

## PURPOSE

Wesfarmers acknowledges the scientific consensus on climate change and the diverse effects that climate change may have on its customers, businesses, the economy and the communities in which it operates.

Wesfarmers recognises that business has an important role to play in addressing climate change, and that its actions may deliver economic, social and environmental benefits over the long term.

Wesfarmers is committed to proactively managing the risks associated with climate change and to realising opportunities associated with climate-related issues. This policy is designed to ensure that the Group and its divisions/business units are managed with carbon awareness and to meet the Group's reporting and disclosure obligations.

It also reflects the Group's desire to support the global goal of reducing greenhouse gas emissions (**emissions**), consistent with the 2015 Intergovernmental Panel on Climate Change Paris Climate Agreement (**Paris Agreement**).

This policy aligns with Wesfarmers' corporate objective of delivering a satisfactory return to shareholders. Wesfarmers believes it is only possible to achieve this over the long term by, among other things, taking care of the environment.

## POLICY

- (a) The principles of this policy (including the Minimum Standards set out in **Annexure A**) must be complied with or incorporated into policies within each division/business unit and the Corporate Office. In the event of any inconsistency, this policy applies.
- (b) This policy aligns with Wesfarmers' model of divisional autonomy. Each division/business unit must set emissions targets for the near and long term (based on a representative baseline year) and a net zero target. Each division/business unit must report against its targets at least twice annually or as otherwise required by the Corporate Office. There is no individual Wesfarmers Group target. This policy provides flexibility to accommodate significant changes to the scale of an existing business.
- (c) This policy recognises the evolving nature of the Wesfarmers Group and specifically contemplates changes to the portfolio. Where Wesfarmers acquires a business or operation, that business or operation must, within a reasonable timeframe (which is generally 24 months), comply with this policy.

## POLICY APPLICATION

This policy should be read in conjunction with the Wesfarmers [Code of Conduct](#), the Wesfarmers Project Expenditures and Disposals Policy and the Wesfarmers [Environment Policy](#).

## POLICY AMENDMENT

This policy will be reviewed annually.  
This policy cannot be amended without the approval of the Wesfarmers Board.

## LAST REVIEWED

May 2023

## LAST AMENDED

May 2023

## ANNEXURE A – MINIMUM STANDARDS

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### GOVERNANCE

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Board and senior executive information	Senior executives must ensure that they and the Wesfarmers Board are provided with appropriate information to consider the potential impact of climate change on the business, including risks and opportunities, strategies to respond to those risks and opportunities, relevant metrics and targets and performance against targets.
Accountability and risk owner	Each division/business unit is accountable for addressing climate change issues in its business and operations and must nominate a role or roles to be responsible for coordinating the management of climate change risk, and appropriately resource that role or roles.
Reporting and review	<p>Each division/business unit must report its Scope 1 and 2 emissions and the progress against its emissions targets in a format stipulated by Wesfarmers.</p> <p>Each division/business unit must complete (and regularly review) all material categories within its Scope 3 emissions reporting in line with the methodologies in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting Reporting Standard.</p> <p>Each division/business unit is accountable for the accuracy of its reporting, including to the Corporate Office and externally.</p> <p>Each division/business unit must annually review its performance against this policy and its emissions targets.</p> <p>Wesfarmers (through the Corporate Office) must ensure Group climate reporting and disclosure (including climate-related financial disclosures in the Wesfarmers Annual Report) accurately reflects the reporting from each division/business unit and is clearly communicated and balanced (and without omission of material information).</p>

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### TARGETS, COMMITMENTS, CLAIMS AND AMBITIONS

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Targets, commitments, claims and ambitions	<p>Each division/business unit must adopt a Climate Policy including, as appropriate, Scope 1 and 2 emissions targets for the near and long term (based on a representative baseline year) and a net zero target.</p> <p>Each division/business unit may adopt renewable electricity targets. Large Generation Certificates (<b>LGCs</b>) or equivalent may be used to meet these targets. Where LGCs or equivalent are used, they need to be surrendered.</p> <p>Emissions and renewable electricity targets must reflect the Group's desire to support the global goal of reducing greenhouse gas emissions, consistent with the Paris Agreement.</p> <p>Emissions and renewable electricity targets must be approved by the Wesfarmers Board and may be made public by Wesfarmers.</p> <p>Each division/business unit may also choose to publicly adopt other environmental, social and governance (<b>ESG</b>) targets, commitments, claims or ambitions appropriate to its operations and activities.</p> <p>Each division/business unit must ensure that there is a reasonable basis for all emissions, renewable electricity and other ESG targets, commitments, claims and ambitions which are made public (collectively ESG Commitments) and ensure these are accurately and clearly communicated without omission of material information</p>
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Reporting and review	<p>Each division/business unit must:</p> <ul style="list-style-type: none"> <li>• accurately disclose all material assumptions and qualifications regarding its ESG Commitments whenever these are publicly referenced;</li> <li>• implement and maintain a process to monitor: <ul style="list-style-type: none"> <li>➢ progress towards its ESG Commitments; and</li> <li>➢ whether there remains a reasonable basis for its ESG Commitments, including whether an adjustment to assumptions and qualifications is required; and</li> </ul> </li> <li>• immediately update any ESG Commitment if there is no longer a reasonable basis for it or where an adjustment to assumptions and qualifications is required, with any updates to be advised to the Wesfarmers Executive General Manager, Corporate Affairs.</li> </ul>
Baseline changes	<p>Where divisions/business units undertake significant growth opportunities or portfolio changes, such as material changes to production volumes, mergers and acquisitions, that result in a material increase in emissions, an increase to the emissions baseline will be considered.</p> <p>Where divisions/business units exit certain operations (whether through a closure or asset sale or in any other way) that results in a material decrease in emissions, a decrease to the emissions baseline will be considered.</p> <p>Baselines will be updated to reflect any changes in greenhouse gas emission reporting protocols and global warming potentials.</p> <p>Changes to baselines may also be considered in other circumstances.</p> <p>Any change to a baseline requires the approval of the Wesfarmers Board and may be made public by Wesfarmers.</p>
Abatement opportunities	<p>Each division/business unit must seek out abatement opportunities to meet its emissions targets rather than relying on carbon offsets. The use of offsets is generally only permitted where other strategies have been practically exhausted.</p>
<b>RISKS AND OPPORTUNITIES</b>	
Risk assessment	<p>Each division/business unit must assess the risks associated with climate-related issues across its business and operations as part of the annual risk review process. The risk assessment must address the risks in its own operations and businesses and within its supply chains, as appropriate. Divisional strategy should take account of the risk assessment.</p>
Opportunity assessment	<p>Each division/business unit must assess the opportunities associated with climate-related issues across its business and operations as part of the annual corporate plan process. The opportunity assessment must address the opportunities in its own operations and businesses and within its supply chains, as appropriate. Divisional/business unit strategy should take account of the opportunity assessment.</p>

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## BUSINESS DEVELOPMENT

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Planning	Each division/business unit must forecast future Scope 1 and 2 emissions as part of the annual corporate planning process using the Wesfarmers internal carbon price.
Carbon price	Each division//business unit must apply the Wesfarmers Project Expenditures and Disposals Policy to all relevant capital expenditure proposals.
Mergers and acquisitions	Where Wesfarmers acquires a business or operation, that business or operation must, within a reasonable timeframe (which is generally 24 months), comply with this policy.

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## TEAM MEMBERS

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Training	Each division/business unit must ensure that team members with responsibilities in relation to this policy receive adequate training and other required support.
Performance goals	Wesfarmers' senior executive performance goals will include the requirement to demonstrate progress on sustainability initiatives, including an assessment of performance against this policy and towards the relevant emissions targets and aspirations.

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