focused on ensuring that Indigenous people feel welcome in our businesses as employees, customers, suppliers and visitors. We are committed to and have incorporated into our Indigenous strategy and Reconciliation Action Plan (RAP) the five dimensions of reconciliation: race relations, equality and equity, unity, institutional integrity, and historical acceptance.

Wesfarmers Indigenous strategy is focused on the following five core areas:

**Employment** – we aim to have a workplace that reflects the diversity of the communities we serve. We employ Indigenous people in all our businesses across Australia and have set a target of employment parity, which is three per cent of our workforce by 2022.

**Career development** – we want our Indigenous team members to have fulfilling jobs, but also provide them with opportunities to build successful, fulfilling careers, progressing through the organisation on their own leadership journey.

**Community partnerships** - we recognise the value of sharing our knowledge and exploring ways of collaborating with national and local community partners. We are particularly proud of our partnership with The Clontarf Foundation which goes back to 2001, as a founding supporter. The engagement between our businesses and the many Clontarf academies across Australia is exciting. We employ some 400 young Indigenous men through Clontarf and take great confidence in seeing them complete their high school education and enter the workforce – sometimes

with our businesses. We were also pleased to establish a partnership with The Girls Academy in 2019, which supports young Indigenous women at school, through leadership training, mentoring, sport and extra-curricular programs.

**Supplier engagement** – increasing the diversity of our supplier base is an important area where we as a company can make a real difference to the economic prosperity of Indigenous people and communities, while also enhancing our own businesses. We are working with Indigenous businesses to support them to develop and scale.

**Celebrating Indigenous culture** – by recognising Indigenous heritage and culture, we are building a shared identity among all Australians. We offer cultural awareness training through many businesses. We acknowledge and respect the Indigenous owners of the land where we work and meet. For many years, we have supported contemporary Indigenous art – recognised as Australia's greatest contribution to world culture. We do this through our Wesfarmers Arts sponsorship program and the Wesfarmers Collection of Australian Art.

Wesfarmers is a successful company and one that creates value for all its stakeholders. As a result we have a significant positive impact on the Australian economy. As one of Australia's largest employers with a presence in many communities across Australia and serving millions of customers in our stores and businesses every week, we play a key role in driving reconciliation in the wider community and promoting positive attitudes in the behaviours of non-Indigenous Australians.

Our Reconciliation Action Plan is available on our website.

## 10. DIVERSITY CONT.

### 10.2 Gender balance

We believe gender balanced businesses, that cater to the different strengths, preferences and needs of different team members and customers, enable us to deliver on our objective of providing satisfactory returns to shareholders.

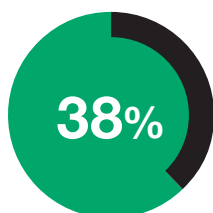
At Wesfarmers, gender balance means 40-60 per cent of either gender is represented.

The Wesfarmers Leadership Team is balanced with 45 per cent women, as is the total Wesfarmers workforce (105,034 as at 30 June 2019), made up of 58 per cent women and 42 per cent men.

Nevertheless, strengthening the balance of gender in our senior executive, management and professional roles across the Group remains a priority for Wesfarmers. Details of female representation across the Group are set out below:

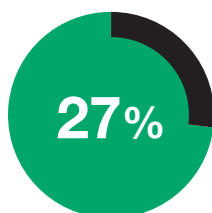
### Percentage of female team members

#### Wesfarmers Limited non-executive directors



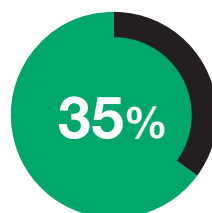
30 June 2015	33%
30 June 2016	38%
30 June 2017	38%
30 June 2018	33%
30 June 2018**	33%
<b>30 June 2019</b>	<b>38%</b>

#### Senior executive positions\* (general manager and above)



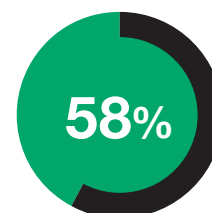
30 June 2015	25%
30 June 2016	23%
30 June 2017	24%
30 June 2018	28%
30 June 2018**	25%
<b>30 June 2019</b>	<b>27%</b>

#### All management and professional roles\*



30 June 2015	29%
30 June 2016	30%
30 June 2017	32%
30 June 2018	34%
30 June 2018**	34%
<b>30 June 2019</b>	<b>35%</b>

#### Total workforce



30 June 2015	55%
30 June 2016	55%
30 June 2017	54%
30 June 2018	54%
30 June 2018**	58%
<b>30 June 2019</b>	<b>58%</b>

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

\*\* Continuing operations.

Each of our divisional Managing Directors has gender balance objectives that are linked to their annual incentive plan and each division has its own gender balance and inclusion plan in line with the Group objectives.

Wesfarmers also supports its divisions to build a gender-balanced workforce in other ways. The Wesfarmers cross-divisional forum on Gender Balance, sponsored by our Group Managing Director, continues to be a highly successful medium for sharing practices across the Group as well as hearing from external experts on topics which over the last year ranged from flexible work practices and domestic violence to the role of gender in brand marketing.

In early 2019 Group Managing Director, Rob Scott, joined the Male Champions of Change (MCC), an institute that works with influential leaders to redefine men's role in taking action and supporting them to step up beside women. In doing so, he made a personal commitment to

take action to advance gender equality. MCC affiliation is the newest partnership for Wesfarmers in promoting gender equality. Existing partnerships continue with Catalyst and also the Diversity Council of Australia which provide us access to thought leadership, best practices and world class research on diversity and inclusion in the workplace.

Wesfarmers is a signatory to the United Nations Women's Empowerment Principles. Our support of the principles is consistent with our ongoing commitment to gender balance and aligned to the work we are currently doing across the Group.

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.

Since 2010, Wesfarmers has had a Gender Diversity Policy in place that aims to foster gender diversity at all

levels within the Group. Details of our current Policy are published on the Wesfarmers website. In line with the fourth edition of the ASX Corporate Governance Principles, Wesfarmers has developed a new policy, the Wesfarmers Inclusion Policy, to replace the current Gender Diversity Policy. This new policy aims to encourage an inclusive work environment where everybody feels respected at work and includes fostering diversity in all its facets at all levels across the Group.

The Wesfarmers outgoing Gender Diversity Policy and incoming Inclusion Policy outline that measurable objectives be set and reviewed annually by the Board, and that Wesfarmers' progress in achieving these objectives be disclosed. Our current four objectives and indications of progress achieved on these objectives are outlined below, as well as some illustrative examples selected from across our portfolio.

## 10. DIVERSITY CONT.

Objective	Progress
<p><b>Foster an inclusive culture</b></p> <p>This objective encourages initiatives that both recognise and bring together the unique backgrounds and perspectives of people across our businesses.</p>	<p>At Wesfarmers, understanding the different needs – both personal and professional – of our diverse team members is critical to ensuring we provide the career path, flexibility, and support they need in order to be their most fulfilled and productive. Diversity here incorporates gender, but also includes a broad range of other areas. We also see the need to better understand the drivers, needs and identity of our customers and to strive to reflect the diverse communities we serve.</p> <p>Building capability in inclusive leadership practices has become a focus area of some of our businesses, to ensure managers and leaders are equipped with the skills to foster a sense of belonging amongst our increasingly diverse teams. WesCEF introduced inclusive workplace behaviour workshops and rolled these out across the workforce. They also included a module in the induction process for new team members. Bunnings is addressing this capability area too, with an inclusive leadership program which was internally developed and piloted this year. It has been successfully adopted and will continue to be rolled out to leaders across Australia and New Zealand. And after a successful launch, the Blackwoods Respectful Workplaces program was expanded over the past year to also be offered to other Wesfarmers Industrials and Safety businesses.</p> <p>Bunnings has embarked on a range of initiatives addressing diversity and inclusion for team members along with support for customers. To assist store leaders to better understand the makeup of the local community around the store, census data highlighting the demographic composition was provided in addition to internal data on team member diversity composition. This data included information on gender, cultural diversity by background and languages as well as age. This approach has equipped store leaders with the data to reflect on both team member and community makeup, so Bunnings can truly reflect the local community they serve. Another initiative addressing ethnic and cultural inclusion has been the introduction of country flags representing language spoken on the name badges of team members in stores. This not only provides an improved customer experience for customers wishing to interact with team members in another language but also allows team members to proudly represent and identify with other languages and cultures.</p> <p>Flexible working in all its forms is encouraged across Wesfarmers and is regarded as a key enabler of an inclusive work environment, team member empowerment, and performance. As at 30 June 2019, 47 per cent of our permanent workforce is employed on a part-time basis. All our divisions provide competitive paid parental leave allowances, and of all team members at a manager level or above 92 per cent of team members expected to return from parental leave during the year ended 30 June 2019 on either a full-time or part-time basis (2018: 92 per cent).</p>
<p><b>Improve talent management</b></p> <p>This objective seeks to ensure we factor gender balance and broader diversity into our approach to talent management, to support the development of all talent.</p>	<p>Wesfarmers takes a number of steps to ensure that our development and promotion processes identify, support, and encourage a diversity of strengths, styles, and working arrangements for male and female team members.</p> <p>For each of our divisions and across the Group as a whole, we closely monitor the gender balance of our teams by level as well as the proportion of General Manager promotions, new hires and exits that are female.</p> <p>The Group Managing Director meets twice a year with each division to discuss succession plans and the pipelines of leadership roles including how divisions are successfully attracting, retaining, and promoting current and future female leaders. In the most recent Succession Updates/Divisional Talent reviews:</p> <ul style="list-style-type: none"> <li>• 49 women (33 per cent of all nominees) were nominated as potential successors to divisional leadership team roles<sup>1</sup> and</li> <li>• 5 women (45 per cent) were nominated as potential successors to divisional Managing Director roles<sup>2</sup>.</li> </ul> <p>Within our divisions, talent reviews and people planning sessions are conducted every six months where standard within these discussions is the consideration of gender balance of teams, and action to sustain or move towards balance.</p> <p>At Bunnings, key leadership programs have a gender balanced participation split which forms part of the Bunnings commitment to ensuring equal opportunity for development within the business.</p> <p>Kmart recently piloted a leadership development program targeting the Zone and State Manager roles, currently an area which has been a tough spot to correct for gender imbalance. The pilot aimed to provide some objective information on existing internal talent and also to accelerate the development of this talent, which included a greater proportion of women than men.</p>

1. Divisional leadership team roles consist of roles which are direct reports of the divisional Managing Director as well as other major roles (Director and/or General Manager roles). Does not include the division's Managing Director role. Nominees only counted once, regardless of the number of nominations received.
2. Nominees only counted once, regardless of the number of nominations to a divisional Managing Director role received.

## 10. DIVERSITY CONT.

<p><b>Enhance recruitment practices</b></p> <p>This objective is a commitment to ensuring equitable processes in seeking the best person for the job, and also requiring consideration of a broad and diverse talent pool.</p>	<p>Wesfarmers is committed to ensuring that recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered and guarding against any conscious or unconscious biases that might discriminate against candidates.</p> <p>Across the Wesfarmers Group, our businesses use a variety of tools to ensure hiring processes highlight the capabilities of all applicants and their potential to enhance the existing skills in our teams.</p> <p>Proactive sourcing and talent pooling is increasingly being used by a number of our businesses, particularly to assist with identifying female talent early, and also to identify from a broader pool of industries. Bunnings, our Industrials and Safety businesses and WesCEF, for example, make particular use of proactive sourcing to mitigate perceptions of male-dominated businesses in engaging with female candidates earlier and enabling the time to build a relationship in the lead up to an active recruitment process.</p> <p>Our Industrials businesses have also deployed practices such as promoting flexible work opportunities overtly within job advertisements and utilising varied sources for advertising to boost female applicants. WesCEF has piloted video job advertisements and has also used Textio, an augmented writing tool used to achieve gender neutral adverts. All our businesses are also strongly encouraging a 50/50 candidate shortlists wherever possible to help to correct imbalance early in the pipeline of talent attraction. Some of our businesses require reporting to senior management on explanations for exceptions.</p> <p>In its Hiring for Leadership Process (HFL), Officeworks has implemented a number of processes to ensure that the strengths of both men and women are clearly visible throughout each applicant's journey. Hiring panels are designed to mitigate for bias to ensure the best hiring decision for Officeworks. Interview guides shift some of the focus away from experience towards transferable skills and attributes. An emphasis on balanced candidate pools ensure careful consideration of non-traditional candidates. Careful monitoring of candidate data throughout the applications, shortlist, interview, preferred candidate, and offer stages of the process has shown the HFL process has resulted in a proportion of offers that is balanced even when the proportion of applicants is not.</p> <p>In the 2019 financial year, 55 per cent of all appointments across the group were filled by women (2018: 50 per cent). Of all new hires into General Manager roles, 40 per cent (2018: 38 per cent) were filled by women. 42 per cent of senior manager appointments (2018: 40 per cent) and 45 per cent of all appointments at manager or above levels (2018:39 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.</p> <p>Wesfarmers has been able to maintain the pay gap at all managerial levels of the organisation to five per cent or below with the exception of the General Manager level which stands at 7.1 per cent (2018: 9.6 per cent).</p> <p>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 or specialist skills, individual performance and experience.</p> <p>Our businesses also conduct their own initiatives and internal evaluations into pay equity, for instance this year Bunnings conducted a 12-month project on adjusting all department structures and job sizing to create alignment and consistency to Bunnings' broader reward principles. The Industrial and Safety businesses are also enforcing greater scrutiny of starting salaries, to ensure women are commencing at an appropriate level to remove any gender pay gap at appointment.</p>





## 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 2019

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/who-we-are/corporate-governance](http://www.wesfarmers.com.au/who-we-are/corporate-governance)

The Corporate Governance Statement is accurate and up to date as at 24 September 2019 and has been approved by the board.

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

Date: 25 September 2019

Name of Director or Secretary authorising lodgement: Aleksandra Spaseska

<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 3 ... 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/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</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 9
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 9 and 10
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 8

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
1.5	<p>A listed entity should:</p> <p>(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;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 19</p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</a></p> <p>... 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:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 20 to 21</p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 19</p>
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 pages 9 and 10</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9</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 10</p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 10</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,</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 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>	<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 8</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/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> on page 8 of our Corporate Governance Statement and page 81 of our 2019 Annual Report.</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>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 5</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>	<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 6</p> <p>... and the length of service of each director:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 4</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on pages 4 and 6</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>	<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>
2.6	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.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 9
<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/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</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: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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.	If the entity complies with paragraph (a): ... the fact that we have an audit committee that complies with paragraphs (1) and (2): <input checked="" type="checkbox"/> in our Corporate Governance Statement on page 8 ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</a> ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> at pages 74, 75 and 81 of our 2019 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 17
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 14
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>		
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	... our continuous disclosure compliance policy or a summary of it: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</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/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</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 13
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/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</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 13
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
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 8 ... and a copy of the charter of the committee: <input checked="" type="checkbox"/> at <a href="http://www.wesfarmers.com.au/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</a> ... and the information referred to in paragraphs (4) and (5): <input checked="" type="checkbox"/> at page 8 of our Corporate Governance Statement and page 81 of our 2019 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 pages 15 and 17 ... 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 pages 15 and 17

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(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.</p>	<p>If the entity complies with paragraph (a):</p> <p>... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement on page 17</p>
7.4	<p>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>	<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 28 to 29, 36 to 37, 43 to 44, 48 to 49, 54 to 55 and 57 to 73 of our 2019 Annual Report</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...
<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>
8.2	<p>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>
<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 8</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/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> at page 8 of our Corporate Governance Statement and page 81 of our 2019 Annual Report</p>	<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 85 to 110 of our 2019 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/who-we-are/corporate-governance">www.wesfarmers.com.au/who-we-are/corporate-governance</a> (see the Securities Trading Policy)</p>	