

Wesfarmers Sustainability Report 2011



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ABOUT WESFARMERS

Strength through diversity. From its origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies. Headquartered in Western Australia, its diverse business operations cover: supermarkets; department stores; home improvement and office supplies; coal mining; insurance; chemicals, energy and fertilisers; and industrial and safety products. Wesfarmers is one of Australia's largest employers and has a shareholder base of approximately 500,000.

Our objective

Wesfarmers remains committed to providing a satisfactory return to shareholders.

Proud history, strong future

Steeped in a foundation of distribution and retailing since its formation, today Wesfarmers is one of Australia's leading retailers and diversified industrial companies.

Stock exchange listing

Wesfarmers is a company limited by shares that is incorporated and domiciled in Australia. Australian Securities Exchange (ASX) listing codes:
– Wesfarmers (WES)
– Wesfarmers Partially Protected Shares (WESN)

Wesfarmers Arts Indigenous Fellowships

In July 2010, the National Gallery of Australia and Wesfarmers launched Australia's first visual arts management fellowship for indigenous Australians. Attracting a national pool of applicants, the program provides 12 short-term scholarships every year, and two senior Fellowships worth \$50,000 each, enabling recipients to work with the mentorship and the collections of the National Gallery for up to two years on a project of their choice.

Cover: Emma Loban with Ron Bradfield Jnr

From left: Sharyn Egan (WA); Jirra Harvey (Vic); Franchesca Cubillo, Senior Curator Aboriginal and Torres Strait Islander Art, National Gallery of Australia; Kimberley Moulton (Vic); Emma Loban (Torres Strait Islands); Gabriel Nodea (WA); Glenn Iseger-Pilkington (WA); Ron Bradfield Jr (WA); Alison Furber (NT); Nadeena Dixon (NSW); Tahjee Moar (NSW); Freja Carmichael (Qld); and Renee Johnson (SA).

WESFARMERS LIMITED

ABN 28 008 984 049





Committed to sustainability.

Wesfarmers is focused on improving its social, environmental and economic performance for the benefit of all its stakeholders.

Message from the Chairman

The scope and diversity of the Wesfarmers Group confers on us an enormous responsibility, not only to our shareholders, but also to our 200,000 employees, our wider customer base, and the communities and families across Australia, New Zealand and Asia where the company operates.

Safety must be fundamental to every aspect of our diverse businesses, and that's a message we must never stop communicating.



Bob Every Chairman

Managing Director's welcome

With operations that are far-reaching and complex, keeping focused on our economic, environmental and social performance is critical to delivering on our objective of providing value to all our stakeholders.

I'm very pleased to welcome you to the 2011 Wesfarmers Sustainability Report.

As I reflect on the past year and the challenges and opportunities in our businesses, it reminds me once again about the true value of sustainability. With operations that are far-reaching and complex, keeping focused on our economic, environmental and social performance is critical to delivering on our objective of providing value to all our stakeholders.

Importantly, sustainability within the Wesfarmers Group isn't simply an 'add-on'. Stakeholder expectations have evolved well beyond purely the financial success of an organisation, but Wesfarmers has long recognised the value and opportunity of a holistic approach to managing our operations. For us, sustainability isn't just a public relations exercise while the 'real' business goes on regardless. As you will see in this report – and indeed in all earlier such reports – the detail of investing in and improving our operations all contributes to the sustainability of our business as a whole.

This is the fourteenth year we have published such a report and our businesses are all doing some terrific things to initiate positive change within their operations. But there is progress to be made in many areas as well, and we remain committed to reporting our sustainability outcomes in a frank and transparent way. As a Group, we are developing a sustainability policy which will formalise what has been our long-held view about running our businesses. The policy encapsulates five key principles around which we prioritise our sustainability efforts: people; carbon and energy; community partnerships; environmental footprint; and economic development. You will see that each of our businesses report specifically on these areas, and we collate this data for reporting at a Group-wide level.

Fundamental to our success – and therefore our value – are the people within our business. As Australia's largest private sector employer, we invest millions of dollars not only in wages, but training and development too. However, it is the safety of our people which is – and must be – our most important focus. Tragically, in August last year a contract worker at one of our mines was fatally injured in a single vehicle accident. In the most awful of circumstances we are reminded about the importance of safety. As an organisation, providing a safe work environment is both our responsibility and our obligation – everybody has the right to return home safely each day. While all of our businesses prioritise and focus on safety, we can and must do better.

Climate change remains at the forefront of public debate and in July this year the Federal Government announced its Clean Energy Legislative Package. We have continued to work cooperatively and collaboratively with government and have contributed where relevant to the debate. Indeed, Wesfarmers has long held the view that climate change is one of the most significant issues facing not only our business, but our community as well. While I think it is important to contribute to the broader policy debate on the issue, we must also continue to focus on what our businesses can do to minimise their carbon footprint. All of our businesses are taking steps to reduce carbon dioxide emissions and improve energy efficiency. Coles, in particular, has made significant inroads into improving the energy efficiency of its stores, and our industrial businesses are looking for opportunities to reduce their emissions with direct abatements where feasible. Climate change certainly presents challenges for our business but we must also look to embrace the opportunities to innovate for improvement.

Fundamental to our success – and therefore our value – are the people within our business.

Richard Goyder with works from the Wesfarmers Collection of Australian Art by artists from Maningrida, Arnhem Land in the Northern Territory.



One of the areas I feel passionately about for our business is our relationship and involvement with Aboriginal and Torres Strait Islanders. In November 2009, we launched our first Reconciliation Action Plan, and pleasingly, we continue to take small but significant steps towards reaching our goals. Each of our businesses has developed an Aboriginal strategy focusing on providing employment initiatives, along with raising cultural awareness in respect to Aboriginal people. In November 2010, we launched the Wesfarmers Arts National Indigenous Fellowships at the National Gallery of Australia. This annual program sees 12 young and emerging indigenous curators from across Australia awarded scholarships to work intensively with the curators and collections at the National Gallery, in a long-term professional development and museum industry mentoring program. This initiative is the first of its kind in Australia.

We continued to participate in the Jawun Indigenous Corporate Partnerships program, with a number of employees involved in the secondment program from across the Group. We have also broadened our community partnerships program and now have a number of significant partnerships with Aboriginal organisations across Australia.

Notwithstanding all of the above, however, two other events unfolded over the past year which helps to put our business operations in perspective. In early 2011, devastating floods affected hundreds of thousands of people, principally in Queensland but also in Victoria. Tragically, lives were lost and, like many other Australians, our deepest sympathy went out to family and friends, as well as those who lost homes and businesses.

At the time, in recognition of the scale of the disaster, Wesfarmers donated \$5 million to the Queensland Premier's Disaster Relief Appeal. We have a strong involvement with the people of Queensland – employing nearly 40,000 people there – many of whom were affected either directly or indirectly by this disaster.

New Zealand also experienced disaster on a huge scale, with earthquakes in Christchurch devastating that city. Once again, watching from afar we felt for the people of Christchurch especially, and made a NZ\$1 million contribution to provide assistance to the many people affected. In both these events, the actions of our team members in providing assistance to those in need were remarkable. Both were devastating events, but the aftermath demonstrated the resilience and generosity of the Australian and New Zealand people.

Once again, I'd like to extend my thanks to all our employees for their efforts over the past year, many of which have been captured in some way in this report. As always, we'd love to hear from any of our stakeholders, and we have included a form on the inside back cover for this purpose.

A handwritten signature in black ink that reads "Richard Goyder".

Richard Goyder Managing Director

Year in review

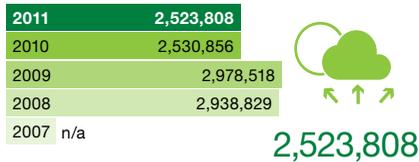
This section provides comparative information on our performance in key sustainability areas.

RETAIL

Coles

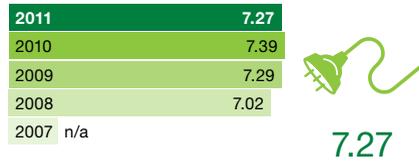
Greenhouse gas emissions

Tonnes CO₂e



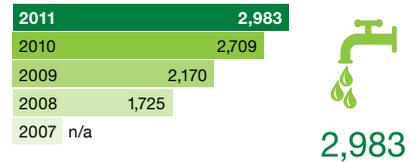
Energy use

Petajoules



Water consumption

Megalitres



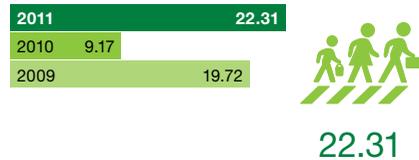
Safety performance

Lost Time Injury Frequency Rate



Community contribution

A\$m

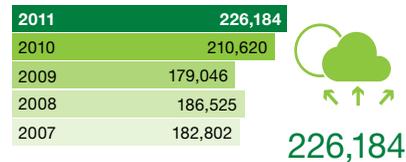


- n/a means data was not available.

Bunnings

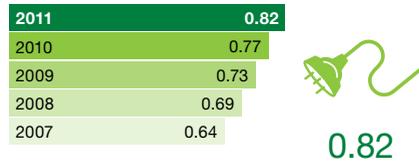
Greenhouse gas emissions

Tonnes CO₂e



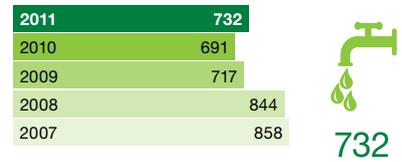
Energy use

Petajoules



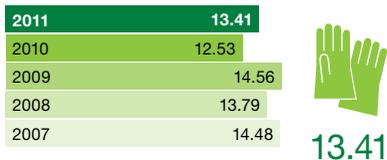
Water consumption

Megalitres



Safety performance

Lost Time Injury Frequency Rate



Community contribution

A\$m



Office Supplies

Greenhouse gas emissions
Tonnes CO₂e

2011	65,000
2010	63,362
2009	55,522
2008	n/r
2007	n/a



65,000

Energy use
Petajoules

2011	0.21
2010	0.21
2009	0.17
2008	0.06
2007	n/a



0.21

Water consumption
Megalitres

2011	50
2010	52
2009	n/r
2008	n/r
2007	n/a



50

Safety performance
Lost Time Injury Frequency Rate

2011	12.17
2010	11.95
2009	12.30
2008	10.40
2007	n/a



12.17

Community contribution
A\$m

2011	1.35
2010	0.51
2009	0.49



1.35

- n/a means data was not available.
- n/r means data was not collected or recorded.

Target

Greenhouse gas emissions
Tonnes CO₂e

2011 ¹	244,995
2010	239,827
2009	219,858
2008	230,545
2007	n/a



244,995

Energy use
Petajoules

2011	0.82
2010	0.84
2009	0.82
2008	0.76
2007	n/a



0.82

Water consumption
Megalitres

2011	311
2010	339
2009	n/r
2008	n/r
2007	n/a



311

Safety performance
Lost Time Injury Frequency Rate

2011	6.96
2010	7.97
2009	9.20
2008	9.34
2007	10.36



6.96

Community contribution
A\$m

2011	3.12
2010	3.08
2009	2.67



3.12

- n/a means data was not available.
- n/r means data was not collected or recorded.
1 Includes Coles Group Asia (714 tonnes CO₂e).

Kmart

Greenhouse gas emissions
Tonnes CO₂e

2011	311,668
2010	303,397
2009	257,087
2008	310,391
2007	n/a



311,668

Energy use
Petajoules

2011	1.08
2010	1.04
2009	0.99
2008	1.05
2007	n/a



1.08

Water consumption
Megalitres

2011	767
2010	775
2009	n/r
2008	n/r
2007	n/a



767

Safety performance
Lost Time Injury Frequency Rate

2011	6.78
2010	9.02*
2009	11.18
2008	10.74
2007	11.02



6.78

Community contribution
A\$m

2011	11.31
2010	6.88
2009	11.85



11.31

- n/a means data was not available.
- n/r means data was not collected or recorded.
* Data adjusted due to reclassification of claims.

INDUSTRIAL AND OTHER BUSINESS

Insurance

Greenhouse gas emissions
Tonnes CO₂e

2011	12,789
2010	13,405
2009	12,236
2008	12,975
2007	5,679



12,789

Energy use
Petajoules

2011	0.08
2010	0.08
2009	0.09
2008	0.08
2007	0.04



0.08

Water consumption
Megalitres

2011	80
2010	66
2009	119
2008	113
2007	n/r



80

Safety performance
Lost Time Injury Frequency Rate

2011	0.83
2010	0.89
2009	2.22
2008	3.7
2007	2.7



0.83

Community contribution
A\$m

2011	0.44
2010	0.96
2009	0.84



0.44

– n/r means data was not collected or recorded.

Resources

Greenhouse gas emissions
Tonnes CO₂e

2011	694,026
2010	715,388
2009	707,725
2008	614,619
2007	834,654



694,026

Energy use
Petajoules

2011	4.00
2010	3.94
2009	4.31
2008	3.33
2007	3.51



4.00

Water consumption
Megalitres

2011	2,707
2010	3,402
2009	3,045
2008	3,654
2007	3,869



2,707

Safety performance
Lost Time Injury Frequency Rate

2011	1.29
2010	2.14
2009	2.53
2008	7.2
2007	3.4



1.29

Community contribution
A\$m

2011	0.87
2010	0.71
2009	0.86



0.87

Chemicals, Energy and Fertilisers

Greenhouse gas emissions
Tonnes CO₂e

2011	2,022,741
2010	2,024,587
2009	1,862,605
2008	1,811,792
2007	1,461,880



2,022,741

Energy use
Petajoules

2011	18.25
2010	17.93
2009	15.16
2008	17.88
2007	14.59



18.25

Water consumption
Megalitres

2011	4,220
2010	4,143
2009	3,591
2008	3,630
2007	2,455



4,220

Safety performance
Lost Time Injury Frequency Rate

2011	4.59
2010	3.82
2009	2.60
2008	4.05
2007	1.83



4.59

Community contribution
A\$m

2011	0.29
2010	0.45
2009	0.69



0.29

– Data from 2007 to 2010 has been restated to reflect the merge of Energy, and the Chemicals and Fertilisers divisions in July 2010.

Industrial and Safety

Greenhouse gas emissions*
Tonnes CO₂e

2011	243,071
2010	30,014
2009	25,231
2008	33,546
2007	29,533



243,071

Energy use*
Petajoules

2011	1.21
2010	0.19
2009	0.19
2008	0.20
2007	0.18



1.21

Water consumption*
Megalitres

2011	254
2010	63
2009	55
2008	n/r
2007	n/r



254

Safety performance*
Lost Time Injury Frequency Rate

2011	2.34
2010	1.61
2009	2.4
2008	4.6
2007	4.6



2.34

Community contribution*
A\$m

2011	1.31
2010	0.21
2009	0.18



1.31

- n/r means data was not collected or recorded.
* 2011 data reflects the inclusion of Coregas in the Industrial and Safety division in July 2010.

WESFARMERS GROUP

Corporate Office

Greenhouse gas emissions
Tonnes CO₂e

2011	5,294
2010	1,353
2009	716
2008	n/r
2007	n/r



5,294

Energy use
Petajoules

2011	0.01
2010	0.01
2009	0.01
2008	n/r
2007	n/r



0.01

Water consumption
Megalitres

2011	4
2010	3
2009	7
2008	n/a
2007	n/a



4

Safety performance
Lost Time Injury Frequency Rate

2011	0
2010	0
2009	4.85
2008	0
2007	0



0

Community contribution
A\$m

2011	10.20
2010	3.72
2009	4.79



10.20

- n/a means data was not available.
- n/r means data was not collected or recorded.

Group

Greenhouse gas emissions
Tonnes CO₂e

2011	6,349,576
2010	6,132,809
2009	6,298,544
2008	6,139,222
2007	2,514,548



6,349,576

Energy use
Petajoules

2011	33.75
2010	32.40
2009	29.76
2008	31.07
2007	18.96



33.75

Water consumption
Megalitres

2011	12,107
2010	12,243
2009	9,704
2008	9,966
2007	7,182



12,107

Safety performance
Lost Time Injury Frequency Rate

2011	12.78
2010	10.95
2009	13.06
2008	9.94
2007	10.60



12.78

Community contribution
A\$m

2011	77.57
2010	45.78
2009	57.62



77.57

Queensland flood disaster – how Wesfarmers helped



During late December 2010 and early January 2011, Queensland experienced one of its worst flooding disasters in history. Sadly, these floods resulted in a large loss of life, and thousands of homes, properties and businesses were flooded as nearly three-quarters of the state was declared a disaster zone.

In the immediate aftermath of the tragedy, Wesfarmers donated \$5 million to the Queensland Premier's Disaster Relief Appeal. In providing assistance to the huge recovery program, Wesfarmers recognised not only the scale of the disaster but the severe and ongoing disruption caused to the livelihoods of many people in that state.

With a large number of Wesfarmers' retail, resources and insurance operations – including nearly 40,000 employees – located in Queensland, many of our businesses also made significant contributions, some of which are detailed here.

Coles responded immediately with a \$1 million donation to the Premier's Disaster Relief Appeal. The floods (and subsequently a cyclone) had a significant impact on the business in Queensland: Coles was forced to close 23 supermarkets, 35 liquor stores, 13 Coles Express sites and six hotels.

With our usual major road and rail transport routes into Queensland cut off, it was necessary to organise air and sea freight to make emergency food deliveries to the most affected areas. About 120 tonnes of food were airlifted to service Cairns and Townsville. One of our distribution centres for Queensland was flooded, making it inoperable. As a consequence, we established a temporary facility and re-routed deliveries from Sydney. More than 500 tonnes of food were sent to far north Queensland by truck and more than 700 tonnes sent by sea freight from Sydney to service Cairns and Townsville.

To ensure the ongoing availability of basic food items for the town of Emerald, a temporary store was established at the Emerald Police and Citizens Youth Club.

The temporary Coles stocked about 200 staple food and grocery lines and operated from January until a new Coles Emerald supermarket opened in June 2011.

As well as opening up Coles' registers to customer donations, which raised more than \$4.3 million for the Queensland Premier's Disaster Relief Appeal, many of the Queensland stores also came to the aid of emergency service teams and evacuation centres, donating essential items such as water, toilet paper, bread, milk and meat.

Bunnings' response was also immediate with Queensland team members providing support assisting local emergency service groups in sand bagging and running sausage sizzles for support teams. Queensland team members also provided on the ground assistance at evacuation centres, holding sausage sizzles for emergency services and those displaced from homes, as well as running activities for children and adults throughout the day and night.

Bunnings stores across Australia and New Zealand helped raise and contribute more than \$730,000 to the Premier's Disaster Relief Appeal through fundraising sausage sizzles and cash donations.

Bunnings also committed a further \$1 million in direct support for flood affected communities which was supported by Bunnings team members assisting local communities with clean-up work, as well as long-term recovery and rebuilding efforts. At the end of the 2010/11 financial year, more than 700 community groups were assisted through donations and hands-on support from the Bunnings team.



Top: Team members at the Bunnings Craigieburn Warehouse hold a fundraising sausage sizzle for the Queensland flood appeal.

Bottom: The Target Country, Emerald store opened a temporary site to provide the community with necessities such as towels, bed linens, nappies and clothing to help with the recovery.

In the immediate aftermath of the tragedy, Wesfarmers donated \$5 million to the Queensland Premier's Disaster Relief Appeal.

Main image: Coles, Emerald.
Below: Coles, Ipswich.
Bottom: Blackwoods, Bundaberg.



This work is ongoing and local teams continue to support community groups affected.

Bunnings had a number of sites affected by the flooding which were forced to temporarily close. Rocklea and Oxley Warehouses were significantly impacted and remained closed until March 2011. Teams from these stores worked tirelessly in the clean-up and rebuild to ensure that stores reopened in the quickest possible time to support the local community in their recovery efforts.

Target was also affected by the floods. A number of stores were inundated by the flood waters, and were forced to temporarily close. In Emerald, a temporary store was established to ensure customers could still access basic necessities. Target team members who were affected were assisted with a total of \$46,000 worth of gift cards and \$5,000 towards car insurances. As a business, Target donated \$100,000 to the Premier's Disaster Relief Appeal and collected an additional \$283,276 through the generosity of customer donations.

A number of Kmart and KTAS stores, as well as a distribution centre, were either flooded or forced to close due to flood waters cutting off access for team members and customers.

Kmart assisted team members that were affected through the provision of accommodation and more than \$60,000 in gift cards to replace damaged goods. Our team members also raised an additional \$18,900 for fellow team members that were affected. Our customers across Australia and New Zealand donated more than \$230,000 and the Kmart business donated over \$14,000 worth of supplies to local schools including back packs, sports equipment, electrical goods and stationery. In addition, Kmart contributed an estimated \$100,000 in emergency goods to those in need.

The damage caused by the flood waters also extended into central Queensland. Notwithstanding the significant impact the major flooding had on production at Wesfarmers Resources' Curragh coal mine, Wesfarmers Curragh donated \$50,000 to the Central Highlands Regional Council Flood Relief Appeal. The division also matched employee donations.

Our Industrial and Safety division donated \$50,000 to organisations contributing to the Queensland flood relief, donated products and facilitated a further \$870,000 in supplier product donations. In addition, Wesfarmers Industrial and Safety approached freight companies for support to deliver donated products to the local communities.

Wesfarmers Insurance paid flood affected customers more than \$39 million in claims to 30 June 2011. The response by team members to the disaster was not only as efficient as possible, but their generosity through a salary sacrifice scheme collected \$20,000, which was matched by the business.

Officeworks conducted fundraising activities for customers and team members, contributing more than \$100,000 in donations to the Premier's Disaster Relief Appeal. Officeworks also provided free photocopying and scanning of insurance-related paperwork for customers and donated gift cards and products to families whose back-to-school supplies were lost in the disaster.

While the impact of the disaster will be felt for a long time by many people, making a contribution to assist Queensland rebuild and recover reflects Wesfarmers' commitment to its local communities.

Sustainability scorecard

The business unit reports outlined in this document include a significant amount of information on the environmental, safety and health performance, product sourcing and community interaction across the business operations of the Wesfarmers Group.

There have been some changes to the treatment of data in this year's report and these changes have been highlighted and explained.

This report is based on the Global Reporting Initiative (GRI), which is a widely-used, standardised sustainability reporting framework. The summarised performance of the Wesfarmers Group is contained in this section, and more detailed information on the divisions is available in their sections of this report. In addition, as noted through the report, available on our website including base data and other information, is our statement of assurance against the GRI criteria.

Wesfarmers focuses on operating its businesses for the long-term without the distraction of relatively short-term forecasts. In this sense we set very few public targets for future performance in the area of sustainability, preferring to be judged on performance, but the listing of material issues for our businesses will guide the reader to those issues we believe are most important in the long-term.



Target team members volunteer their time to pack essential items in Buddy Bags for the Alannah and Madeline Foundation to provide to children entering emergency care.



↑ 17%

Safety performance

Lost Time Injury Frequency Rate

2011	12.78
2010	10.95

An increase in our LTIFR compared to last year indicates that we must do more across the Group to improve safety.



↑ 3.5%

Greenhouse gas emissions

Tonnes CO₂e

2011	6,349,576
2010	6,132,809

Energy efficiency investments in many of our businesses assist us in better managing our greenhouse gas emissions.



↑ 4.2%

Energy use

Petajoules

2011	33.75
2010	32.40

The increase in our energy use compared to last year is slightly lower than our business growth.



↓ 1.1%

Water consumption

Megalitres

2011	12,107
2010	12,243

The decrease is largely due to reduced water use at the Curragh mine in Queensland as a result of the Queensland floods.



↑ 69.4%

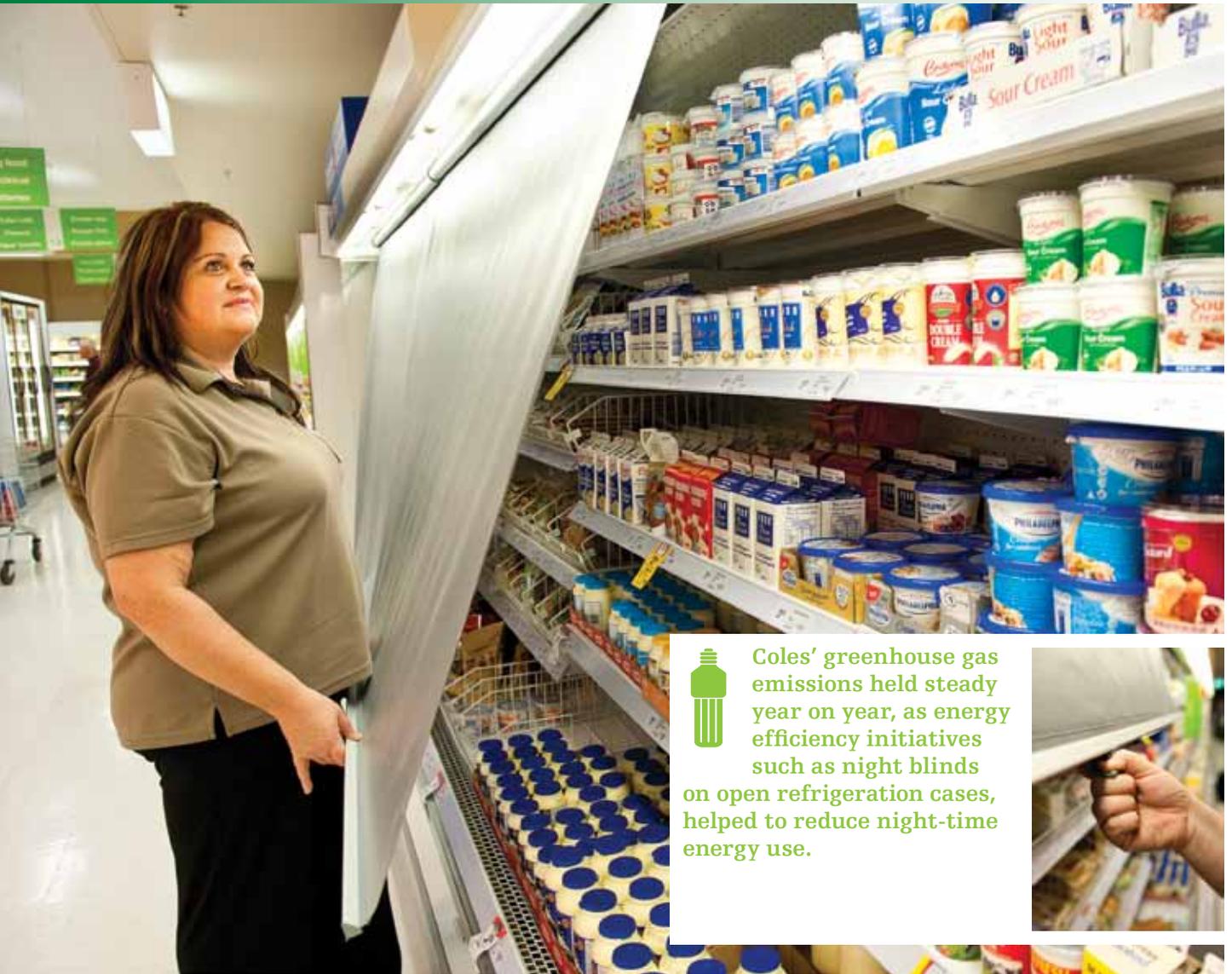
Community contribution

A\$m

2011	77.57
2010	45.78

The significant increase is largely due to one-off contributions to assist with the recovery from the Queensland floods and New Zealand earthquakes.

In Focus: Energy efficiency



Coles' greenhouse gas emissions held steady year on year, as energy efficiency initiatives such as night blinds on open refrigeration cases, helped to reduce night-time energy use.



Other divisional highlights:

Bunnings

Continued roll-out of energy efficient lighting initiatives to stores

This included 29 stores fitted with energy efficient e-tronic lights and the introduction of LED lighting in outdoor areas as a standard in the new store design brief.

Kmart

New trials to reduce the amount of energy consumed in stores

Kmart will soon trial energy efficient initiatives including using the sun to provide light; installing more energy efficient lighting; monitoring and controlling where and when energy is used; using natural ventilation; and making air conditioning systems more efficient.

Officeworks

Making better use of available electricity

After a successful trial, power-factor correction devices are now standard in new store design specifications.

Industrial and Safety

Implementation of a pilot project for efficient warehouse lights

Successfully piloted energy efficient warehouse lights that meet light quality requirements while being cost effective.

Target

Changing the store temperature settings

Target started a program to adjust store temperature settings by between one and two degrees, reducing energy consumption.

In Focus: Packaging



Wesfarmers is a signatory to the Australian Packaging Covenant (APC), a voluntary initiative aimed at reducing the effects of packaging on the environment. The first Action Plan was signed in March 2011.



Other divisional highlights:

Coles

1,800
products assessed

More than 1,800 Coles-branded products assessed against the APC's sustainable packaging guidelines.

Target

63
tonnes saved

Target developed sustainable packaging guidelines for key merchandise areas, such as footwear, which saved 63 tonnes of excess packaging.

Bunnings

60%
of store waste diverted from landfill

60% of all store-generated waste was diverted from landfill, and Western Australian stores began recycling polystyrene packing by backloading to their distribution centre.

Kmart

100%
recycled material

Kmart will begin offering reusable shopping bags made from 100 per cent recycled material, rather than using virgin plastic.

Economic contribution

Wesfarmers is one of Australia's largest publicly-listed companies and one of the country's largest private-sector employers, with more than 500,000 shareholders and approximately 200,000 employees at the report date.

As a result, both directly and indirectly, there are many Australians with a shared interest in the sustainable future of Wesfarmers and our capacity to continue to provide satisfactory returns to shareholders.



\$11,449m
Value added by Wesfarmers

Our major operating business interests in the full-year covered by this report include supermarkets, liquor and convenience stores; home improvement and office supplies; general merchandise and apparel; coal mining; insurance; industrial and safety products distribution; chemical and fertiliser manufacture; and gas production and distribution and power supply.

Key indicators of the Group's financial performance indicators are summarised in figure 1.

Our operations make a significant contribution to the economies of Australia and New Zealand. These contributions included more than \$6,790 million paid in salaries, wages and other benefits to our employees, dividends to our shareholders totalling \$1,735 million and \$1,287 million paid to governments at all levels in the form of taxes, levies and royalties. More than 95 per cent of our revenues and earnings are derived from our Australian operations.

We are one of 20 Australian companies selected for inclusion in the Dow Jones Sustainability World Index for 2011 (as at 19 September 2011). We are also included in the Dow Jones Sustainability World Index and the Asia Pacific region (DJSI World – Asia Pacific).

DJSI is a set of five indices which evaluate the performance of companies worldwide.

The DJSI assessment (with assessments against the DJSI criteria) of Wesfarmers over the past five years has been shown in figure 2.

FIGURE 1: Economic contribution (\$m)

	FY2009	FY2010	FY2011
Sales and operating revenue	50,982	51,827	54,875
Cost of goods, services etc	40,496	41,028	43,426
Value added by Wesfarmers	10,486	10,799	11,449
Wages and salaries and other benefits	6,269	6,533	6,790
Dividends paid to shareholders	1,102	1,446	1,735
Interest paid on borrowings	816	616	472
Income tax and other government payments	1,216	1,130	1,287
Reinvested in the business	1,072	1,036	1,111
Capital expenditure ¹	1,503	1,656	2,062
Depreciation and amortisation expense	856	917	923

¹ Cash paid for purchases of property, plant and equipment and intangibles.

Environmental

Wesfarmers' diversified businesses, and its geographical spread across Australia and New Zealand, means the company is responsible for managing a wide range of environmental issues. Because of this diversity, Wesfarmers requires business units to develop policies and procedures that are relevant to their particular circumstances while ensuring that these are in line with the broader Group's principle of placing strong emphasis on protection of the environment. Across the Group, a number of significant environmental programs are being developed and implemented, many of which are outlined in the respective divisional reports.

Group environmental indicators

The information in this section includes data from five years wherever possible. Some of our businesses find that water and waste are difficult to accurately measure because of the shared location of their facilities, so they have developed estimation techniques, while some of the former Coles group of companies did not collect some of this data prior to being acquired by Wesfarmers in November 2007. These estimations or lack of recorded data are highlighted in the report.

Greenhouse gas emissions

Wesfarmers reports under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). This system records the majority of Australia's greenhouse emissions and energy use. Wesfarmers registered under the NGER Act in October 2008 and operates a Group-wide, internet-based, information management system to manage our NGER Act reporting obligations, and also to inform and monitor our many energy efficiency programs in the future.

The NGER Act covers Scope 1 and 2 emissions; does not include some significant emission sources such as the sodium cyanide business at our Kwinana operations or certain refrigerant gases; and introduces the concept of operational control (which means, for example, a Coregas air separation unit in New South Wales and several remote power generators in Western Australia are reported for NGER Act purposes by our clients). This means that some of our data is not directly comparable year on year, but where possible this is explained in the text and this report covers all emissions we are responsible for.

FIGURE 2: Dow Jones Sustainability World Index (%)

Dimension	2007	2008	2009	2010	2011
Environmental	55	51	67	72	78
Social	59	63	57	50	69
Economic	63	64	69	71	62
Total for Wesfarmers	60	61	64	64	68
Average in our industry group	41	46	47	45	48

Sustainability scorecard continued

At the time of this report's preparation, Wesfarmers recorded 5,044,231 tonnes carbon dioxide equivalents (CO₂e) (Scope 1 and 2 emissions) in our NGER Act report for 2010/11. This Sustainability Report declares a total of Scope 1, 2 and 3 emissions of 6,349,576 tonnes CO₂e (a difference of 1,305,345 tonnes CO₂e).

The difference is created by the definitional and legal requirements of the NGER Act with the major components (all quoted as approximate data in tonnes CO₂e) comprising:

- Scope 3 electricity transmission emissions (401,600)
- air travel emissions, calculated to include a forcing factor to account for emissions by aircraft at cruising altitude (38,200)
- refrigerant gases excluded from the NGER Act (33,600)
- Air Liquide WA, which is reported under the NGER Act by Air Liquide Australia (89,000)
- New Zealand and other country emissions (12,000)
- the sodium cyanide plants we operate for Australian Gold Reagents (a 75 per cent owned joint venture) (82,600) – this production process is not included in the NGER Act Determination
- the Coregas air separation unit at Port Kembla, New South Wales, which is deemed for NGER Act purposes not to be under the operational control of Coregas (197,700)
- other emissions including gas transmission factors, use of rental vehicles and waste-related emissions and some industrial emissions not able to be recorded under the NGER Act (450,000).

Our total direct and indirect greenhouse emissions for the Group in 2010/11 were 6,349,576 tonnes CO₂e (figure 3). This was 216,767 tonnes above emissions reported for last year; however, the 2010 data did not include air travel emissions or the Coregas air separation unit at Port Kembla, which would have increased the emissions reported in last year's report by 235,900 tonnes to 0.3 per cent above the level reported this year.

Our NGER Act report for 2010/11 reflected a decrease of 2.3 per cent, compared to the 2009/10 NGER Act report.

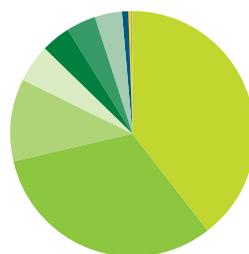


6,349,576
(greenhouse gas emissions tonnes CO₂e)

Scope 1, 2 and 3

The decrease in emissions this year (Scope 1 and 2 in the NGER Act) occurred in most of our divisions – despite business growth across the Group – and resulted largely from: energy efficiency investments in our retail businesses; the investment in nitrous oxide emission reduction at CSBP in Kwinana (a business in the Chemicals, Energy and Fertilisers division), which is expected to provide further reductions in direct emissions in future years; and the reduction in production at our Curragh mine in Queensland, which in turn reduced reported methane-based fugitive emissions (the NGER Act requires this to be calculated according to a formula driven by coal mined).

Percentage of total Wesfarmers emissions



Coles	39.7
WesCEF	31.9
Resources	10.9
Kmart	4.9
Target	3.9
WIS	3.8
Bunnings	3.6
Office Supplies	1.0
Insurance	0.2
Corporate	0.1

FIGURE 3: Greenhouse gas emissions (tonnes CO₂e)

Division	2007	2008	2009	2010 Total	2011 Scope 1 and 2 ⁴	2011 Scope 3 ⁵	2011 Total
Coles	n/a	2,938,829	2,978,518	2,530,856	2,148,630	375,178	2,523,808
Bunnings	182,802	186,525	179,046	210,620	177,473	48,711	226,184
Office Supplies	n/a	n/r	55,522	63,362	55,938	9,062	65,000
Target ¹	n/a	230,545	219,858	239,827	205,302	39,693	244,995
Kmart	n/a	310,391	257,087	303,397	252,685	58,983	311,668
Resources	834,654	614,619	707,725	715,388	649,374	44,652	694,026
Insurance	5,679	12,975	12,236	13,405	9,452	3,337	12,789
WesCEF ²	1,461,880	1,811,792	1,862,605	2,024,587	1,875,740	147,001	2,022,741
WIS ³	29,533	33,546	25,231	30,014	233,144	9,927	243,071
Corporate	n/r	n/r	716	1,353	1,301	3,993	5,294
Group total	2,514,548	6,139,222	6,298,544	6,132,809	5,609,209	740,082	6,349,576

– n/a means data was not available.

– n/r means data was not collected or recorded.

– Wesfarmers' two joint ventures and a partly-owned company had combined Scope 1 and 2 emissions of 589,546 tonnes CO₂e in 2009/10 on an equity basis (40% of Bengalla coal mine in New South Wales; 50% of Queensland Nitrates Pty Ltd in Queensland; and 50% of Wespine in Western Australia) based on publicly available data for 2009/10.

– An estimate of our transport supply chain emissions in Australia and overseas is 760,000 tonnes CO₂e.

1 The Target data includes Coles Group Asia (714 tonnes CO₂e).

2 The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions – the data prior to 2011 includes Coregas.

3 The WIS emissions increased in 2011 because of the inclusion of Coregas in that division from July 2010.

4 The Scope 1 and 2 data for 2011 includes all businesses where Wesfarmers has operational control under the NGER Act; emissions related to our businesses in New Zealand, the United Kingdom and several Asian countries; and, businesses we manage in Australia (e.g. Air Liquide WA) where we do not exercise operational control as defined by the NGER Act.

5 The Scope 3 emissions for 2011 include electricity and gas transmission; liquid and gaseous fuel components; waste; rental vehicles; air travel emissions and some incidental sources. The Scope 3 emissions increased in 2011 largely because of the inclusion of more elements.

Wesfarmers continued to participate in the Carbon Disclosure Project (CDP) in 2011. Our submission is available on the CDP website at www.cdproject.net and provides full disclosure on our greenhouse emissions and our approach to climate change issues. As part of our efforts to reduce emissions, we continue to contribute to a major emissions reduction initiative, the Coal21 Fund, which levies coal producers to fund research into low emission coal technologies. Our contribution to this fund is likely to reach \$30 million over 10 years.

The diversity of our business operations provides some difficulty in developing Group-wide metrics to enable review of our emissions performance over time, other than the data provided in figure 3. Figure 4 shows our reported emissions per million dollars of revenue from the year 2001, which explains our capacity to improve emission intensity over time (in these 10 years there have been significant changes in the Group's business activities).

We are also an investor in two joint ventures and a company in Australia which report under the NGER Act – the Bengalla mine in the Hunter Valley, New South Wales (40 per cent owned by Wesfarmers and operated by Coal and Allied); Queensland Nitrates Pty Ltd at Moura in Queensland (50 per cent owned by Wesfarmers and operated as a separate management entity); and the 50 per cent owned Wespine sawmill in Western Australia. Our equity share of the 2009/10 emissions (the most recent publicly available data) reported under the NGER Act by these three businesses was 589,546 tonnes CO₂e. The 2010/11 NGER Act reports by these businesses, and Wesfarmers Limited, will be published in February 2012.

Energy use

The total estimated energy use for our Group in 2010/11 was 33.75 petajoules, an increase of approximately 4.2 per cent on last year, which is slightly lower than business growth. Our energy use is summarised in figure 5.



33.75

(petajoules)

Energy consumed

Wesfarmers is registered under the Federal Government's *Energy Efficiency Opportunities Act* (EEO Act), with an amended Assessment and Reporting Schedule for our Group gaining regulatory approval in May 2010. The approved schedule incorporates assessment of at least 92 per cent of all Wesfarmers energy use.

We submitted our third public and government reports under the EEO legislation in December 2010, and the public report is available on our website at www.wesfarmers.com.au

The Group energy usage in our 2010/11 NGER Act report will be different to the data in figure 5 below. The difference relates to legal and definitional issues required by the NGER Act, and largely relates to: natural gas passed through our Kleenheat LPG operations at Kwinana, Western Australia, which is not actually converted to product or combusted, but which has to be counted in the NGER Act report (12.84 petajoules); and the enGen remote area power stations which are not under our operational control for NGER Act purposes and therefore are reported by our mining company customers (3.57 petajoules).

FIGURE 4: Greenhouse emissions (CO₂e) per \$m revenue

2011	115.8
2010	118.3
2009	128.4
2008	189.3
2007	271.6
2006	310.8
2005	316.4
2004	265.4
2003	313.6
2002	239.7
2001	376.8

FIGURE 5: Energy consumed (petajoules)

Division	2007	2008	2009	2010	2011
Coles	n/a	7.02	7.29	7.39	7.27
Bunnings	0.64	0.69	0.73	0.77	0.82
Office Supplies	n/a	0.06	0.17	0.21	0.21
Target	n/a	0.76	0.82	0.84	0.82
Kmart	n/a	1.05	0.99	1.04	1.08
Resources	3.51	3.33	4.31	3.94	4.00
Insurance	0.04	0.08	0.09	0.08	0.08
WesCEF ¹	14.59	17.88	15.16	17.93	18.25
WIS ²	0.18	0.20	0.19	0.19	1.21
Corporate	n/r	n/r	0.01	0.01	0.01
Group total	18.96	31.07	29.76	32.40	33.75

- n/a means data was not available.

- n/r means data was not collected or recorded.

- This data includes all energy use that is within the scope of this report except joint ventures we do not operate and the energy use associated with air travel emissions.

¹ The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions – the data prior to 2011 includes Coregas.

² WIS energy consumed increased because of the inclusion of Coregas in that division from July 2010.

Sustainability scorecard continued

Water consumption

Estimated water use (scheme, surface and ground water) across the Group totalled 12,107 megalitres (figure 6). Last year's estimated total Group consumption was 12,243 megalitres. The reported decrease is largely due to reduced water use at our Curragh mine in Queensland, mainly as a result of the Queensland floods.



Our total water use included 2,255 megalitres of ground water (largely at our mine sites and industrial operations); 1,745 megalitres of treated water from recycled sewage waters at CSBP's chemical manufacturing operations at Kwinana and 1,575 megalitres of surface water harvested at our mine sites.

We are continuing to improve the accuracy of this data in the areas where we estimate water use, particularly for retailers other than Bunnings, where shared facilities are common.

Waste

All of our retail businesses are signatories to the Australian Packaging Covenant (APC) through the registration of Wesfarmers Limited in 2010 – the APC replaced the previous National Packaging Covenant (NPC) in which Wesfarmers and our retail businesses also participated. The APC is, similar to the NPC, a voluntary packaging waste reduction and recycling initiative underpinned by a National Environment Protection Measure and all our retail businesses reported publicly on their activities in October 2010 as our final report under the provisions of the NPC – this report is available at www.wesfarmers.com.au

FIGURE 6: Water consumption (megalitres)

Division	2007	2008	2009	2010	2011
Coles	n/a	1,725	2,170	2,709	2,983
Bunnings	858	844	717	691	732
Office Supplies	n/a	n/r	n/r	52	50
Target	n/a	n/r	n/r	339	311
Kmart	n/a	n/r	n/r	775	767
Resources ¹	3,869	3,654	3,045	3,402	2,707
Insurance	n/r	113	119	66	80
WesCEF ²	2,455	3,630	3,591	4,143	4,220
WIS	n/r	n/r	55	63	254
Corporate	n/r	n/r	7	3	4
Group total	7,182	9,966	9,704	12,243	12,107

– n/a means data was not available.

– n/r means data was not collected or recorded.

1 The reduction in water use for the Resources division compared to 2010 was largely due to record rainfalls in Queensland causing production disruptions and a reduced need for dust suppression.

2 The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions – the data prior to 2011 includes Coregas which from 2011 onwards is reported with WIS.

During the year, our businesses disposed of 147,140 tonnes of waste to landfill and the Group data is presented in figure 7. This is a 7.7 per cent increase on waste disposal compared to last year. The data is materially complete with only data from the Insurance division not included, largely because of the difficulty in measuring waste disposal at many small offices, many sharing facilities with other organisations.

In some of the business unit reports there are comments on many of the waste reduction and recycling initiatives undertaken across the Group. As a result of these programs and initiatives, our retail businesses recycled more than 206,000 tonnes of consumer packaging materials during the year.

Liquid waste data is difficult to collect for most of our facilities because it is represented by unmetered discharges to public sewerage systems and in some cases liquid wastes delivered to appropriate treatment plants. Our coal mines also discharge ground and rain water from their mine voids under licence with the relevant authorities. CSBP at Kwinana, Western Australia, has a discharge licence to a treated waste water system that eventually discharges to the Indian Ocean.

Non-compliance/prosecutions

We are not aware of any significant non-compliance with environmental regulations or any prosecutions relating to environmental issues during the year other than disclosed in the various business reports.

In total our businesses reported four potential or actual non-compliances with environmental licences or other regulatory instruments (two each in WesCEF and Resources) and five exceedances of a target licence effluent concentration (but not a licence condition) at CSBP in Kwinana, Western Australia.

National Pollutant Inventory (NPI)

Resources and Chemicals, Energy and Fertilisers are required to report under the NPI. Full details are available on the NPI website www.npi.gov.au, with 2010/11 data available in January 2012.

FIGURE 7: Waste disposal and recycling (tonnes)

Division	2009 disposed	2009 recycled	2010 disposed	2010 recycled	2011 disposed	2011 recycled
Coles	122,570	125,363	90,961	131,242	100,107	141,022
Bunnings	19,898	9,150	17,936	14,488	17,991	9,419
Office Supplies	n/r	n/r	1,073	2,257	1,581	2,588
Target	6,381	16,955	6,068	17,201	8,342	22,161
Kmart	5,235	26,362	6,126	28,387	10,062	34,134
Resources	960	2,162	869	2,251	1,083	459
Insurance	n/r	n/r	n/r	n/r	n/r	n/r
WesCEF ^{1,2}	144,944	1,721	9,954	1,500	4,659	2,245
WIS	3,103	659	3,645	543	3,252	591
Corporate	n/r	n/r	n/r	13	63	20
Group total	303,091	182,372	136,632	197,882	147,140	212,639

– n/a means data was not available.

– n/r means data was not collected or recorded.

1 The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions – the data prior to 2011 includes Coregas which from 2011 onwards is reported with WIS.

2 The waste disposal by WesCEF decreased significantly in 2010 because the division concluded the soil disposal element of a complex contaminated site remediation in 2009.

In Focus: Ethical sourcing



99% of Bunnings timber products are now sourced from low-risk

plantations or other verified legal or certified sustainable forest operations. More than 37% of these timber products are FSC certified.



Other divisional highlights:

Coles

85
suppliers audited

85 suppliers operating in non-Organisation for Economic Co-operation and Development member countries audited. Coles' approach is to ensure suppliers of Coles-brand products comply with its ethical sourcing policy.

Industrial and Safety

Improved auditing

Updated and improved the supplier survey to manage risks in ethical sourcing. Continued to work with international suppliers to improve the sustainability of our sourced products, which included auditing all of our major Asian suppliers of our own branded products.

Kmart

95
factories approved

95 factories gained approval through Kmart's Ethical Sourcing Code. Kmart undertook a comprehensive review of its ethical sourcing program, and will launch a new code by the end of 2011.

Target

430
factory audits

Conducted 430 factory audits. Target completed a full review of its Ethical Sourcing Code and business procedures including specification of our mutually recognised codes.

In Focus: Wesfarmers in the community



The Wesfarmers Group contributed a total of \$77.57 million in community support (including both direct and indirect activities). This is an increase of 69 per cent on last year, in part due to one-off contributions to the significant natural disasters that occurred during the year, as well as an increase in our general community partnerships.



Other divisional highlights:

Kmart

5 million
Christmas gifts distributed

More than five million Christmas gifts distributed over the past 24 years through the Kmart Wishing Tree Appeal.

Coles

7,600
schools assisted

\$7 million of sporting equipment distributed to more than 7,600 schools across Australia as part of Coles' Sports for Schools program.

Bunnings

\$26m
contributed and helped raise

Contributed and helped raise more than \$26 million and our team supported well over 42,000 community activities through sausage sizzles, hands-on DIY projects and renovations, local fundraising activities, community workshops and more.

Target

\$1m
milestone reached

More than \$1 million raised for The Alannah and Madeline Foundation from the sale of red re-usable bags since Target's partnership with the organisation started.

Resources

Support for young people

Continued support for Life Education Australia, delivering drug and alcohol education for young people in central Queensland and south-west Western Australia.

Environmental expenditure

Total environmental expenditure, including land remediation costs for 2010/11, is \$34.96 million (figure 8). This compares with last year's total of \$53.92 million, the difference largely due to the completion of the Blackwater Creek diversion project at the Curragh mine site. These costs include salaries and overheads, specific environmental projects and any other costs (such as fees paid to consultants and capital expenses) for an environment-related purpose, which can include emission reduction, effluent management, revegetation and energy efficiency.



Contamination

Remediation of site contamination is an issue for some of our businesses. Wesfarmers is responsible for the remediation of several sites and financial provision has been made to cover the estimated cost of these activities.

CSBP is engaged in the remediation of a former fertiliser site at Bayswater in Western Australia, which has been reported on previously. Active remediation has concluded at the site and activity now relates to monitoring and the statutory audit processes.

During the year, Wesfarmers made some significant progress at a site in Manjimup, Western Australia, formerly owned by Sotico. Extensive monitoring and review led to six properties owned by third parties near the site being reclassified as 'Not Contaminated – Unrestricted Use' under the provisions of the Western Australian Contaminated Sites Act 2003 in August 2010. These properties had previously been classified as 'Contaminated – Remediation Required' under the Act. The monitoring on the site, following the extensive remediation activity reported last year, continues to show considerable positive progress.

Monitoring and risk assessment continued variously at the former Wesfarmers Transport sites in Kewdale, Carnarvon and Port Hedland in Western Australia. The Carnarvon site was reclassified under the Contaminated Sites Act 2003 as 'Remediated for restricted use' in September 2010, which allows its intended use to be pursued by the current owners. Remediation outcomes at the Kewdale site have progressed to the stage where Wesfarmers will seek a similar regulatory outcome for that site in 2011/12.



Environmental Graduate Ben Champion conducting water quality monitoring at Blackwater Creek, Curragh mine, Queensland.

FIGURE 8: Environmental related expenditure (\$m)

Division	2007	2008	2009	2010	2011
Coles	n/a	2.27	3.15	9.00	15.35
Bunnings	5.32	6.84	10.00	4.12	4.67
Office Supplies	n/a	n/r	n/r	0.02	0.08
Target	n/a	0.24	0.23	0.17	0.32
Kmart	n/a	n/r	1.28	1.59	2.16
Resources ¹	4.74	14.20	11.67	32.34	5.53
Insurance	n/r	0.13	0.24	0.21	0.01
WesCEF ²	8.99	6.54	11.02	5.63	6.40
WIS	n/r	0.04	0.06	0.20	0.20
Corporate	1.28	0.88	0.79	0.64	0.24
Group total	20.33	31.14	38.44	53.92	34.96

– n/a means data was not available.

– n/r means data was not collected or recorded.

– Of the total expenditure on environmental and related matters, \$4.62 million was required by regulation and \$30.14 million was not required by regulation.

1 The large increase in 2010 relates to environmental facets and ecosystem offsets for the Blackwater Creek project at the Curragh mine.

2 The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions – the data prior to 2011 includes Coregas.

Sustainability scorecard continued

Social

Our people

The majority of our workforce is located in Australia and New Zealand (see figure 9), and our employees worked more than 218 million hours (figure 10).



199,364
Wesfarmers team members

In terms of workplace relations, we recognise the right of those we employ to negotiate either individually or collectively, with or without the involvement of third parties. The large majority of our employees are covered by collective agreements. At the same time, the company believes in maximising the flexibility of workplace arrangements available to employees and their managers.

A diverse workforce is of significant social and commercial value and Wesfarmers recognises the importance of being an inclusive employer. Gender diversity has been and continues to be a priority for the Group. As at 30 June 2011, approximately 57 per cent of our employees are female.

Two of our eight non-executive directors (25 per cent), 22 per cent of Wesfarmers' senior executives (general manager level or above), and 26 per cent of all management and professional employees across the Group are female. A copy of our diversity policy is available on our website at www.wesfarmers.com.au

Given our autonomously operating business unit structure, training is one of the key human resource issues within the direct responsibility of business units. At the same time, key human capital development policies and processes apply across the Group. These include remuneration policies for the Group's senior managers, workplace anti-discrimination and succession planning. Our recorded commitment in training and development was 2.2 million hours.

We have a Code of Ethics and Conduct that covers employee behaviour and while business units are encouraged to adopt standards that align best with their activities, these must embody the principles laid down in the Group code, which is available on our website. Also available on our website is our Group Whistleblower Policy which encourages employees to raise any concerns and report instances of unethical, illegal, fraudulent or undesirable conduct, where there are reasonable grounds to suspect such conduct, without fear of intimidation, disadvantage or reprisal.

FIGURE 9: Employee numbers in various locations

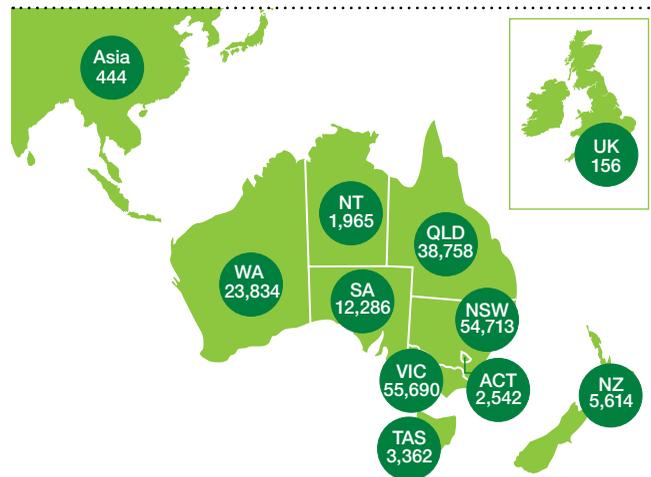


FIGURE 10: Number of hours worked by employees

Division	2008	2009	2010	2011
Coles	104,317,176	111,464,731	110,744,686	109,973,384
Bunnings	32,346,368	33,916,817	35,749,310	36,921,064
Office Supplies	5,884,429	6,257,964	6,613,388	6,984,777
Target	20,246,165	20,664,453	20,204,521	21,110,499
Kmart	26,075,503	24,499,000	25,680,268	24,284,994
Resources	2,650,770	3,550,808	3,263,519	3,875,831
Insurance	5,078,144	5,415,648	5,616,469	5,467,197
WesCEF ¹	4,169,727	4,253,030	3,841,739	3,488,097
WIS	5,817,131	5,829,832	5,600,947	6,407,312
Corporate	304,392	412,513	400,975	329,970
Group total	206,889,805	216,264,796	217,715,822	218,843,125

- This table includes 847,704 hours worked by the 429 employees in Coles Group Asia.

1 The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions - the data prior to 2011 includes Coregas.

In Focus: Greenhouse gas reduction



WesCEF started trials of nitrous oxide reduction

technology using a catalyst, pictured, in one of its nitric acid plants at Kwinana (Western Australia) to help reduce greenhouse gas emissions.



Other divisional highlights:

Chemicals, Energy and Fertilisers

Nitrous oxide reduction technology trialled

Nitrous oxide is a greenhouse gas emitted during the production of nitric acid. Each emitted unit is equivalent to 310 units of carbon dioxide, representing approximately 46% of WesCEF's total CO₂e in 2009/10.

Kmart

Saving electricity use

Introduced new technology and systems to only recharge electric forklifts when they fall below 25% charge, hence saving considerable electricity use and carbon emissions.

Bunnings

Focused on energy efficiency

Total carbon footprint increased by 5%, which remains 1% lower than net store growth due to store energy efficiency initiatives.

Resources

Improving measurement

Participating in a joint government/industry project to more accurately measure fugitive methane emissions from coal mining. It is expected that a methodology will be agreed in 2012 that we believe will reduce our reported emissions.

Coles

42 stores

Installed voltage optimisation technology in 42 stores, allowing Coles to draw less energy from the public grid and reduce total store power consumption.

Sustainability scorecard continued

Safety

Workplace safety remains the Group's highest priority. We believe we have an obligation to do all we can to ensure the safety in the workplace of everyone who works for our company, our visitors and customers. Sadly, the death of a contract worker in a single light vehicle accident at the Curragh mine in August 2010 is a reminder that we must continue to focus on preventing workplace accidents. We have a Group target of reducing accident rates by 50 per cent each year towards a goal of zero. The primary measures are the Lost Time Injury Frequency Rate (LTIFR) and the Total Recorded Injury Frequency Rate (TRIFR).



12.78
Group LTIFR

For the reporting period, the Group LTIFR was 12.78, up from 10.95 for the previous year. Most of this reported increase was due to a change in LTIFR calculation in Coles to standardise the reporting definitions across the Group, although Bunnings and WesCEF reported increases in LTIFR as well. The TRIFR at year end was 40.94, compared to 49.3 in July 2010, although some of this decrease is attributable to standardising our reporting of TRIs across the Group.

There were 2,796 Lost Time Injuries (LTIs) over the year across all businesses in the Group and 8,959 Total Recorded Injuries (TRIs), which include LTIs and medical treatment injuries.

Details of individual business safety outcomes are found in figure 11 and their individual sections of this report. While the LTIFR remains the main Group-wide measure of safety performance currently, operating businesses are encouraged to use a range of broader measures to promote a more pro-active approach and support a culture of safe work practices.

The number of workers' compensation claims is shown in figure 12.



9,334
Number of workers' compensation claims

Governance

The corporate governance framework of Wesfarmers operates according to a series of governance charters and policies which have been adopted by the Board. A detailed account of the governance structure and responsibility of Wesfarmers Limited, including the role and responsibilities of the Board, can be found in our 2011 Annual Report or in the corporate governance section of the company's website at www.wesfarmers.com.au

Community contributions and partnerships

The continuing successful operation of the Group's businesses, in an ethical and socially responsible way, is the cornerstone of our contributions to the community. We believe in supporting the communities in which we operate by direct and indirect assistance to organisations and activities that provide a public benefit. The Wesfarmers Board gives preference to activities focused on medical research and health, indigenous partnerships, education and the Wesfarmers Arts program. In this report, further information on the Group's response to the Queensland floods is outlined in some detail. Reference is also made to the support provided to the rebuilding efforts in Christchurch, New Zealand, after major earthquakes. This crisis response was predominantly responsible for the increase in direct community support through cash donations by Wesfarmers Limited from \$3.70 million in 2009/10 to \$10.19 million in 2010/11.

FIGURE 11: Lost Time Injury Frequency Rate (LTIFR)

Division	2007	2008	2009	2010	2011
Coles ¹	n/a	17.45	15.55	12.87	16.98
Bunnings	14.48	13.79	14.56	12.53	13.41
Office Supplies	n/a	10.40	12.30	11.95	12.17
Target	10.36	9.34	9.20	7.97	6.96
Kmart	11.02	10.74	11.18	9.02	6.78
Resources	3.4	7.2	2.53	2.14	1.29
Insurance	2.70	3.70	2.22	0.89	0.83
WesCEF ²	1.83	4.05	2.60	3.82	4.59
WIS	4.60	4.60	2.40	1.61	2.34
Corporate	0	0	4.85	0	0
Group total	10.60	9.94	13.06	10.95	12.78

- n/a means data was not available.

1 The Coles data has increased in the year in part due to a technical change in reporting methodology to ensure consistency across the Group.

2 The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions - the data prior to 2011 includes Coregas.

FIGURE 12: Workers' compensation claims

Division	2007	2008	2009	2010	2011
Coles	5,546	5,547	5,482	5,474	6,112
Bunnings	1,331	1,068	1,304	1,258	1,080
Office Supplies	235	255	240	209	215
Target	684	837	834	757	765
Kmart	1,419	1,314	1,223	1,077	907
Resources	52	41	63	57	47
Insurance	12	40	33	30	15
WesCEF ¹	47	74	62	61	58
WIS	126	138	134	117	132
Corporate	0	0	3	0	3
Group total	9,452	9,314	9,378	9,040	9,334

1 The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions - the data prior to 2011 includes Coregas.

In Focus: Safety



Wesfarmers Industrial and Safety piloted programs to improve forklift safety, such as driver training, introducing swipe card access, monitoring operator licences, fitting impact sensors, speed limits, and reporting.



Other divisional highlights:

Kmart	Target	Bunnings	Officeworks	Chemicals, Energy and Fertilisers
<p>Better safety initiatives</p> <p>Introduced new initiatives, such as boom gates and safety rails, to reduce the potential for falls from Kmart loading docks.</p>	<p>Improved manual handling</p> <p>Redesigned an existing carton conveyor system which eliminated the need to manually push cartons down the conveyor, reducing awkward reaching and twisting by team members.</p>	<p>10,000 training hours</p> <p>More than 10,000 hours dedicated to further train and up-skill Bunnings safety improvement teams to ensure they are effective in supporting health and safety onsite.</p>	<p>Improved safety performance</p> <p>All Injury Frequency Rate reduced from 47.20 in 2009/10 to 36.22 this year.</p>	<p>Increased team member participation</p> <p>Increased focus on safety metrics resulting in increased team member participation in safety meetings, risk assessments, task observations and hazard identification in the workplace.</p>

Sustainability scorecard continued

Figure 13 provides detailed data on our direct and indirect community partnerships and contributions during 2010/11.

In 2010/11, our direct community contributions were 1.05 per cent of earnings before interest and tax (\$3.232 billion) and 1.76 per cent of net profit after tax (\$1.922 billion).

To ensure consistent reporting on our Group community contributions, Wesfarmers continued to engage with the London Benchmark Group (LBG). The LBG operates an assessment and verification process for organisations wishing to define their community contributions according to standard definitions and policies that are developed collaboratively by the LBG and its members. More information about the process is available at the LBG website (www.lbg-australia.com).



LBG undertakes a verification process across the Wesfarmers Group (excluding Home Improvement and Office Supplies division) and provides a report on which the data in figure 13 is based, as well as a verification statement on page 69. The community contributions from the Home Improvement and Office Supplies (HIOS) division were assured by Net Balance as part of its overall assurance of this report – please note its Assurance Statement on page 70 for specific comment on HIOS' community contributions.

Wesfarmers Arts

The award winning Wesfarmers Arts program provides major ongoing support to a number of premier Australian arts companies. Wesfarmers' sponsorship of the arts focuses on increasing community access to premier quality arts from Australia and the world in the belief that a vibrant cultural sector makes a positive contribution to the lives of all Australians.

Highlights of the Wesfarmers Arts program included the first tour to regional Western Australia by the Australian Chamber Orchestra and the successful roll-out of the Wesfarmers Arts Indigenous Fellowships in partnership with the National Gallery of Australia. The only professional development and mentoring scheme of its kind in Australia, the Fellowships program provides opportunities for 12 indigenous Australians to work with the collections and professional staff of the National Gallery. In September 2011, the program was recognised by an Australian Business Arts Foundation Award for Innovation.

In addition to the arts support program, the company's nationally recognised Collection of Australian Art is shared with the public through exhibitions and loans to galleries across the country.

Responsible sourcing

While the majority of our expenditure on products, employee costs and services is in Australia and New Zealand, many of our businesses source products from other countries, predominantly in Asia and India, but also from Europe, Africa and South America. In our industrial businesses, this sourcing is mainly complex engineering products, bulk fertilisers and chemicals or other raw materials. One of these raw materials, phosphate rock (a key input for superphosphate manufacture) is from a mine in Western Sahara (where WesCEF buys about three per cent of the mine output) and is the subject of international comment in relation to the status of the indigenous Saharawi people of the region. We have reported on this in previous reports and the WesCEF section of this report provides a brief update on our approach.

FIGURE 13: Community contributions (\$m)

Division	2009			2010			2011		
	Direct	Indirect	Total	Direct	Indirect	Total	Direct	Indirect	Total
Coles	12.36	7.36	19.72	7.32	1.85	9.17	15.61	6.70	22.31
Bunnings	3.61	11.92	15.53	2.03	18.06	20.09	3.28	23.09	26.37
Office Supplies	0.49	n/r	0.49	0.51	0	0.51	0.97	0.38	1.35
Target	0.99	1.68	2.67	1.44	1.64	3.08	1.10	2.02	3.12
Kmart	1.02	10.83	11.85	2.35	4.53	6.88	0.74	10.57	11.31
Resources	0.86	n/r	0.86	0.68	0.03	0.71	0.83	0.04	0.87
Insurance	0.84	n/r	0.84	0.96	0	0.96	0.41	0.03	0.44
WesCEF ¹	0.69	0	0.69	0.44	0.01	0.45	0.29	0.00	0.29
WIS	0.13	0.05	0.18	0.17	0.04	0.21	0.38	0.93	1.31
Corporate	4.78	0.01	4.79	3.70	0.02	3.72	10.19	0.01	10.20
Group total	25.77	31.85	57.62	19.60	26.18	45.78	33.80	43.77	77.57

- Direct contributions include cash, product at cost and in kind contributions at cost; indirect contributions are those made by others where a Wesfarmers business facilitated and supported the contribution, e.g. customer donations to an appeal at point of sale.

- n/r means data was not collected in that year.

1 The WesCEF data for years prior to 2011 is an aggregation of the data previously reported for the (then) Energy, and Chemicals and Fertilisers divisions – the data prior to 2011 includes Coregas.

In September 2011, Kmart ceased supply arrangements with an Indonesian paper company to source envelopes shown to contain less than 20 per cent of tropical hardwood pulp. Kmart is now in the process of reviewing similar paper products in light of these findings.

Most of our sourcing of products from other countries is undertaken by our retail businesses and Wesfarmers Industrial and Safety. Each of these businesses has detailed policies and codes that govern their responsible sourcing activities in other countries, whether the sourcing is directly through manufacturers working for our businesses, or indirectly through other suppliers. These policies and codes are supported by extensive audit and review systems conducted either by our businesses themselves, or through relying on mutual accreditation audit systems with other international retailers. Each business provides some detail on their approach to responsible sourcing in their section of this report and our progress in this area is regularly reported to the Wesfarmers Board.

At 30 June 2011 we had approximately 2,573 direct importers across the Group and during the year 1,147 of these (44.6 per cent) had been engaged in our verification or audit processes. A total of 1,377 audit processes were undertaken during the year, of which 808 were completed either by our own staff or qualified auditors acting directly for our businesses. The purpose of the audits is generally to check compliance and work with suppliers to rectify any issues found, but during the year one manufacturer supplier to Target (and reported in Target's section of this report) was deregistered due to poor social compliance.

Political donations

Wesfarmers does not make donations to political parties.

The musicians of West Australian Symphony Orchestra at home in the Perth Concert Hall.



Other businesses

In addition to the businesses included in this report, Wesfarmers also holds major investments in the following companies.

Queensland Nitrates Pty Ltd (QNP): Through WesCEF, Wesfarmers owns a 50 per cent interest in QNP, located at Moura in central Queensland. QNP is an ammonium nitrate producer and services the mining sector in the Bowen Basin. For further information, please visit www.dawsonvalley.net/QNP

Bengalla coal mine: Through our Resources division, Wesfarmers owns a 40 per cent interest in the Bengalla coal mine in the Hunter Valley in New South Wales, through a joint venture with Coal and Allied, a member of the Rio Tinto group of companies. The Bengalla mine produces steaming coal for domestic and export markets. For further information, please visit www.coalandallied.com.au

Gresham Partners Group Limited: Wesfarmers owns a 50 per cent interest in Gresham Partners Group Limited, the holding company for the Gresham Partners investment banking activities. In addition, we are a participant in the Gresham Private Equity wholesale investment funds with underlying investments in mining services, retail, logistics and other specialist sectors. For further information, please visit www.gresham.com.au

BWP Trust: Wesfarmers owns 23.3 per cent of BWP Trust, which develops and owns properties for our Bunnings business and other retail/commercial companies. For further information, please visit www.bwptrust.com.au

Wespine Industries: Wesfarmers owns 50 per cent of Wespine, which operates a plantation softwood sawmill at Dardanup in Western Australia. After a good safety performance in recent years, with no Lost Time Injuries (LTIs) recorded during the period September 2008 to September 2010, three LTIs were incurred in the year to June 2011.

Wespine purchases the majority of its raw material through its plantation log supply agreement with the Western Australian Forest Products Commission, which is in place until 2033, thus providing long-term resource security for the business. For further information, please visit www.wespine.com.au

Sotico: Wesfarmers owns and operates Sotico Pty Ltd, which in 2010/11 had a large landholding of approximately 11,800 hectares at Boddington, Western Australia, where Sotico managed 3,300 hectares of pine plantation land and leased a further 1,000 hectares for eucalypt plantations. Sotico supplied over 30,000 cubic metres of pine log products to customers, including to Wespine. Sotico maintained annual certification of its Boddington site to Australian Standards ISO 9001 and 14001 and, in February 2009, its certification was upgraded to the 9001:2008 Standard. In September 2011, the Boddington land, plantations and forest assets were sold by Wesfarmers and Sotico no longer operates the softwood logging business.

In addition, Sotico owns approximately five hectares of tourist enterprise-zoned land in the Pemberton townsite in Western Australia, following subdivision and sale of individual commercial and residential lots in recent years. During the year, Auswest, which operates a timber mill in Pemberton, was granted an approval under the *Noise Regulations of the Environmental Protection Act 1986* to continue to exceed the noise levels allowed under the Regulations which in part affect this land.

Reconciliation Action Plan

We continue to make sound progress on some of the key priorities identified in our Reconciliation Action Plan, most importantly with the level of engagement across our divisions.

For the second year, divisions conducted a survey of our workforce to determine how many self-identified Aboriginal people we currently employ. We are focused on increasing Aboriginal representation in the Group with an emphasis on learning to support future success.

Main highlights

Creating opportunities

Most divisions have taken steps to recruit and retain Aboriginal team members. Methods differ across the Group, including targeted Aboriginal employment programs (such as pre-employment training and mentoring) at Coles, traineeships at Target and Wesfarmers Resources, cadetships at WesCEF and the Wesfarmers corporate office, and direct recruitment at Kmart and Bunnings. Kmart and Bunnings are also working with school and community organisations to offer work experience opportunities.

Coles and the Wesfarmers corporate office have dedicated employees overseeing Aboriginal programs. WesCEF and Target are currently recruiting dedicated, part-time employees to oversee Aboriginal programs.

In November 2010, the Wesfarmers Arts National Indigenous Fellowships program at the National Gallery of Australia was launched. This is the first initiative of its kind in Australia, with 12 young and emerging indigenous curators awarded scholarships to work intensively with the curators and collections of the National Gallery. This annual program provides long-term professional development opportunities and museum industry mentoring.

Building relationships

Our divisions are forging relationships with Aboriginal communities and support organisations. These relationships will help to ensure that the work undertaken by each division is meaningful and has a greater chance of success.

For example, where a targeted employment program is taking place in a particular location, the support and engagement of local Aboriginal Elders and leaders is sought. This engagement has been important to the success of specific programs run by the divisions. Across the Group, our businesses regularly engage internal and external stakeholders to provide strategic advice on Aboriginal programs.

We continue to work with Jawun Indigenous Corporate Partnerships, where skilled employees are seconded to Aboriginal community organisations in the East Kimberley (Western Australia), Redfern (New South Wales) and Shepparton (Victoria). To date, 19 Wesfarmers employees have completed secondments, including one long-term secondment. In 2010/2011, secondment projects included the merger of two Aboriginal organisations in Shepparton, and the design of a fly-in, fly-out mining employment scheme in the East Kimberley. In addition, in 2011 a non-executive director visited Cape York. In 2012, a further 20 Wesfarmers employees will complete secondments. Wesfarmers leadership team members will continue to visit Jawun communities to learn more about them and the role of secondees.

Our employees continue to participate in the Wesfarmers Indigenous Network group, a forum of divisional representatives who are championing divisional Aboriginal strategies. The group convened four times in 2010/11 and will continue to meet regularly.

Building respect

A number of divisions have implemented cultural awareness training, aimed at building respect for and greater understanding of Aboriginal peoples, histories and cultures. Practices of acknowledging Country and inviting 'Welcome to Country' ceremonies are becoming more common, and are supported at the Group level with 'Welcome to Country' and Acknowledgement of Country guidelines.

Wesfarmers corporate office employees participated in cultural awareness activities in March 2011 and many divisions now display Aboriginal artwork on their premises. Works of indigenous art from the Wesfarmers Collection of Australian Art are displayed in Wesfarmers' corporate offices and floor talks are held for employees to meet indigenous artists and curators. These activities support our objective to ensure that our businesses are places where Aboriginal culture is respected and where Aboriginal people feel welcome and valued, as employees, customers and citizens.

Outcome of workforce surveys

Division	Self-identified Aboriginal employees		Survey response rate
	Number	Percentage of respondents	
Bunnings	43	1.2	12
Office Supplies	36	1	65
Resources	24	2.8	90
WIS	41	1.8	77
Insurance	16	0.8	85
WesCEF	9	1.1	55
Coles	424	0.6	75
Target	295	1.9	64
Kmart	123	3	16
Corporate Office	1	1	47
Wesfarmers Group	1,012	1	56

We are focused on increasing Aboriginal representation in the Group with an emphasis on learning to support future success.

Left: Coles team members (from left) Vivian Williams, Dean Hegarty, Sharon Daylight, Davide Sidoti and Christine Ellis.

Below: Clontarf Foundation student at a DIY day at Bunnings, Warrnambool, Victoria.



Tracking progress

A full report against the actions identified in our 2011 Reconciliation Action Plan can be found at www.wesfarmers.com.au

2011 priority areas – how did we go?

- **Each division will implement its Aboriginal strategy, with a focus on employment initiatives.**

All divisions have Aboriginal strategies, or diversity strategies, which list Aboriginal employment as a priority area. Divisions' capacity to deliver on these strategies differs due to resourcing.

- **Incorporating cultural awareness material in induction and other training processes.**

Cultural awareness training has been delivered on an as-needs basis throughout the Group. We have learnt that cultural competency is complex, and that tailored, situation-specific training is more effective than a 'one size fits all' approach.

- **Share Aboriginal employment knowledge and experience between businesses.**

All divisions participated in the Wesfarmers Indigenous Network (WIN) Group, which met four times in 2010/11. These forums allow divisions to share learnings and identify areas for collaboration.

- **Build local relationships between our businesses and Clontarf academies, to achieve employment outcomes for Clontarf school leavers.**

Wesfarmers continues to make a significant annual contribution to the Clontarf Academy. Seven divisions have made contact with Clontarf to explore employment opportunities for Clontarf graduates and some employment outcomes have been achieved. In addition, some divisions are building relationships with local Clontarf academies by hosting store tours and visiting Clontarf academies. We will continue to support local relationships between our divisions and Clontarf academies.

Reconciliation Action Plan – 2012 priorities

- Continuing our commitment to the Jawun Indigenous Corporate Partnerships secondment program and supporting the inaugural Jawun Emerging Leaders Tour
- Evaluating Aboriginal employment efforts to date, to ascertain appropriate models for our industries
- Embedding Aboriginal affairs programs to ensure their long-term sustainability
- Ensuring that Indigenous art continues to be acquired for the Wesfarmers Collection of Australian Art

Coles

About our business

We are one of Australia's leading retail businesses, with brands including Coles and Bi-Lo supermarkets, 1st Choice Liquor Superstore, Liquorland, Vintage Cellars, Spirit Hotels and Coles Express.

We employ over 102,000 team members and operate more than 2,200 outlets. Approximately 18 million transactions take place in our stores each week.

At the heart of our business strategy is our goal: 'To give the people of Australia a shop they trust, delivering quality, service and value'.

Year in review

This year was the third year of our turnaround plan and we continued to refurbish our supermarkets with our new store design and increased the availability of self-scan checkouts.

We also delivered initiatives to build customer trust in our products and prices and in January 2011 launched our 'Prices are Down' program. As part of this, we lowered the prices of over 6,000 products.

Material issues

Our sustainability priorities are training and development of our team members; customer trust in our product range, value and quality; water saving and energy efficiency of our stores; workplace safety; and supporting the local communities in which we operate.

Sustainability highlights

Rebuilding after Cyclone Yasi and Queensland floods

During the year, over 25 Coles stores were affected by the Queensland floods and Cyclone Yasi – the worst of these were at Emerald, Fairfield and Ipswich.

To ensure the ongoing availability of basic food items for the town of Emerald, a temporary store was established at Emerald Police and Citizens Youth Club.

In June 2011, we were proud to re-open our doors at both Emerald and Fairfield, featuring our latest store format. A new store at Ipswich will be built in the coming year.

No added hormone beef

We were the first national food retailer in Australia to convert our fresh butcher beef to hormone growth promotant (HGP) free beef in January 2011, as research shows that growth promotants can have an effect on the eating quality of some cuts of beef.

Sow-stall free pork

Following our announcement in July 2010 that we would phase out sow-stall produced fresh pork by 2014, we extended our commitment to include hams and bacon made from local and imported pork.

We have commenced auditing potential sow-stall free farms in South Australia and Victoria.

Good Egg Award

In December 2010, we were proud to receive a Good Egg Award from the RSPCA for announcing we would no longer sell caged eggs from 2013.



Left: RSPCA Australia's Heather Neil (left) presents a Good Egg Award to the Coles team – Tanya Kleman (centre) and Jackie Healing.

Right: Since January 2011, Coles fresh butcher beef has no added hormones.

Performance overview

Safety performance

Lost Time Injury Frequency Rate

2011	16.98
2010	12.87
2009	15.55
2008	17.45
2007	n/a

Greenhouse gas emissions

Tonnes CO₂e

2011	2,523,808
2010	2,530,856
2009	2,978,518
2008	2,938,829
2007	n/a

Energy use

Petajoules

2011	7.27
2010	7.39
2009	7.29
2008	7.02
2007	n/a

Water consumption

Megalitres

2011	2,983
2010	2,709
2009	2,170
2008	1,725
2007	n/a

Community contribution

A\$m

2011	15.61	6.70	22.31
2010	7.32	1.85	9.17
2009	12.36	7.36	19.72

■ Direct, in-kind and product
■ Community raised contributions supported by Coles



Coles – Priorities and outcomes

Training and development



2010 PRIORITY

Training and development of our team members

OUTCOME



Delivered 1,178,724 training hours – up 32 per cent

More than 780 internal appointments made from our Retail Leaders and Retail Operations Graduate programs

Stakeholder engagement



2010 PRIORITY

Customer trust in our product range, value and quality

OUTCOME



Received a Good Egg Award from the RSPCA for announcing the phase-out of caged eggs by 2013

Received 30 product quality awards for Coles Brand and Coles Finest products

Announced the launch of Coles Quality Academy to provide Coles Brand suppliers with specific quality management training and provide targeted training for our team members

Safety



2010 PRIORITY

Workplace safety for our team members

OUTCOME



Our LTIFR was 16.98 for the year, up from 12.87 last year, partly due to an increase in manual handling injuries in supermarkets and bringing our calculation methodology into line with other divisions of Wesfarmers

Delivered training programs to improve safety leadership and promote safety awareness

Community



2010 PRIORITY

Support the local communities in which we operate

OUTCOME



Invested more than \$22.3 million to community programs and emergency relief during the year – including \$5.34 million in aid of the Queensland Premier's Disaster Relief Appeal

Energy conservation



2010 PRIORITY

Water saving and energy efficiency of our stores

OUTCOME



Introduced two new energy data reporting systems to help track energy usage and energy efficiency projects

Worked with Green Building Council of Australia (GBCA) to finalise a 'Greenstar' rating tool for future freehold supermarket developments

Progressed other energy saving initiatives for stores:

- over 620 stores now have night blinds installed on refrigeration cases to reduce night-time energy use
- over 520 stores now have automatic lighting controls to reduce energy use outside trading periods
- more than 420 stores now have anti-condensate heater controls installed to glass door freezers which reduce the energy use of the heaters in the doors

Trialled the use of sensor taps to reduce water usage at our Store Support Centre at Toorong, Victoria

Coles continued

RSPCA-approved products

We launched an RSPCA-approved range of chicken products in April 2011. The new range is available in Victoria, Tasmania and South Australia and is the fourth RSPCA-approved product we have launched, following pork, turkey and barn-laid eggs.

Sustainable seafood with WWF-Australia

In March 2011, we announced a three-year program with WWF-Australia, a leading authority on marine sustainability, to deliver sustainable seafood across Coles-branded fresh, frozen and canned fish.

Our program will ultimately result in more Marine Stewardship Council (MSC) certified seafood stocked at Coles.

Coles Carisma

Coles Carisma, a new potato launched in 2010, took out the Marketing Award at the AUSVEG National Awards of Excellence.

Coles Carisma is the only potato in Australia to carry the official low glycemic index (GI) symbol from the Glycemic Index Foundation.

Food donations

During the year, we donated over 1.1 million kilograms of food to people in need through Foodbank Australia, SecondBite and The Salvation Army.



1.1m
Kilograms of
food donated

We also conducted a pilot program to collect fresh produce from 20 supermarkets in Victoria, Tasmania, South Australia, Western Australia and Northern Territory in the lead-up to launching a national fresh food donation program in the coming year.

People

As at 30 June 2011, we employed 102,520 team members, of which 88,579 worked in our supermarkets, 8,296 in liquor stores and hotels and 5,645 in fuel and convenience outlets.

Our total workforce number is lower as a result of our strategy of employing more permanent part-time team members and reducing the percentage of casual team members employed since 2008.

In June 2011, we conducted our annual Face of Coles survey to provide an insight into the profile and diversity of our workforce.

Through these survey results we understand there are 424 team members who identify themselves as being Aboriginal or Torres Strait Islander compared with 275 at the same time last year.

Indigenous employment

During the year, we announced our Aboriginal and Torres Strait Islander Plan to help us be more representative of the communities we serve and in May 2011 we supported National Reconciliation Week, holding our first Dreamtime Event at our store support centre in Tooronga, Victoria.

The biggest focus for our indigenous employment program was in far north Queensland, New South Wales, Australian Capital Territory and Northern Territory where we are hiring employment coordinators to assist new team members with their transition into employment.

More than 100 team members also completed cross-cultural awareness training to better understand and respect Aboriginal culture.

Training

Over the past year, our training programs have focused on lifting our leadership capability and effectiveness across the business.

Highlights for the year included:

- More than 780 team members achieved internal appointments in stores and store support roles following their participation in our Retail Leaders program and Retail Operations Graduate program.
- Over 400 senior leaders participated in the Coles Leadership program, aimed at strengthening leading and coaching skills.
- Approximately 1,100 team members participated in our High Performing Teams program, which focuses on teamwork skills required to work in category management roles in merchandise, marketing, replenishment, logistics and information technology (IT).

- Coles Express launched the Passionate Experts team member development program, promoting fuel product knowledge and customer service.
- Coles Liquor team members continued to build on their customer service skills and product knowledge through our liquor product training framework. Government-funded traineeships were also offered to our frontline liquor leaders with around 200 team members completing the program.

Enterprise Agreements

During the year, we renegotiated and finalised a range of Enterprise Agreements with team members and their union representatives. Negotiations were completed for our largest Enterprise Agreement, which applies to the majority of team members working in supermarkets. The new Agreement has been approved by Fair Work Australia.

Safety

During the year, close to 350,000 hours were dedicated to delivering training programs to enhance safety leadership and promote safety awareness across Coles.



350,000
Safety training
hours delivered

Our LTIFR was 16.98 for the year, up from 12.87 last year, partly due to an increase in manual handling injuries at our supermarkets and also by bringing our calculation methodology into line with other divisions of Wesfarmers.

The LTIFR for logistics, Coles Express and Coles Liquor all improved from last year.

As part of strengthening our focus on health and safety during the year, 10 health and safety non-negotiable standards were launched for supermarkets and safety focus weeks were held regularly to deliver and embed safety initiatives. A refresher training program was also delivered to more than 75,000 team members during May and June 2011.

During the year we donated over 1.1 million kilograms of food to people in need through Foodbank Australia, SecondBite and The Salvation Army.

Left: During the year, 20 stores participated in a fresh food donation pilot program, ahead of the launch of a national program in the coming year.



Waste

Over the past 12 months, our supply chain and supermarkets have been working hard to reduce stock loss and waste.

This year, we recycled 141,022 tonnes of cardboard, paper, plastic, metal and organics, and sent 100,107 tonnes of waste to landfill.

More than 58 per cent of our waste was recycled. Organic food waste is currently collected from approximately 239 supermarkets to produce compost. We have recently expanded this collection to Western Australia.

In total, we collected 108,060 litres of fat and oil that was recycled into a mixture of animal feed, used as base for lubricants and as a chemical in the manufacture of soaps.

Packaging

Coles has assessed more than 1,800 Coles branded products against the sustainable packaging guidelines, which are part of the Australian Packaging Covenant (APC). All packaging graded red will be prioritised for review by our product developers. In 2011, we contributed to the Wesfarmers Action Plan for the APC.

Contamination/remediation

As reported previously, we continued to test and monitor ground water at Coles Express Mooroopna, Victoria.

Following the results of a report received in July 2011, an assessment has been made that no further testing is required.

Environment protection and Coles Express

During the year, Coles Express and Shell worked closely with the Australian Capital Territory and New South Wales departments responsible for regulating the management of underground petroleum storage systems (UPSS).

Legislation in these jurisdictions contains specific responsibilities for operators of UPSS. In New South Wales, the Office of Environment and Heritage, in conjunction with local councils, has commenced auditing our sites against UPSS regulations.

Coles Express completed store layout and equipment assessments at 200 sites with a view to improving manual handling activities, and implemented an injury management program called 'First 60 Minutes' to focus on early intervention in work-related injuries.

At our distribution centres, behaviour-based safety awareness initiatives were implemented around the peak workload seasons of Easter and Christmas. Our distribution centres also continued to refine their Behavioural Based Safety Observation program, which involves managers and team members making daily observations to identify at-risk behaviours.

Coles Liquor released a revised safety management system for stores and developed a targeted Aggressive Customer and Armed Robbery training course for all team members.

Environment

Water

This year, we were able to map our water usage across more than 2,200 sites, covering supermarkets, liquor stores, hotels, Coles Express sites, distribution centres and our Store Support Centre in Victoria.

Our total water usage was 2.98 gigalitres, a 10 per cent increase from last year. The increase was mainly attributed to the higher water usage at our Coles Express sites and the inclusion of our distribution centres.

The estimated water consumed by our supermarkets was 1.69 gigalitres. Many of our sites do not have water meters, so our data is extrapolated from actual water bills and meter readings across 164 supermarket sites nationally.

Our Store Support Centre in Tooronga, Victoria, remains our largest single water consuming site. Water usage remained consistent at 33,747 kilolitres.

Coles continued

Carbon and energy

Greenhouse emissions

Our total greenhouse gas emissions were estimated to be 2,523,808 tonnes of CO₂e, 0.3 per cent less than last year and equates to 78.7 tonnes of CO₂e per million dollars of revenue, down 7.2 per cent on last year.



Energy use

Our main uses of energy are electricity for refrigeration, lighting and cooling our stores, and natural gas and liquefied petroleum gas for space and hot water heating.

Our energy consumption this year was 7,266,775 gigajoules, down 1.7 per cent on last year.

This year, our energy consumption per million dollars of revenue was 227 gigajoules, down 8.0 per cent on last year.

As part of managing our business responsibly, we continued to focus on ways to use energy more wisely and reduce our greenhouse gas emissions.

Last year, we reported on three energy efficiency programs for our supermarkets which are well progressed:

- night blinds installed on refrigeration cases which reduce night-time energy use
- automatic lighting controls to reduce energy use outside trading periods
- anti-condensate heater controls installed to glass door freezers which reduce the energy use of the heaters in the doors.

New initiatives for the year included the first deployment of voltage optimisation technology to 42 stores.

Based on trials, we expect this technology to reduce the incoming voltage to the store and reduce total store power consumption.

Together with the GBCA we finalised a 'Greenstar' rating tool for future freehold supermarket developments. The first development to use the tool as a benchmark is our new store at Greenacre, New South Wales, which is currently under construction.

Governance

Ethical sourcing

In line with our approach of ensuring suppliers of Coles brand products comply with our ethical sourcing policy, over the past year we audited 85 suppliers out of 316 operating in non-Organisation for Economic Co-operation and Development member countries.

Of these audits, one critical non-compliance (the employment of an underage worker) by a supplier operating in China was identified and a corrective action put in place.



1.7%
Reduction in energy consumption

The supplier has committed to an improved system to prevent any further reoccurrence of this issue and will be audited again within three months.

In addition to this approach, we ask our suppliers in lower risk regions to self-assess their compliance to our ethical sourcing policy. During the year, 240 suppliers completed this self-assessment.

Ingredients and labelling

Labelling Logic, the final report of the Federal Government's Food Labelling Review panel was released in January 2011.

The report makes recommendations for changes to front of pack nutritional labelling, new technologies and country of origin labelling.

The report is currently being considered by health ministers and their response will be forwarded to the Council of Australian Governments meeting in early 2012.

Salt reduction

Coles participates in the Federal Government's food and health dialogue roundtables, which set the nutrition targets for product categories.

This year, for Coles-branded products, we delivered a further eight per cent sodium reduction in breakfast cereals and finalised our plans to meet bread, simmer sauces and processed meat targets in the required timeframes.

Nutritional labelling

We continued to introduce Daily Intake (DI) nutritional labelling for Coles-branded products during the year, including seasonal products for 2011.

Approximately 1,500 products were rebranded with DI labelling to help our customers make choices that meet their dietary requirements.

Country of origin

We always seek to comply with country of origin labelling requirements; however, during the year we were fined for not labelling imported grapefruit for sale at our supermarket at St Marys, New South Wales. This was caused by an IT error. We have since invested in IT enhancements and reviewed our internal labelling procedures to improve country of origin labelling compliance in our fresh produce department.

Palm oil

In April 2011, we appeared at the Senate hearing on the Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2010.

We continue to clearly label palm oil where it is used in Coles brand products, rather than using the term blended vegetable oils, as we believe this makes it easier for our customers to make an informed purchasing decision.

We have committed to moving to certified sustainable palm oil for Coles brand products by 2015 and have joined the Roundtable on Sustainable Palm Oil.

Senate milk inquiry

Following a reduction in the price of Coles branded milk in January 2011, a Senate inquiry was launched into the potential impact on the Australian dairy industry.

This year, we raised and contributed more than \$22.3 million to community programs and emergency relief.

Left: Former patient Charlotte, the face of Coles fundraising for the Sydney Children's Hospital Gold Week Telethon, pictured with team members at Coles, Oatley.



Liquor reform in Alice Springs

During the year, we responded to concerns over alcohol consumption in Alice Springs, Northern Territory by announcing a range of measures which apply from 1 July 2011:

- a minimum price for 750 millilitre bottled wine of \$7.99 (equivalent to \$1.14 per standard drink)
- withdrawing all two litre cask wine products
- ceasing national liquor promotions in Alice Springs.

Gaming

Coles operates 93 hotels with 83 gaming rooms. The majority of these are based in Queensland. All team members are trained in the Responsible Service of Gaming.

Community

This year, we raised and contributed more than \$22.3 million to community programs and emergency relief. Of this, \$5.34 million was in aid of the Queensland Premier's Disaster Relief Appeal to assist those affected by Cyclone Yasi and the Queensland floods. See page eight for further details of our response.

During the year, \$7 million of sporting equipment was distributed to more than 7,600 schools across Australia as part of our Sports for Schools program.

We also supported Daffodil Day, raising more than \$1.6 million for the Cancer Council Helpline and continued to support children's hospitals in Western Australia, Queensland and New South Wales through customer fundraising.

In March 2011, we celebrated funding 1,000 school and community garden projects through the Coles Junior Landcare Garden Grants program since its launch in 2008. These schools were invited to participate in a photo competition and more than 590 entries were received for three age categories, as well for the Australian Geographic award and the People's Choice award.

Economic investment

Our total sales for the year were \$32 billion and our earnings before interest and tax were \$1.17 billion – up 21 per cent on last year.

As at 30 June 2011, we have 741 supermarkets, 785 liquor stores, 93 hotels and 620 Coles Express sites.

In the coming year, we will continue to open new and refurbished supermarkets and develop new services to meet the needs of our customers.

Although Coles does not pay dairy farmers directly, ahead of lowering the price of milk we increased the price we pay to processors.

The interim Senate report was released in April, acknowledging that customers had benefitted from our lower prices and a final Senate report is due to be released before the end of October 2011.

In July 2011, the Australian Competition and Consumer Commission announced there was no evidence that Coles' milk price discounting was in breach of the Competition and Consumer Act. Further, that the major impact of the reduction in milk prices since January seemed to have been a reduction in the supermarkets' profit margins on house brand milk.

Biofuels

As at June 2011, there are 292 Coles Express sites in New South Wales, Australian Capital Territory, Queensland and Victoria offering ethanol blended fuel.

Trolleys

As part of our ongoing commitment to reduce trolley abandonment, Coles has expanded the use of Cartronics wheel lock perimeter systems, which now operate at over 30 stores.

Shopping bags

Further to the ban on lightweight single-use plastic shopping bags by the South Australian Government in 2009, legislation has been passed to ban these bags in Northern Territory and Australian Capital Territory.

The Tasmanian Government has also announced a proposal to ban plastic bags, which is likely to take effect in 2012.

Following the success of our green bag recycling program in June 2010, where customers returned old or unwanted shopping bags made of polypropylene to Coles, we launched a second bag drive in September 2010.

Approximately 78,000 bags were returned and converted into outdoor furniture and donated to 100 primary schools across Australia.

Tobacco

During the year, there were further bans on the display of tobacco products in Western Australia, Northern Territory, Victoria and Tasmania.

Changes relating to display, ticketing, signage and licensing were required. Queensland, now the only jurisdiction without a ban on the display of tobacco, will follow in the coming year.

Home Improvement and Office Supplies Bunnings

About our business

Bunnings is the leading retailer of home improvement and outdoor living products in Australia and New Zealand and a major supplier to project builders, commercial trades people and the housing industry.

Operating from a network of large warehouse stores, smaller format stores, trade centres and frame and truss manufacturing sites, Bunnings caters for consumer and commercial customers.

Sales revenue during the year was \$6.8 billion. At year-end there were 194 warehouses, 59 smaller format stores, 36 trade centres and seven frame and truss centres operating across Australia and New Zealand. At 30 June 2011 we employed 31,370 team members.

Year in review

We continued to work on initiatives across our sustainability agenda aimed at using less energy, using less water and creating less waste. Ultimately this will reduce our long-term carbon footprint, which we consider a higher priority than purchasing carbon offsets. The energy efficiency of our new stores and retro-fitting energy efficient lighting in existing stores has helped us progress towards this goal. Excluding previous year's purchase of offsets, our total carbon footprint increased by 5.0 per cent which is pleasingly slightly lower than our network growth.

Installation of energy efficient e-tronic lighting technology continued to be installed in new stores, with 29 stores now completed. Micro renewable power generation projects continue in Western Australia and the Australian Capital Territory with results providing a greater understanding of current technologies and their future potential to reduce electricity-related greenhouse gas emissions. Development of a comprehensive sustainability database has commenced which will monitor and report carbon footprint by store.

Waste recycling rates remain stable at 60 per cent and we are now focusing on lifting performance in stores with lower diversion rates, identifying remaining recyclables in our waste streams and introducing back-loading of cardboard and plastic in some regional areas. Rainwater tanks and capillary mats continued to be installed in all new stores which helped maintain our water conservation efforts.

To help make sustainability easier and more affordable for customers, we launched the online Sustainability Savings Planner, provided a free Sustainability Savings Planner booklet and ran free sustainability themed DIY workshops.

Our timber procurement approach in Australia and New Zealand is industry leading, with 99 per cent of timber products now sourced from low risk plantations or other verified legal or certified sustainable forest operations.



Left: New online Sustainability Savings Planner.

Right: Cardboard recycling at Bunnings Dandenong Warehouse, Victoria.

Performance overview

Safety performance

Lost Time Injury Frequency Rate

2011	13.41
2010	12.53
2009	14.56
2008	13.79
2007	14.48

Greenhouse gas emissions¹

Tonnes CO₂e

2011	221,634
2010	210,620
2009	179,046
2008	186,525
2007	182,802

Energy use

Petajoules

2011	0.82
2010	0.77
2009	0.73
2008	0.69
2007	0.64

Water consumption

Megalitres

2011	732
2010	691
2009	717
2008	844
2007	858

Community contribution

A\$m

2011	3.28	23.09	26.37
2010	2.03	18.06	20.09
2009	3.61	11.92	15.53
2008			12.50
2007			8.00

■ Direct, in-kind and product
■ Community raised contributions supported by Bunnings

¹ Excludes air travel.



Bunnings – Priorities and outcomes

Environment



2010 PRIORITY

Continue work towards carbon neutral growth and long-term footprint reduction

OUTCOME



We have achieved a small reduction in the carbon intensity of our operations. This has been achieved mainly through new stores being more energy efficient. Total carbon footprint increased by 5.0 per cent which remains 1.0 per cent lower than net store growth

Environment



2010 PRIORITY

Continue work reducing scheme water usage and reducing waste to landfill

OUTCOME



Despite store network growth, scheme water usage remained consistent, with Australian stores using 677.3 megalitres and New Zealand stores 54.6 megalitres

New stores continued to be fitted with water tanks and innovative nursery irrigation techniques

Maintained waste diversion rates with stores recycling 60 per cent of waste in Australia and 36 per cent in New Zealand

Stakeholder engagement



2010 PRIORITY

Continue work with suppliers to reduce supply chain resource waste and develop products with stronger sustainability traits

OUTCOME



Engaged with suppliers on packaging reduction and continued to provide sustainable product choices for customers

More than 99 per cent of timber products were purchased from low risk plantations, or other verified legal or certified sustainable forest operations. Forest Stewardship Council (FSC) certified product purchases reached 37 per cent

Community



2010 PRIORITY

Continue providing customers with access to information about environmentally-friendly products and projects that can support sustainable living

OUTCOME



Continued to provide customers with access to information online and in-store through a range of sustainable products, catalogues and DIY projects. Launched the online Sustainability Savings Planner, Sustainability Savings Planner booklet and DIY workshop

Community



2010 PRIORITY

Maintain our contributions to improve the social wellbeing of the communities in which we operate

OUTCOME



Contributed and helped raise more than \$26 million in direct donations and in-kind support. More than 100,000 hours of team member labour went into supporting local community projects

Safety



2010 PRIORITY

Reduce our All Injury Frequency Rate (AIFR) by 15 per cent through dedicated campaigns and initiatives that target injury hot spots and high risk activities

OUTCOME



Slight increase in injuries has resulted in a 1.36 per cent increase in AIFR

More than 10,000 hours were dedicated to training of safety improvement teams

Bunnings continued

We also continued to actively support the Australian Government's commitment to introduce effective legislation to ban illegally-sourced timber imports.

We continued to increase our community support through more team member-led community projects, product contributions and fundraising sausage sizzles to assist the communities in which our stores operate. We also provided emergency assistance to many communities affected by natural disasters including the Queensland floods and Christchurch earthquakes.

Material issues

While carbon neutrality remains an aspirational target we have refined our short-term goal to focus on carbon neutral growth and long-term footprint reduction. In the short-term, further large reductions to our total carbon footprint may be affected by the constraints of current technologies and their commercial application.

It is a challenge for our business to maintain a consistent downward trend in our injury performance and we continue to look for innovative and effective ways to drive improvements in this area. We were disappointed in safety performance outcomes during the period.

People

Building a stronger team and keeping everyone safe is central to what we set out to do every year.

While the improvements that we achieved in our safety performance last year were not repeated this year, we remain focused on developing and supporting site safety improvement teams.



10,000

Safety training hours

We believe that safety improvements can only occur if we engage and involve everyone and more than 10,000 hours were dedicated to further train and up-skill our safety improvement teams to ensure they are effective in supporting health and safety on-site.

An increase in forklift incidents was mainly due to improved 'near miss' reporting and greater awareness of our forklift operators to report incidents as they arise. Lessons learned from common occurrences are shared across the business to prevent repeat incidents from occurring.

Some of the key programs that were launched during the reporting period included:

- The 'choices' campaign including a film targeting the impact of doing nothing when it comes to safety
- Training and coaching programs for forklift operators and walkie stacker users
- Updating the BSAFE System to simplify health and safety procedures and processes on-site
- A team member health assessment program across all sites in Australia and New Zealand where more than 7,000 team members received a free health check
- New injury management arrangements for New Zealand sites to improve return to work outcomes for injured team members.

Environment

Our commitment to reducing our environmental impact includes energy efficiency measures, water conservation, responsible sourcing and packaging waste reduction. It also includes a consistent focus on sustainable timber procurement to ensure that timber and wood products come from legal and well-managed sources.

We implemented a new integrated environmental KPI monitoring and reporting system known as 'Treadlite'. The system will be fully deployed during the 2012 reporting period, delivering enhanced reporting and analysis on a comprehensive range of indicators.

Our websites www.bunnings.com.au and www.bunnings.co.nz contain comprehensive water and energy saving information to help customers reduce their environmental impact through sustainable living and product choices.

Energy

Energy efficiency through in-store lighting technology remains a key focus with 11 new warehouse stores fitted with energy efficient e-tronic lighting during the year.

We have also introduced light emitting diode (LED) lighting in outdoor areas as a standard in the new store design brief.

We continue to monitor solar and wind micro generation demonstration projects in the Australian Capital Territory and Western Australia.

Heat reflective paint trials continue to provide favourable results leading on from the Townsville (Queensland) success reported last year. We are hopeful that these extended trials will prove effective and a roll-out to northern Queensland and Northern Territory sites can be progressed by the end of 2011.

Greenhouse emissions

Our total greenhouse gas emissions (excluding air travel) were 221,634 tonnes of CO₂e, five per cent up on last year. These emissions were largely due to electricity consumption at our stores.



8,926

Tonnes of cardboard and paper recycled

Our total carbon footprint increased by five per cent which is pleasingly lower than net site growth of six per cent. The actual carbon intensity of our operations has remained constant compared to last year at 3.3 tonnes of CO₂e per \$100,000 of revenue.

This comparison is based on the total gross emissions from last year, excluding the offsets that were purchased, as no offsets were purchased in this reporting year.

Water

Scheme water usage was 732 megalitres, which is an increase of six per cent overall. Australian-based store consumption was up eight per cent and New Zealand-based stores down 13 per cent on last year.

Reducing waste and recycling

We continue to work towards our 85 per cent waste diversion target with our Australian stores maintaining a waste diversion rate of 60 per cent and New Zealand stores 36 per cent. During the year, we disposed of 17,991 tonnes of waste to landfill and recycled 8,926 tonnes of cardboard and paper and 493 tonnes of plastics.

More than 900 school sustainability visits conducted.

Left: Tree planting activities with Bunnings Malaga team members in Western Australia.



Our New Zealand operation has also adopted our annual supply chain survey and continues to work collaboratively with the Government, New Zealand Tropical Timber Importers Group and environmental organisations to encourage sustainable timber procurement.

Stakeholder engagement (public policy)

We continue to engage with different levels of government and non-government organisations to work collaboratively on issues and identify further opportunities to work together.

In April 2011, we played an active role in promoting the proposed ban on the importation of illegally logged timber by signing the Common Platform and encouraging action from industry, consumers and Federal Government. This followed our support of the Greenpeace-led joint statement in 2009 which called for an Australian Government ban on the importation of illegally logged timber into Australia. We also continue to work with WWF as a member of the Global Forest and Trade Network (GFTN).

In June 2011, we became the first retail partner of FSC Australia. FSC will provide education and information for team members and customers on the benefits of FSC certification and we will work together to assure that our timber products are from responsible sources.

2011 is the United Nations Year of Forests and we have partnered with WWF in their Love Your Forests campaign to raise awareness of responsible forest management.

We continued to work with local councils and community groups to offer compact fluorescent lights and battery recycling programs at selected stores in New South Wales, Western Australia and Victoria.

Sustainability Victoria delivered 473 in-store training programs in 2011 on water and energy rebates available and sustainable products. We also continued work with local councils on sustainability DIY workshops.

We introduced back-loading of recyclables including polystyrene from Western Australian stores and cardboard and plastic from regional sites where commercial recycling is not available.

A trial is also being conducted in Western Australia to determine the viability of an organic waste recycling stream for green-life organic waste from our nurseries.

Store waste diversion reports are provided via our intranet to enable benchmarking comparisons between locations.

Packaging

Our supplier sustainability roundtable program engages with a selection of major suppliers about our sustainability drivers and gauges their current level of activity around carbon reduction, eco-efficiency, packaging and ethical sourcing matters. One of our garden tool suppliers, Cyclone, conducted a packaging rationalisation assessment on key product ranges. A time and motion study is planned once reduced packaging flows through to stores to assess the benefits when unpacking products.

Ethical sourcing

We continued our factory accreditation program for products we directly import. Major overseas factories are audited to a code of conduct based on the International Labour Organization conventions. Part of this process requires factories to be visited and inspected by an independent auditor, our agents or our buyers. During the year, a total of 509 audits were conducted, representing 42 per cent of our total imported product purchases.

We introduced a Timber and Wood Products Purchasing Policy in 2003 and have a zero tolerance to illegal timber. We work closely with our suppliers in order to establish a condition of supply that requires independent verification of legal origin as a minimum for all products made completely from tropical hardwoods.

Of our timber products, 99 per cent are now sourced from low risk plantations or other verified legal or certified sustainable forest operations. In addition, 84 per cent are from certified sustainable sources, including 37 per cent that are FSC certified.

Bunnings continued

Education and awareness

During 2011, New Zealand supported Earth Hour through sustainability themed workshops and a sustainability walk with local schools. In June 2011, we actively supported World Environment Day through DIY workshops, merchandising sustainable product displays with local suppliers and councils. Australian stores for the fourth consecutive year held water saving DIY workshops for National Water Week.

Western Australian stores and the Water Corporation launched their first showerhead exchange program, exchanging more than 57,000 showerheads. This program was based on the Victorian model that this year saw more than 13,000 showerheads exchanged at metropolitan stores.



We launched the interactive Sustainability Savings Planner on our Australian website, to help make sustainability easier and more affordable for customers. The online tool allows customers to undertake an individual assessment of their home and garden and produces an action plan which suggests products to implement and associated savings. It is supported by the Sustainability Savings Planner booklet and DIY workshop.

In 2011, we conducted a sustainable timber purchasing seminar in partnership with FSC Australia and WWF, which was attended by senior marketing and merchandising team members. We also worked with TAFE NSW to deliver a 'Sustainability Solutions' online training program which is now available to all team members and is included on the sustainability training intranet pages.

Voluntary team member Green Action Groups continue to look for opportunities to reduce energy and water usage and drive waste reduction.

Community

Actively participating in the local communities in which we operate is integral to all of Bunnings' community involvement activities. We contribute to a diverse range of local, regional and national programs in Australia and New Zealand and we continue to embrace the 'we live here too' philosophy throughout our team.

During 2011, New Zealand launched phase one of their schools sustainability program. This program follows the Australian model which saw more than 900 school sustainability visits conducted last year. Australian stores also supported Schools Tree Day, founded by Planet Ark, for the third consecutive year through a native tube stock planting activity with local students. We also continue to support Green Up Clean Up through local planting and clean-up activities and Firestarter Youth Environment Conferences by providing materials and hands-on native bird box building workshops.

Australian stores supported a number of organisations through locally driven, store run activities. These included the Prostate Cancer Foundation of Australia, White Ribbon Day, St Vincent de Paul and The Salvation Army in several states and territories, local emergency services, Returned and Services League, Legacy, Lions and Rotary groups, young mother groups and the Red Shield Appeal.

Our New Zealand stores supported the Red Cross, Cancer Society and Mental Health Foundation (Movember), St John Ambulance, Lions and Returned Services Association, Heart Foundation, Child Cancer Foundation, @Heart and active support of Keep New Zealand Beautiful Clean Up Week.

We are committed to an ongoing, active and engaging role within each of our local communities and through this support we were able to contribute and help raise more than \$26 million. Our teams supported well over 42,000 community activities through fundraising sausage sizzles, hands-on DIY projects and renovations, local fundraising activities, community workshops and more. Our support included hands-on team member involvement, product contributions and financial assistance.

We were able to provide emergency assistance to many communities affected by natural disasters including the Queensland floods and Christchurch earthquakes, including raising more than \$730,000 for the Queensland Premier's Disaster Relief Appeal.

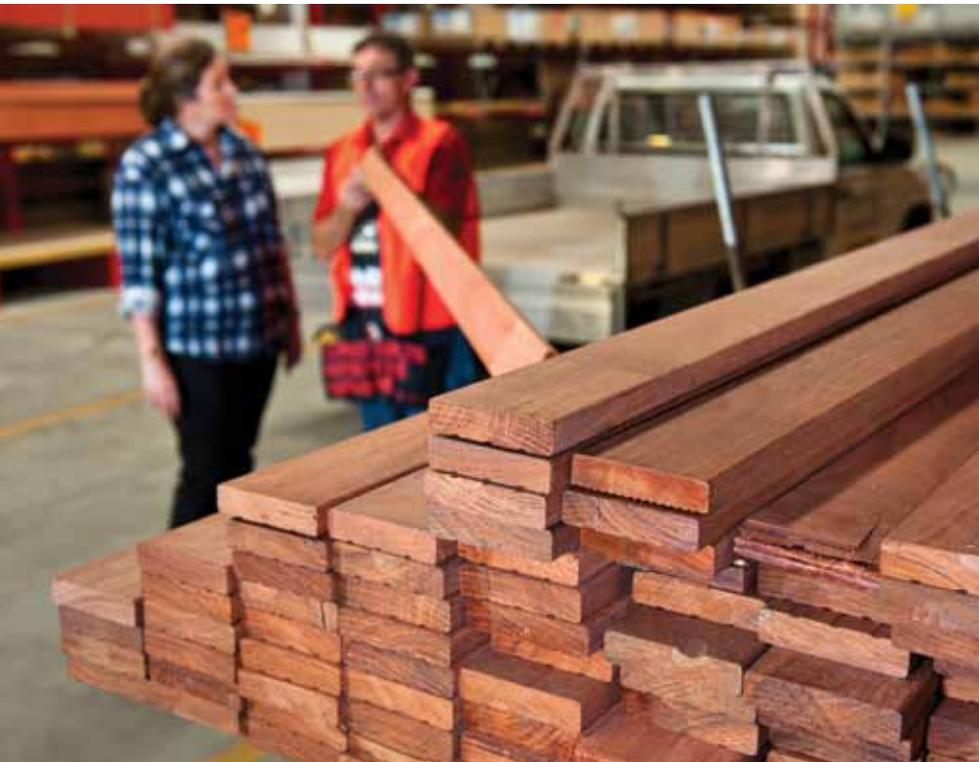


Bunnings also committed a further \$1 million to directly support impacted local communities in Queensland with their recovery and rebuilding efforts and has been actively supported by on the ground assistance from Bunnings team members.

Over \$130,000 was raised for the Christchurch Earthquake Appeal through community family events held in Australian and New Zealand stores, along with barbeques held across New Zealand. Bunnings also contributed a further \$100,000 to the Appeal consisting of a \$50,000 donation to the Red Cross and \$50,000 to support local community projects in areas affected by the earthquakes.

For further details on our sustainability performance, please go to our sustainability pages at www.bunnings.com.au and www.bunnings.co.nz

More than 99 per cent of timber products purchased are sourced from low risk plantations or other verified legal or certified sustainable forest operations.



Left: Timbertrade sales area at the Bunnings Cockburn Warehouse, Western Australia.

Bunnings – 2012 priorities

- Continue to work towards carbon neutral growth and long-term footprint reduction
- Increase waste diversion rates and continue to reduce scheme water usage
- Increase work with suppliers to reduce product packaging and supply chain resource waste
- Drive more sustainable product development and continue providing customers with access to information about environmentally friendly products and projects that can support sustainable living
- Maintain our contributions to improve the social wellbeing of the communities in which we operate

Timber supply chain approach

Bunnings has had a zero tolerance approach to illegal timber in its supply chain since 2001. Since then, our sustainable timber purchasing policy has provided a framework to transition towards achieving third party certified timber products.

Key achievements over the past decade include:

- being the first retail partner of the WWF Global Forest Trade Network in 2004
- launching our exclusive FSC certified outdoor furniture range in 2007
- being the lead retail signatory to the 2009 Greenpeace-led joint statement calling for a Federal Government ban on illegal timber imports into Australia
- supporting the Common Platform statement which reinforced the call for effective legislation in 2011
- partnering with WWF in the Love Your Forests Campaign in 2011, and
- becoming the first FSC Australia retail partner in June 2011.

We continue to make improvements in this area and work collaboratively with Greenpeace and WWF.

We are proud to report that more than 99 per cent of timber products purchased are sourced from low risk plantations or other verified legal or certified sustainable forest operations. While we make no claim to be perfect, we genuinely believe that this is the right thing to do and we know that customers and our team members expect this from us.

Home Improvement and Office Supplies Office Supplies

About our business

Officeworks is Australia's largest retailer and supplier of office products and solutions for home, business and education. Harris Technology caters predominantly for small-to-medium businesses and early adopters of technology, and is reported here as part of the Office Supplies portfolio.

Employing more than 5,000 team members, we cater for a broad range of customers that include small-to-large size businesses, students and teachers, health care services, private, public and government organisations, as well as personal shoppers.

We provide our customers with three ways to shop: a national network of 140 retail stores; online at www.officeworks.com.au; or by telephone/fax at our call centres in Melbourne, Victoria and Sydney, New South Wales.

Year in review

During the year, 10 new Officeworks stores opened, including two relocations, and six stores were fully upgraded. At 30 June 2011, there were 135 Officeworks stores and five Harris Technology business centres operating across Australia.

We remain determined to look after our team, with a focus during 2010/11 on taking personal responsibility for safety and wellbeing. We have had a pleasing improvement in our safety performance from an AIFR of 47.20 in 2009/10 to 36.22 this year.

Officeworks' partnership with Mobile Muster, the official recycling program of the Australian mobile telecommunications industry, resulted in the collection of more than 1,400 kilograms of mobile phones and accessories for recycling.

We continued our participation in the Cartridges for Planet Ark program with more than 135,800 kilograms or 596,400 units of used ink and toner cartridges diverted from landfill. We achieved a significant milestone of more than two million units collected cumulatively since we first participated in this program in 2005.

Many local community organisations were supported during the year, with gift cards, products and team member time contributed to primary schools, sporting clubs, aged care facilities, kindergartens, hospitals, Rotary clubs and Lions clubs. Nationally, we supported Australia's Biggest Morning Tea for the Cancer Council and sold fundraising merchandise for Remembrance Day and ANZAC Day. Funds raised from those sales went to the Returned and Services League (RSL) and the ANZAC Day Commemorative Committee (ANZAC DCC).

Our business' contribution to our local communities during 2010/11 was more than \$1.35 million.



Left: Officeworks Highett team members, Victoria.

Right: Blue September 2011 at Officeworks Ringwood, Victoria.

Performance overview

Safety performance

Lost Time Injury Frequency Rate

2011	12.17
2010	11.95
2009	12.30
2008	10.40
2007	n/a

Greenhouse gas emissions

Tonnes CO₂e

2011	65,000
2010	63,362
2009	55,522
2008	n/r
2007	n/a

Energy use

Petajoules

2011	0.21
2010	0.21
2009	0.17
2008	0.06
2007	n/a

Water consumption

Megalitres

2011	50
2010	52
2009	n/r
2008	n/r
2007	n/a

Community contribution

A\$m

2011	0.97	0.38	1.35
2010	0.51	0	0.51
2009	0.49	n/r	0.49

■ Direct, in-kind and product
■ Community raised contributions supported by Office Supplies



Office Supplies – Priorities and outcomes

Ethical sourcing



2010 PRIORITY

Implement an ethical sourcing policy in relation to our paper and timber products

OUTCOME



Launched a Supplier Code of Conduct and a Responsible Forest Products Procurement Policy. Implementation is underway

Stakeholder engagement



2010 PRIORITY

Provide customers with information about office products with lower environmental impact

OUTCOME



Communicated to customers in both retail and business channels highlighting a range of environmentally-preferable product choices. The product selection criteria project published in 2010 has proved more complex than we originally anticipated and as a result may take longer to finalise than originally foreseen

Environment



2010 PRIORITY

Further improve our waste and emissions data systems

OUTCOME



Systems to collect water consumption data were improved during the year; however, due to the nature of our operations, in particular the location of the majority of our stores in centres owned and operated by external parties, we are still unable to report in detail on our water consumption

Community



2010 PRIORITY

Increase our contribution to improve the social wellbeing of the communities in which we operate

OUTCOME



Achieved a significant increase in our community contribution to \$1.35 million

Environment



2010 PRIORITY

Continue work to reduce the use of unnecessary packaging in our products

OUTCOME



Participated in the Australian Packaging Covenant (APC) and started work on an action plan to achieve the targets and benchmarks

Recycle



2010 PRIORITY

Continue to work with government and industry to finalise a national model for e-waste recycling

OUTCOME



Participated in the national television and computer product stewardship scheme implementation working group

Office Supplies continued

Material issues

Material Issues for our stakeholders include our continued contribution to the wellbeing of the communities in which we operate; the continued development of our waste and emissions data capturing systems; looking after our team and making Officeworks a great place to work; continued reduction of our waste to landfill and increased rates of recycling; and further improvement of the sustainability of our sourced products.

Officeworks is committed to and has robust policies in relation to the responsible sourcing of forest products to ensure pulp and paper products are procured from legal and well managed sources. Officeworks maintains an ongoing dialogue with credible independent groups in reviewing those policies and outcomes. Recently trading was suspended with a supplier pending unresolved sustainability concerns.

People

During the year, our Health and Safety Team reviewed the Stay Safe reporting system to ensure it better reflects our safety culture. The team also risk-profiled our business, resulting in the development of risk registers and updating all of our safe work practices.

Safety leadership training was also launched during the year, aligning our safety culture with our leadership model, providing our leaders with the tools required to drive safety in their teams.

More than 99 per cent of team members are shareholders through the Wesfarmers Employee Share Ownership Plan.

We continued to partner with numerous suppliers and service providers to give team members access to discounted products and services. Our second annual Climate Survey was conducted, this time including a focus on team member demographics. This survey allows us to measure how our team feel about working for the business and to identify potential opportunities for improvement. Importantly, the survey now provides us with information about the diversity of ages, culture and life experiences of our team members.

At 30 June 2011 our workforce was equally represented by males and females, with the Climate Survey data showing 30 team members participating in the survey self-identifying as Aboriginal and/or Torres Strait Islander.

'OTV' was launched on our intranet during the year, providing a library of training videos for team members to easily access at store level and designed to provide short, simple help and advice to frontline team members on the range of products and services available in our business.

More than 94,600 hours of facilitated and online training were delivered during the year with programs including induction, safety, product knowledge, customer service and leadership capability development.



94,600 hrs
Training hours delivered

Environment

The collection of e-waste continued at our Ballarat and Dandenong stores in Victoria, with 39,790 kilograms of e-waste diverted from landfill and recycled with the assistance of our reverse logistics service provider TIC Group.



39,790 kg
E-waste diverted from landfill

The roll-out of rainwater harvesting tanks at our stores continued. Our total water use during the year was 50 megalitres. Water consumption is estimated again in 2010/11 using the consumption data available at one of our free-standing sites.

As a result of a successful trial during 2009/10, power-factor correction devices, which allow us to make better use of the available electricity, are now standard in our new store design specifications.

We stopped providing single-use plastic bags in December 2008 and have reusable alternatives for sale. Proceeds from the sale of these bags go to the Australian Wildlife Conservancy (AWC) to assist it to establish sanctuaries for the conservation of threatened wildlife and ecosystems. During the year, \$14,378 was donated,

taking our total contribution to AWC since 2008 to almost \$90,000.

Our greenhouse emissions during the year were 65,000 tonnes with the major contribution to this being electricity use in our stores. Our total energy use was 211,539 gigajoules.

Community

For the first time in 2010 we supported Blue September, an event designed to raise awareness about men's cancer and funds for the Australian Cancer Research Foundation and Bowel Cancer Australia. Our team members and customers across Australia supported the cause, and we ultimately contributed almost \$100,000 to the campaign, including in-kind assistance and more than \$84,000 in funds.

In January 2011, we added to our range of reusable bag alternatives with the Helping Kids Grow bag which is manufactured from jute. We donate one dollar from every unit sold to the Australian Literacy and Numeracy Foundation (ALNF) to assist with indigenous and marginalised children's literacy programs. Since January 2011, more than \$35,000 has been donated to the ALNF from the sale of these bags.

Once again, we supported the Whitlam Institute's 'What Matters?' creative writing competition for students in years 5 to 12 in New South Wales and the Australian Capital Territory. The 2011 event received more than 1,800 entries, with children from 176 schools submitting works explaining what matters to them.

Our team members and customers contributed more than \$61,000 to the ANZAC DCC in Queensland and the RSL nationally through the sale of fundraising merchandise in the lead-up to ANZAC Day and Remembrance Day in the reporting period.

In addition, \$574,831 was contributed to local communities through donation and sponsorship activities conducted by our stores.

Economic contribution

Operating revenue for our businesses was \$1.47 billion for the full year. Earnings before interest and tax were \$80 million.

We were pleased to contribute resources for 600 literacy packs which will be distributed to students and communities on Palm Island and Groote Eylandt.

Main: Children from the Palm Island community with their ALNF Literacy Packs.



Officeworks supports children's literacy and numeracy

Our primary focus area for our community involvement activities is children's education. We recognise not only every child's right to receive an education, but also the critical importance to Australia's future that they receive it.

Since 2009, we have worked with the Australian Literacy and Numeracy Foundation (ALNF) on a number of projects including Share-A-Book and Helping Kids Grow. In 2011, as we did in 2009, we donated materials in support of ALNF's Literacy Pack program.

The foundation is dedicated to raising language, literacy and numeracy standards in Australia and raises funds to develop, implement and sustain innovative projects for individuals, families and communities.

The ALNF teaches marginalised Australians how to read and write with an approach that is both tailored to the specific needs of individual groups and communities and uniquely effective in delivering observable outcomes. One of the many challenges faced by ALNF when implementing literacy programs in marginalised communities is the lack of basic literacy resources available to students.

This presents a significant barrier to developing the necessary literacy skills required for them to actively participate in a schooling environment.

The Literacy Pack program supports ALNF's existing projects and initiatives by providing young people with the required resources to foster successful home and school learning environments.

In 2011, we were pleased to contribute resources for 600 literacy packs which will be distributed to students and communities on Palm Island and Groote Eylandt for the remainder of the calendar year.

This, combined with the \$42,000 contributed to the foundation through the collection of Share a Book donations, the sale of Helping Kids Grow bags and collection of back to school donations, further cements a partnership which will help give disadvantaged kids access to school supplies and materials which will inspire their passion for learning as well as supporting it. By raising literacy levels among these kids, Officeworks and ALNF hope to empower thousands of marginalised children to reach their full potential.

Office Supplies – 2012 priorities

- Continue work on our ethical sourcing program, in particular the transparency of our forest products supply chain
- Provide customers with information about products and services which lower their environmental impact and help them to make environmentally preferable purchasing decisions
- Further improve our waste and emissions data collection systems
- Maintain our contribution to improve the social wellbeing of the communities in which we operate
- Continue work to reduce the use of unnecessary packaging in our products

Target

About our business

Offering a unique combination of product, value and convenience, Target is a leading retail destination for fashionable clothing and homewares.

Our core product ranges include ladieswear, intimate apparel, menswear, childrenswear and nursery, accessories and footwear, homewares, electrical, toys and other general merchandise. The majority of clothing is Target-branded, with national brands and licences used to complement the Target range.

At year end, more than 24,000 team members were employed in 172 Target stores and 119 Target Country stores throughout metropolitan and regional Australia.

Year in review

Sustainability continued to be a strong focus for us. We advanced our team member training and safety; continued to review our environmental impact; and worked closely with our key community partners.

We introduced a new safety training package for management team members. We also continued to implement new equipment and modifications to reduce exposure to manual handling risks. This contributed to a reduction in workplace incidents and a decrease in our LTIFR from 7.97 to 6.96.

In 2010, we had a high response rate of 87.4 per cent to our ongoing team member survey.

A key highlight for the year was achieved in October 2010 when we reached \$1 million dollars raised for The Alannah and Madeline Foundation's Buddy Bags Program since commencing support in 2008.

In the area of environmental performance, we continued to successfully reduce excess packaging from key merchandise areas in line with our commitment to the Australian Packaging Covenant (APC).

Material issues

- Improve communications, database management and reporting to better engage supply partners to comply with our Ethical Sourcing Code
- Support the safety of team members by reducing manual handling risks within our stores and sites
- Build strong relationships and improve communications with our stakeholders
- Continue to make a positive difference within the Australian community by partnering with organisations that support safe, happy families
- Minimise waste generated by our activities and through the life cycle of our products
- Improve data management and reporting that will further reduce energy use across our business



Left: Thomas Collyer (left) and Tom Bowen using the new carton conveyor system at the Erskine Park storage facility in New South Wales.

Right: In May 2011, the team at Laverton storage facility in Victoria showed their support for Red Nose Day.

Performance overview

Safety performance

Lost Time Injury Frequency Rate

2011	6.96
2010	7.97
2009	9.20
2008	9.34
2007	10.36

Greenhouse gas emissions

Tonnes CO₂e

2011 ¹	244,995
2010	239,827
2009	219,858
2008	230,545
2007	n/a

Energy use

Petajoules

2011	0.82
2010	0.84
2009	0.82
2008	0.76
2007	n/a

Water consumption

Megalitres

2011	311
2010	339
2009	n/r
2008	n/r
2007	n/a

Community contribution

A\$m

2011	1.10	2.02	3.12
2010	1.44	1.64	3.08
2009	0.99	1.68	2.67

■ Direct, in-kind and product
 ■ Community raised contributions supported by Target

¹ Includes Coles Group Asia (714 tonnes CO₂e).



Target – Priorities and outcomes

Safety



2010 PRIORITY

Continue to focus on improving safety in manual handling within our business

OUTCOME



Updated online safety training courses for our store team members and introduced purpose-built manual handling equipment at selected sites

Stakeholder engagement



2010 PRIORITY

Strengthen communications with suppliers to improve compliance with Target's Ethical Sourcing Code

OUTCOME



Completed a full review of our Ethical Sourcing Code and business procedures. Our commitment to social compliance continues to be communicated to our supply base

Community



2010 PRIORITY

Continue to grow our community programs with a focus on children

OUTCOME



We achieved a key milestone, raising \$1 million for The Alannah and Madeline Foundation's Buddy Bags Program since commencing support in 2008

We also raised more than \$250,000 for SIDS and Kids, a 24 per cent increase on last year's result

Environment



2010 PRIORITY

Build on our current processes to further improve recycling and reduce waste

OUTCOME



Increased the quantity of materials collected for recycling at our stores and sites

Environment



2010 PRIORITY

Expand our data collection and systems to support further improvement in our environmental performance

OUTCOME



Continued to work with our teams in stores and facilities, supported by our service providers to refine and develop our data systems and reporting

Target continued

People

We continued our commitment to the safety and wellbeing of our team members, reducing our lost time injury frequency rate from 7.97 in the previous year to 6.96. A key initiative to improve the safety standards and increase productivity was a new carton conveyor system. After working with a materials handling equipment supplier, we redesigned an existing height-adjustable conveyor system to unload loose loads in shipping containers and trailers. The equipment has variable height and speed settings which eliminate the need to manually push cartons down the conveyor and reduce awkward body postures such as reaching, pushing and twisting.



41%
Management roles held by women

Safety is important across our business. During the year, we introduced a new instructor-led safety course for all management team members participating in the Target Store Leadership program. This hands-on program complements our wide range of online health and safety training courses.

In August and September 2010, we held ceremonies to celebrate the 285 graduates from our inaugural Future Leaders program, the first stage of our development framework for store management team members. Graduates progress to the Target Store Leadership program in which 521 team members were enrolled in June 2011.

Following a pilot in 2010, we selected 30 high-potential female managers from across our business to participate in the inaugural My Mentor Women's Development program. We also held our first networking event 'Targeting Women in Leadership' to promote the representation of women in senior management and non-traditional roles. As at 30 June 2011, women represented 76 per cent of all our employees and 41 per cent of management roles were held by women.

We continued to roll-out initiatives from our diversity strategy and provided opportunities for eight Aboriginal people to undertake school-based traineeships in Western Australia and South Australia. Following the 2010 cultural awareness training conducted with store managers and the senior leadership team, we provided training to our stores in Fulham Gardens and Elizabeth in South Australia and Kalgoorlie in Western Australia.

During the reporting year, two team members participated in the Jawun Indigenous Corporate Partnership Program in October 2010 and March 2011, each completing secondments to the East Kimberley region.

We celebrated and recognised the achievements of our team members at the annual Target Rondel Awards in August 2010. The 16 award categories included safety, customer service, leadership, community and sustainability.

Environment

In line with our commitment to the APC we continued to reduce excess packaging and develop sustainable packaging guidelines for key merchandise areas such as footwear. For example, by suppliers excluding cardboard inserts from slippers we removed 15.8 tonnes of excess packaging. In total, across footwear we saved more than 63 tonnes of packaging during the reporting period.



63 tonnes
Decreased footwear packaging

Team members participated in the third annual Target Green Week Challenge held in June 2011. The theme 'Rethink, redesign and remove' was about looking at how we can do things differently throughout the business to further reduce our impact on the environment. We conducted a survey in all stores to more accurately measure water use. This was estimated to be a total of 311 megalitres per year which equates to 82 litres per full-time employee per day.

Carbon and energy

Greenhouse emissions

Our total greenhouse gas emissions were estimated to be 244,995 tonnes of CO₂e, up 2.1 per cent on last year, and this equates to 64.3 tonnes of carbon dioxide per million dollars of revenue, up 2.5 per cent on last year. Our greenhouse gas emissions were largely due to electricity consumption at our stores, distribution centres and support centres (approximately 88.4 per cent), synthetic gases used in our air-conditioning (approximately 3.6 per cent) and waste disposed off-site (approximately 3.5 per cent).

Energy use

Our main energy use during the year was electricity consumption for lighting in our stores. Total energy consumption was 820,520 gigajoules, down 2.4 per cent on last year. Our total energy consumption per million dollars of revenue was estimated to be 216 gigajoules, down 1.9 per cent on last year. This energy use was mainly 87 per cent electricity and seven per cent fuel.

Energy efficiency initiatives

We continue to evaluate and implement the recommendations from our EEO representative assessments for improving energy efficiency where these are cost effective to the business. Following an energy efficiency trial conducted in May 2011 at selected sites, we identified an opportunity to reduce our energy consumption by changing the temperature settings within stores.

In June 2011, we started a program to adjust the temperature settings by between one and two degrees.

At our purpose-built storage facilities servicing multiple stores we have introduced light sensors that switch off unnecessary lighting and reduce energy consumption. In these sites we have installed large ceiling mounted fans which enable significant volumes to be circulated efficiently. We also retro-fitted existing compactors with new feeders at six sites to accommodate plastic recycling balers.

Governance

Ethical sourcing

We consistently strive to source products through our socially responsible Ethical Sourcing Code. We reserve the right not to do business with vendors that do not share and demonstrate this commitment and we regularly audit our suppliers' factories to assess their performance. During the reporting period, we completed a full review of our code and business procedures.

We continued to reduce excess packaging and develop sustainable packaging guidelines for key merchandise areas such as footwear.



Reducing unnecessary packaging

We are committed to reducing excess packaging from our business.

In the footwear department, we saved more than 63 tonnes of packaging over the past year by reducing the use of cardboard, foam inserts, separators and tissue paper.

These savings included more than 19 tonnes of packaging from children's shoes, 34.8 tonnes from women's shoes and 7.9 tonnes from men's shoes. We will continue to develop and revise sustainable packaging standards in key merchandise areas, and as we review other departments we aim to achieve further savings.

Community

We aim to make a positive difference through our nationwide partnerships and by supporting the local communities in which we operate. Our total contribution this year was valued at \$3.12 million and includes \$2.02 million contributed by our team members, customers and suppliers.

A highlight was the launch of our ongoing community campaign 'We Love Kids' which includes a television commercial which this year supported the recent SIDS and Kids campaign.

Our key partnerships continued to reflect our commitment to 'safe, happy families'. In October 2010, we thanked our customers for helping us reach the \$1 million donation milestone for The Alannah and Madeline Foundation from the sale of our red re-usable bags.

In 2010/11, we conducted 430 factory audits; this included 175 audits conducted by third party auditors and we acknowledged 248 factories through our mutual recognition program. Three zero-tolerance issues were detected and one factory was deregistered as a supplier due to poor social compliance.

Compliance

We updated our online training module for Target's Fair Trading Policy to provide a practical learning tool for team members to promote a greater understanding of the new *Australian Consumer Law (ACL)* introduced on 1 January 2011.

In an external audit for Payment Card Industry Compliance we were assessed to be compliant with all applicable requirements.

During the year, we continued our commitment to local communities across the nation by providing 90 free St John Ambulance first aid courses for parents and carers of children aged 12 and under. Each course is valued at \$125. This equates to 1,180 people having the knowledge and skills required to provide basic first aid and emergency care for children.

In November, our annual Christmas gift giving campaign with UnitingCare was relaunched as Operation Santa. Customers and team members donated more than 63,500 gifts and \$172,000 worth of gift cards to the appeal which is now in its nineteenth year.

We also supported the SIDS and Kids Red Nose Day, with customers and team members purchasing \$250,000 worth of Red Nose Day merchandise from our stores in June 2011, a 24 per cent increase on last year's result.

Through our community donations program, \$106,525 worth of gift cards were provided to not-for-profit organisations in our communities to assist with local fundraising efforts.

Stakeholder engagement

We are committed to ongoing engagement with our stakeholders which include customers, shareholders, team members, suppliers of goods and services, and community partners.

Our complaints handling process provides a responsive service for our stores and customers in accordance with the AS ISO 10002-2006 for Complaints Handling and our customer relations team received 60,993 contacts in 2010/11.

We recently became active in social media, providing a new forum for customers to provide feedback.

Each month we monitor customer perceptions, attitudes and behaviours towards the Target brand and use this research to shape future strategies and actions. In 2010, this research led to the introduction of our customer service program Operation Target to improve interaction with our customers.

During the year, we conducted a survey to assess the engagement of our team members, with 20,869 participating in the survey.

Kmart

About our business

Kmart is one of the largest general merchandise and apparel retailers in Australia and New Zealand, with 187 stores, five distribution centres and sourcing teams located in Hong Kong, China, Bangladesh and India. Our 24,000 team members, excluding Kmart Tyre and Auto (KTAS), are focused on delivering exceptional customer service to families and supplying great products at low prices right across the store, every day.

KTAS is one of the largest automotive service, repair and tyre businesses in Australia. KTAS has 251 stores and more than 1,400 team members.

Year in review

The entire Kmart business is now operating an 'everyday low price' model, where traditional sales have ceased in favour of offering our customers quality products at the lowest prices, every day. Our 'expect change' campaign, which ran from January 2010 and invited customers back into our stores, was well received and our focus for the coming year is to educate customers about the 'new' Kmart.

We have continued to reduce the number of injuries in our sites; however, our targeted aim of reducing the number of lost time injuries by 50 per cent was not met, with our business recording a 29 per cent reduction.

A review of product packaging has commenced with key highlights mentioned in this report.

We have identified new energy saving initiatives which will reduce the amount of energy our sites use by 20 to 40 per cent.

Our community program focused on our annual Wishing Tree Appeal which has once again seen significant support, collecting almost 500,000 gifts. Our Art of Giving competition received 7,800 entries and we raised over \$475,000 through our coin collection program (excluding the Kmart Wishing Tree Appeal).

For the year, our operating revenue was \$4.04 billion and EBIT was \$201 million¹. Whilst customer transactions and volumes continued to grow, this was offset by reduced prices. Our focus for the coming year is to ensure we have the right product across the store, executed as efficiently as possible from the supplier to the shop floor.

Material issues

Our business will continue to focus on five key areas to improve our sustainability:

- Continue to restore the foundations of our business
- Ensure our sites are safe for team members and customers
- Reduce the amount of energy we use
- Ensure our packaging meets the requirements of the business and the Australian Packaging Covenant
- Continue to focus on our community program.

¹ Excludes \$3 million earnings related to Coles Group Asia overseas sourcing operations.



Left: The new distribution centre in Victoria, features a range of initiatives to reduce the environmental impact of the site.

Right: We have reduced the amount of packaging used across a number of products, including the stuffing from our footwear range, which will remove more than 174 tonnes of packaging material annually.

Performance overview

Safety performance

Lost Time Injury Frequency Rate

2011	6.78
2010	9.02*
2009	11.18
2008	10.74
2007	11.02

Greenhouse gas emissions

Tonnes CO₂e

2011	311,668
2010	303,397
2009	257,087
2008	310,391
2007	n/a

Energy use

Petajoules

2011	1.08
2010	1.04
2009	0.99
2008	1.05
2007	n/a

Water consumption

Megalitres

2011	767
2010	775
2009	n/r
2008	n/r
2007	n/a

Community contribution

A\$m

2011	0.74	10.57	11.31
2010	2.35	4.53	6.88
2009	1.02	10.83	11.85

■ Direct, in-kind and product
 ■ Community raised contributions supported by Kmart

* Data adjusted due to reclassification of claims.



Energy conservation



2010 PRIORITY

Focus on energy use and introduce initiatives to reduce the amount of energy we consume

OUTCOME



Identified a range of additional initiatives to reduce energy use and will soon trial these in a number of stores to assess their suitability

Environment



2010 PRIORITY

Commence reviewing our packaging to ensure it is cost effective and meets the requirements of the Australian Packaging Covenant, whilst being easy to use for our customers and team members

OUTCOME



Improvements were made to our packaging to reduce the amount we use. Some of these improvements will save more than 3,000 tonnes of packaging each year

Stakeholder engagement



2010 PRIORITY

Grow and develop the capabilities of our line managers and national office team members

OUTCOME



'Managing people at Kmart' course introduced for all general managers and direct reports

Safety



2010 PRIORITY

Reduce the number of lost time injuries by 50 per cent

OUTCOME



Reduced our lost time injuries by 29 per cent

Community



2010 PRIORITY

Expand our media program to continue to foster support for the communities in which we operate

OUTCOME



Strengthened our media presence to highlight what our stores are doing regarding coin collection and local investment. We have also developed a social media presence, highlighting our work

Kmart continued

People

We are committed to ensuring our sites are safe, our 25,462 team members receive training to reach their full potential and we have a diverse workforce that is recognised and rewarded for the work they do.

Safety improvements introduced this year include providing improved materials handling equipment as well as providing new storage racks in selected stores. Additionally, we have introduced new initiatives, including boom gates and safety rails, to reduce the potential for falls from our loading docks. During the year, a new health and wellbeing program called 'Kmeasures' was launched to assist team members improve their health and reduce the risk of conditions including heart disease and type two diabetes.



13,900

Team members received training

We recorded 167 lost time injuries for the year, down 29 per cent on last year (our target for the year was to reduce this by 50 per cent). We are now working on a range of initiatives, including new training programs focusing on line manager and safety committee capability to assist in further reducing team member injuries. The coming year will also see us introduce a 'safety score' for each site. This is a positive performance indicator and is intended to drive activities and behaviours that have a positive effect on reducing injuries. For the year, our TRIFR was 40.79, up four per cent on last year.

More than 67 per cent of our workforce are female and we are focused on increasing their representation in leadership roles across our business. The number of women in leadership roles has decreased to 30 per cent this year as we included over 100 team members in error last year. Through an employee survey, 0.51 per cent of all of our team members identify themselves as Aboriginal. To further increase that representation we continued our work trial program which now provides employment for 19 team members.

This year, more than 13,900 team members received some form of training, with 40,921 hours of training delivered.

Carbon and energy

This year, we identified a range of initiatives to significantly reduce the amount of energy consumed in our existing stores. These initiatives include: using the sun to provide light in stores; installing more energy efficient lighting; monitoring and controlling where and when we use energy; using natural ventilation to provide fresh air; and making our air conditioning systems more efficient. These initiatives will soon be trialled.

As a result of a review of the specifications for new distribution centres, as mentioned in last year's report, our new sites in Victoria and New South Wales use a range of improved energy efficiency measures: rain water harvesting; more efficient tap ware; solar hot water; better use of natural sunlight; motion sensors to turn off lights in office areas; window glazing; improved insulation; and using recycled concrete.



77%

Store waste recycled

To reduce the amount of energy used when charging our electric forklifts, we have introduced a policy to only recharge these devices when they fall below 25 per cent charge at these sites. In addition, the New South Wales site will use more energy efficient lighting, which we expect will reduce lighting energy use by over 40 per cent.

Our total carbon emissions were estimated to be 311,668 tonnes of CO₂e, up 2.6 per cent on last year. Our energy use was estimated to be 1.08 petajoules, up four per cent on last year. Our major energy use was electricity for lighting and air conditioning.

Waste and recycling

This year we recycled more than 77 per cent of the waste generated by our stores, offices and distribution centres. As part of the ongoing upgrade of our information technology assets, we recycled more than 21 tonnes of computers, monitors, printers and checkout equipment.

Product and packaging improvements

Our merchandise team focused on improving the environmental performance on a range of products and reducing the amount of packaging used. A number of examples will be included in Wesfarmers' Australian Packaging Covenant report for 2010/11. Some key highlights include:

- reducing the number of pages in our weekly marketing catalogues, saving over 3,012 tonnes of paper
- removing the stuffing from footwear, resulting in a reduction of 174 tonnes of packaging material
- moving our reusable shopping bags to 100 per cent recycled material – more than 33 tonnes of recycled plastic will be used to make these bags now, rather than using virgin plastic
- changing the way Kmart's Homemaker-branded kettle is packed to reduce packaging by 25 per cent
- using recycled phone books to make our paper pet litter
- moving from blister packs for power leads, power boards and audiovisual accessories to cardboard packaging or shelf-ready packaging
- removing backing cards from kitchen utensils and bath mats, replacing this with a small sticker.

Community

The Kmart Wishing Tree Appeal is Australia's and New Zealand's largest Christmas gift collection appeal. Over the last 24 years, the Appeal has collected more than five million gifts and last year we set a new record, collecting almost 500,000 gifts, \$300,000 in cash donations and \$100,000 from the sale of Kmart Wishing Tree-branded merchandise.

This Appeal would not be a success without the 500 community champions in our stores, the support of The Salvation Army and the generosity of customers, businesses and communities throughout Australia and New Zealand.

Our Art of Giving competition continues to grow, with 7,800 students entering artwork in the 2010 competition to express 'what family means to me'. This year, our competition focuses on why helping others is important. At the time of writing we have already had over 1,400 entries with winners to be announced in November 2011.

Our customers have continued to support our coin collection program, raising money for Variety, the Children's Charity; TLC for kids; and local community groups.



The contributions that can be included this year have changed, resulting in us being unable to include \$0.10 million in direct support and \$1.82 million in indirect support which have been included in previous years. These figures should be added to the verified data to enable accurate comparisons for previous years.

Governance

Kmart received 24 enquiries from regulators during the year. A number of these were related to product safety, following the introduction of mandatory reporting to the Australian Competition and Consumer Commission on 1 January 2011.

Other enquiries related to issues including fair trading, discrimination and privacy concerns. Kmart classified six as reportable as they alleged some form of regulatory breach or posed a significant risk to the business from a reputational or financial perspective. We responded to all enquiries within prescribed timelines. Throughout the year, Kmart conducted 11 recalls, four of which were for Kmart-branded products.

Ethical sourcing

Throughout the year, we undertook a comprehensive review of our ethical sourcing program. We worked closely with Target to align our programs where possible and our new code will be launched by the end of 2011. This year, 95 factories gained approval under our existing code, or were approved based on audit results commissioned by one of our peers and accepted under our mutual recognition program. In the course of these audits we uncovered no significant breaches of our code.



Kmart and the community fundraising

As part of our coin collection program, Kmart stores nominated a community group or charity within their local community to partner for three months to help raise valuable funds and awareness.

Our Australian stores helped to raise over \$98,000 collectively, while the majority of our New Zealand stores continued to raise much needed funds for The Salvation Army's Canterbury Earthquake Appeal.

Kmart Burnie customers raised over \$2,500 to help the Lions Club of Rocky Cape with the purchase of an assistance dog for a local autistic boy. Specifically trained by Righteous Pups Australia, this specially-trained dog will help Daniel overcome some of his anxieties and provide him with the constant emotional support he requires.

All artwork will be displayed in Kmart stores once the competition closes, with the winning artworks forming the design for the Kmart Wishing Tree Appeal e-cards.

Our customers have continued to support our coin collection program, raising money for Variety, the Children's Charity; TLC for kids; and local community groups. Throughout the year, over \$475,000 has been raised (in addition to the Wishing Tree Appeal).

Kmart store teams continue to support hundreds of schools, kindergartens and community groups by providing Kmart gift cards.

We also donate products including blankets, clothing and toys to assist people in need and more than 600 team members volunteered over 4,500 hours to assist with community-based programs throughout the year.

Our KTAS team has entered into a partnership with Rotary Youth Driver Awareness (RYDA). RYDA is a not for profit organisation which delivers road safety training to Australian high school students.

During the year, our business contributed \$0.74 million in direct support to the community and \$10.57 million in indirect support, as verified by LBG.

Insurance

About our business

Wesfarmers Insurance operates in the general insurance and financial services sector. Our insurance businesses include Lumley Insurance and WFI in Australia and Lumley General Insurance New Zealand (LGNZ). Our insurance broking businesses include OAMPS Australia, OAMPS United Kingdom and Crombie Lockwood in New Zealand. We also have premium funding businesses and financial management operations. We are represented in 124 locations in Australia, 38 in New Zealand, five in the United Kingdom and one in New Caledonia. At 30 June 2011 we employed 3,684 people. For further information on our businesses, visit www.wesfarmersinsurance.com.au

Year in review

This year, the business reported a 77.1 per cent decrease in earnings before interest, tax and amortisation from the previous year. This was a result of the impact of an unprecedented level of natural disasters on claims and reinsurance costs. The number of catastrophe events in Australia and New Zealand, such as the earthquakes in Christchurch, New Zealand, floods in Queensland and Victoria, Cyclone Yasi and other severe weather events around Australia, tested the resilience of the affected communities and our business. These natural disasters have been extremely challenging for the insurance industry and have resulted in a significant number of claims.

While the financial effect of these events has been significant, we have been pleased by the response of our claims teams to our clients in their time of need. We have started the new financial year with a strong reinsurance program in place with continued support from many longstanding reinsurance partners. Our sustainability as a business depends on the skills, commitment and behaviour of our employees in Australia, New Zealand and the United Kingdom.

We continue to focus our efforts on attracting, retaining and developing the best industry talent and have undertaken key initiatives to ensure we keep improving our organisational capability. The Wesfarmers Insurance 'My Voice' survey plays an important role in influencing our people strategy. Key strengths reported this year include teamwork, supervision, common purpose and culture and values. Areas for improvement include communication and cooperation, performance and feedback, reward and recognition, and learning and development. Our direct contribution to a range of local community partnerships supporting initiatives such as farm safety, local community welfare organisations and education was \$407,056.

Our total energy consumption was 75,579 gigajoules and our greenhouse gas emissions decreased from 13,405 to 10,393 tonnes. However, this year for the first time, we have included air travel emissions, bringing our total to 12,789 tonnes.



Left: Brooke Geary, WFI Area Manager, with old mobile phones donated to Mobile Muster. The phones are recycled, saving them from landfill.

Right: Raising money for Prostate Cancer Foundation of Australia – Ben Saunders, Jackie Ramsay, Arnold Tran, Josh Ingall, Patrick O'Connor and Sonia DaRos from 'OAMPS team Radelaide' for the Nissan/BRW Corporate Triathlon Series 2011.

Performance overview

Safety performance

Lost Time Injury Frequency Rate

2011	0.83
2010	0.89
2009	2.22
2008	3.7
2007	2.7

Greenhouse gas emissions

Tonnes CO₂e

2011	12,789
2010	13,405
2009	12,236
2008	12,975
2007	5,679

Energy use

Petajoules

2011	0.08
2010	0.08
2009	0.09
2008	0.08
2007	0.04

Water consumption

Megalitres

2011	80
2010	66
2009	119
2008	113
2007	n/r

Community contribution

A\$m

2011	0.41	0.03	0.44
2010	0.96	0	0.96
2009	0.84	n/r	0.84

■ Direct, in-kind and product
■ Community raised contributions supported by Insurance



Insurance – Priorities and outcomes

Environment



2010 PRIORITY

Manage our carbon emissions to minimise our impact on the environment

OUTCOME



Greenhouse gas emitted by our operation has decreased

Undertook two audits of our offices to identify opportunities for improvement as part of the Energy Efficiency Opportunities (EEO) program. We did not purchase carbon credits as we have done in the previous two years

Stakeholder engagement



2010 PRIORITY

Continue to support and promote sustainable business practices within our business and with our employees and business partners

OUTCOME



WFI held regular sustainability committee meetings and continue to drive programs, monitor and report on sustainable practices

Community



2010 PRIORITY

Develop our community programs to maximise benefits to the communities in which we operate

OUTCOME



Our businesses directly contributed \$407,056 to community activities. We have a sponsorship policy in place which is aimed at optimising the benefits to the local communities in which we operate

Safety



2010 PRIORITY

Continue to improve our safety management frameworks to improve safety across the division

OUTCOME



The ISAFE program continues to support the business. A dedicated specialist health and safety role oversees the program

Safety



2010 PRIORITY

Reduce our LTIFR with a target of zero LTIs

OUTCOME



Our LTIFR improved from 0.89 to 0.83, which is a 6.7 per cent reduction on last year

Insurance continued

Material issues

- Unprecedented number of catastrophe events in Australia and New Zealand
- Increases in catastrophe reinsurance costs
- Insurance premium rate increases evident in property classes, particularly on higher risk exposures
- Federal Government review of natural disaster insurance in Australia
- Continue to improve our safety management frameworks to improve safety across the division
- Develop our community programs to optimise benefits to the communities in which we operate

People

We continue to invest in our people and fortify our leadership and culture. We have expanded our internal leadership development curriculum and talent management processes to ensure robust succession planning and the identification of our future leaders from within. Overall employee engagement scores in the 'My Voice' survey increased from 71.8 per cent to 73.5 per cent, with the most positive division-wide scores being recorded for the areas of culture and values; teamwork and supervision/leadership.



73.5%
Employee engagement

While we continue to invest in the growth and development of all employees, a particular focus has been made this year on the identification and mentoring of key female talent. We are pleased to report that we have met our goal of increasing the representation of women at senior levels in our business by at least two per cent.

As part of our ongoing commitment to the Wesfarmers Reconciliation Action Plan, this year the business nominated two employees to participate in the Jawun Indigenous Corporate Partnerships program.

The five week program provides employees an opportunity to support Aboriginal organisations in the East Kimberley, Western Australia.

Our commitment to creating a safe and inclusive workplace continues and we recognise this is a long-term investment. Our safety performance continues to improve with an LTIFR rate of less than one.

Environment

The 80 megalitre estimate of our water use is based on actual data from our WFI Bassendean office in Western Australia and LGNZ Auckland office (representing 20.5 per cent of our total employees), which is used to calculate a per capita water use figure that is applied across the remainder of our business.

Several other key environmental initiatives in the business include:

- WFI's business improvement program, 'Time for Action', which has led to the introduction of electronic claims management and lodgement, is expected to create a major saving in paper use across the business
- WFI participated in the Mobile Muster recycling campaign where old phones and accessories are collected for recycling and the proceeds used for community projects. Last financial year, WFI contributed about 26 kilograms of used phones and accessories
- implementation of new electronic operations systems, which has reduced paper use across the Australian underwriting operations. In Lumley Australia, two additional product lines were released on the my.place@lumley electronic distribution platform for insurance brokers
- more than 200 employees started participating in a pilot of SameTime, a unified communication product that enables desk-based collaboration and virtual meetings via audio, video or text. This software is anticipated to reduce the need for travel to attend meetings.

Greenhouse emissions

Our total greenhouse gas emissions were estimated to be 12,789 tonnes of CO₂e, down 4.6 per cent on last year (our total this year includes air travel for the first time). This equates to approximately seven tonnes of CO₂e per million dollars of revenue, down 12.5 per cent on last year. The greenhouse gas emissions were largely due to electricity consumption in our offices.

Energy use

Our main energy use during the year related primarily to energy consumed as a result of electricity consumption in our offices. Total energy consumption was estimated to be 75,579 gigajoules, down 6.9 per cent on last year. Our total energy consumption per million dollars of revenue was estimated to be 43.5 gigajoules, down 9.0 per cent on last year. This energy use is broken down into mainly fuel (29.4 per cent of total energy consumption) and electricity (42.0 per cent).



4.6%
Greenhouse gas reduction

Governance

Our governance framework includes the policies and principles that guide our board and management team as well as a system of controls that defines how we work. During the year, we continued to strengthen the risk management frameworks within each of our businesses. In particular, the Australian underwriting businesses undertook a review of the systems in place for the identification and assessment of key risks and implemented a more robust process for the management and monitoring of insurance risks.

Our New Zealand businesses, Lumley and Crombie Lockwood, initiated significant projects to prepare these businesses for the introduction of new regulatory regimes which are to apply to the New Zealand insurance sector and are to be phased in over the next two years.

Our community support program is focused on the local communities where our businesses operate.

Main: WFI pledged a donation to the RFDS for every client who responded to a client survey. Helen Sayers, Market Insights Manager WFI (right) presents Joeley Petit-Scott, Public Relations Manager, RFDS with the cheque.



Economic investment

During the past year, we made provisions to pay \$1,538 million in claims to our customers who suffered insured losses. This included support for customers affected by various natural catastrophes in Australia and New Zealand during the period. We paid \$288 million in wages and salaries to our employees. Several other key broking and underwriting strategies and important milestones achieved include:

- the acquisition of a New Zealand-based insurance broking business, FMR Risk, by Crombie Lockwood
- the successful sale of OAMPS Super
- delivering on OAMPS business support improvements, including a new client prospecting tool and other broker information system enhancements
- targeted recruitment of specialist brokers to improve our capabilities in OAMPS United Kingdom
- enhancements in insurance portfolio management and pricing capabilities across our underwriting business
- broadening our Coles personal online insurance offer to include additional services such as 24/7 roadside assistance
- strong take-up on the my.place@lumley, an electronic distribution platform for insurance brokers.

No significant regulatory breaches were recorded by any business within the division. Our businesses self-reported two breaches to relevant regulators and in both instances no action was taken by the relevant regulator.

We actively partnered with the Insurance Council of Australia and contributed submissions on a range of matters affecting the future of insurance in Australia, including:

- changes to the General Insurance Code of Practice, Australian Privacy Principles
- improved disclosure of financial services products
- flood insurance, including the National Disaster Insurance Review
- the Future of Financial Advice
- consolidation of APRA prudential standards.

Community

Our community support program is focused on the local communities where our businesses operate. Some of the community contributions we made during the year include:

- WFI annually sponsors rural health and safety information promotions by a leading not-for-profit farm improvement group, the Kondinin Group in Western Australia. WFI also supports the 'Day in the Shed' events in Western Australia's wheatbelt areas to support the health of country people facing tough times as a result of drought. WFI also sponsored the Women on Farms program and contributed to the Royal Flying Doctor Service
- LGNZ supported a number of its social club fundraising initiatives through dollar for dollar matching and donating prizes for charity auctions to the value of \$15,987. These funds were used to support 14 different charitable organisations
- OAMPS team members participated in The Bottlemart Smiddy Challenge, The Ballarat Cycle Classic, NIBA mentor program, MOAMPS for Movember and the Global Corporate Challenge.

Resources

About our business

We are a significant Australian open-cut miner and a leading metallurgical coal producer and supplier of thermal coal for domestic power generation. We operate the Curragh open cut coal mine near Blackwater in Queensland's Bowen Basin, have a 40 per cent interest in the Bengalla mine in the Hunter Valley of New South Wales and, for the reporting period, operated the Premier Coal mine near Collie in Western Australia¹. The Bengalla mine is not covered in this report as it is managed by Coal and Allied and is included in its public reporting.

At 30 June 2011 we had 809 people permanently employed: 43 at the Resources divisional office; 476 at the Curragh mine operation; and 290 at the Premier Coal operation. The combined coal production for Curragh and Premier Coal was 11.36 million tonnes which was 4.2 per cent lower than the previous year.

Year in review

This has been a challenging year on many fronts for our operations. While we have invested our time and resources into improving all aspects of our long-term sustainability, our performance outcomes in some areas were less than we had hoped for. This is particularly so this year in safety where, despite reducing our LTIFR by 40 per cent from 2.14 to 1.29 and achieving 463 days LTI free at our Premier Coal mine, sadly a contract worker was fatally injured in a single light vehicle incident at our Curragh mine in August 2010.

This is a reminder that we must continue to focus on preventing workplace incidents.

The central Queensland floods and record rainfall during the period September 2010 to May 2011 significantly affected operations at our Curragh mine. This has not only reduced production but challenged our ability to manage water and broader environmental issues on-site. The need for significant dewatering activities at Curragh has seen a large amount of energy required for non-mining related activities, resulting in an increase in our energy intensity and a corresponding increase in our greenhouse gas emissions.

Despite these setbacks, our performance in regard to our community support, our people and the environment has included many successes and highlights such as the introduction of an Indigenous Traineeship program at Curragh, completion of new energy efficient housing at Blackwater, the successful roll-out of SAFEmine (a collision avoidance system) and the completion of the water treatment plant at Premier Coal.

Material issues

The material issues facing the division are improving our safety performance and improving our energy efficiency, reducing greenhouse gas emissions and water usage.

¹ In September 2011, Wesfarmers announced the sale of Premier Coal for \$296.8 million.



Left: The SAFEmine system in operation at Premier Coal, at Collie, Western Australia.

Right: Premier Coal's Toby Ramshaw inspecting new electricity meters which assist with energy efficiency improvements.

Performance overview

Safety performance

Lost Time Injury Frequency Rate

2011	1.29
2010	2.14
2009	2.53
2008	7.2
2007	3.4

Greenhouse gas emissions

Tonnes CO₂e

2011	694,026
2010	715,388
2009	707,725
2008	614,619
2007	834,654

Energy use

Petajoules

2011	4.00
2010	3.94
2009	4.31
2008	3.33
2007	3.51

Water consumption

Megalitres

2011	2,707
2010	3,402
2009	3,045
2008	3,654
2007	3,869

Community contribution

A\$m

2011	0.83	0.04	0.87
2010	0.68	0.03	0.71
2009	0.86	n/r	0.86

■ Direct, in-kind and product
■ Community raised contributions supported by Resources



Resources – Priorities and outcomes

Safety



2010 PRIORITY

To consolidate and improve upon our safety performance achieved in 2009/10

OUTCOME



Despite significantly reducing our LTIFR and Premier Coal going 463 days LTI-free, a fatality at Curragh resulted in an unacceptable safety performance for the year

Environment



2010 PRIORITY

Continue to improve greenhouse gas and energy measurement

OUTCOME



New electricity meters were installed at Premier Coal and connected to Schneider ION Powering Monitoring Software, to allow the meters to feed data into its online monitoring and reporting SQL database

Community



2010 PRIORITY

Complete post handover agreement work around Lake Kepwari to assist Department of Environment and Conservation with public access to the lake

OUTCOME



Partial surrender of the lease and final handover of the lake has not yet occurred due to issues involving the State Agreement Act

Environment



2010 PRIORITY

Maintain accreditation to AS/NZS ISO 14001 Environmental Management System standard at Premier Coal

OUTCOME



Two surveillance audits of the EMS were undertaken in December 2010 and May 2011, with both audits identifying that Premier Coal had established and maintained its management system in line with the requirements of the standard

Environment



2010 PRIORITY

Implement improvements to the waste management strategy at Curragh

OUTCOME



Improvements achieved through the provision of a total waste management contract with SITA Environmental Solutions. SITA provides total waste solutions through waste segregation, recycling and resource recovery

Stakeholder engagement



2010 PRIORITY

Complete agreement with Western Australian Government for establishment of the Shotts Industrial Park area

OUTCOME



Substantial agreement has been reached between all parties on the development of an industrial park. Final issues are still being resolved with the State

Resources continued

People

The safety of our people remains our principal focus. This year, our aim was to consolidate and improve upon our safety performance achieved in 2009/10. While it was pleasing that we achieved a 40 per cent reduction in LTIFR from 2.14 to 1.29 and that Premier Coal achieved 463 days LTI-free, sadly a contract worker was fatally injured in a single light vehicle incident at our Curragh mine in August 2010. This is a reminder that we must continue to focus on preventing workplace incidents.



Roll-out of SAFEmine, a collision avoidance system

This year, Premier Coal successfully rolled out a new safety initiative in the SAFEmine collision avoidance system which has been installed and implemented on all mobile mining machinery and vehicles entering the mine operation, including contractor vehicles. Premier Coal is the first major site in Australia to roll-out the SAFEmine technology.

Our Aboriginal employment and engagement strategy continued to make progress with initiatives across all operations. This was highlighted by Curragh's Indigenous Traineeship program in partnership with The Salvation Army Employment Plus, state and local governments and contracting company, Thiess.

In a major step forward for the standard of living for our Curragh employees, the construction of 19 two-storey houses and 14 apartments has commenced in Blackwater.

Our commitment to attracting, engaging and retaining our people has seen the introduction of a division-wide employee survey to get feedback from our employees on what they think is important, how we are performing and what we can do better. This survey is now driving an action plan to enhance the working environment for our employees across all sites. Investing in the development of our people remains central to our approach. This year's focus on women in leadership, succession and development planning and employee engagement is key to achieving our goal of being a great place to work.

Environment

The major focus of our environmental efforts this year has been related to water. In Curragh's case it was the result of the record rainfall and floods and in Premier Coal's case the need to dewater pits prior to commencing mining operations.

In order to minimise the effect of the floods on the bio-diversity of its mining lease, Curragh initiated an awareness and action program to ensure the protection of flora and fauna on-site and in surrounding areas. This program resulted in a greater understanding by employees of the bio-diversity of the environment of the mine. In addition, weed eradication and feral animal reduction programs started. An animal survey, relocation and voluntary support of a research project on the endangered Bridled Naitailed wallabies at the nearby Taunton National Park also commenced.

At Premier Coal, an \$8 million water treatment plant was completed in October 2010 to support the dewatering of future mining areas. The plant is designed to treat up to 70 megalitres of water per day with the clean water discharged into the east branch of the Collie River.



70ML

Recycled water treated each day

Carbon and energy

The management of greenhouse gas emissions and energy use remains one of the most challenging areas for our business. Improved measuring capability such as the introduction of new electricity meters at the Premier Coal mine and the further refinement of WESGERS is assisting our various operations to better understand their emission profiles and energy use. While progress has been made in this area, the record rainfall and floods in central Queensland have seen Curragh undertake a very significant dewatering program. This has resulted in additional energy being used for non-mining operations which has reduced our energy efficiency and increased our greenhouse gas emissions at that site.

Greenhouse emissions

Our total direct (Scope 1 and 2) greenhouse gas emissions were estimated to be 649,374 tonnes of CO₂e, down 3.43 per cent on last year.

This equates to 4.04 kilograms of CO₂e per Bank Cubic Metre (BCM), down 2.2 per cent on last year. The greenhouse gas emissions were largely due to fugitive emissions of 38 per cent, electricity 29 per cent and diesel 33 per cent.

Energy use

Our main energy use during the year related primarily to the operation of our draglines and coal handling and preparation plant at Curragh and diesel-operated equipment across the business. Total energy consumption was estimated to be 4.00 petajoules, up 1.52 per cent on last year. Our total energy consumption per BCM was estimated to be 24.93 megajoules, up 3.1 per cent on last year. This energy use is broken down into fuel of 80 per cent of total energy consumption and electricity 19 per cent with other sources such as explosives accounting for the remaining one per cent.

Governance

There were no environmental infringement notices or fines issued to either Curragh or Premier Coal. During the year, Premier Coal had two non-compliances. One of these events was due to a monthly water sample from a licence point not being taken while the other was for blast noise exceeding the Environmental Protection (Noise) Regulations. To date the Department of Environment and Conservation has not advised Premier Coal that any further action will be taken on these non-compliances.

Community

When central Queensland was devastated by floods during the reporting period, our employees at Curragh contributed to the emergency response by assisting with the movement of people via chartered coaches and aircraft, as well as moving supplies in the local area to where they were most needed. While this in-kind support was well-received, the impact of the floods ensured a major rebuilding effort was required, and the division and its employees made significant financial donations.

In June 2011, the Ngalang Boodja Mine Lake Aquaculture Project achieved a major milestone with the first commercial harvest of marron and the opening of Collie Valley Marron.

The Brisbane office, Curragh and Premier Coal operations continue to make substantial contributions to their communities, supporting local health services, education, the arts, Aboriginal employment opportunities and local tourism initiatives.

Since it commenced operations in 1983, Curragh has always been synonymous with quality housing for its employees.

Main: New housing for Curragh employees at Blackwater, Queensland.



Housing for the 21st Century

Since it commenced operations in 1983, Curragh has always been synonymous with quality housing for its employees. Curragh established a new benchmark in the provision of housing purpose-built for the mining industry, a standard which it has proudly maintained since those early years.

However, with an expanding workforce this year, Curragh announced a new housing development for employees and their families in Blackwater. Construction commenced in March 2011 of 19 two-storey houses and 14 apartments. With quality family and single accommodation in scarce supply this housing project is a very welcome addition to the Blackwater community.

The design and construction was undertaken by Panorama Property Group Pty Ltd, a central Queensland property development and construction company.

The housing project uses modular technology, with individual modules constructed off-site and delivered to the location complete with fixtures and fittings.

This method of construction is highly sustainable; off-site constructions, or buildings constructed within a factory environment, have the potential to reduce waste by up to 30 per cent.

Significantly, further environmental benefits are realised through energy and water efficient construction, noise limitation and dramatically reduced vehicle movements during construction.

Climate responsive elements were incorporated into the building design, resulting in an average rating of 6.1 Stars issued by Sustainability House. The high thermal energy efficiency rating significantly reduces the requirement for heating and cooling to maintain a comfortable environment. There has been an emphasis placed on functional floor plans and the use of space within each residence. Large bedrooms, each supplied with individual ensuites, will cater to the unique accommodation requirements of mining communities. Privacy will be maintained with screening and landscaping designed

to complement the local climate but support an indoor/outdoor lifestyle.

Landscaping will be an important feature of the development, using plants native to the area such as Tuckeroos. These quick growing trees will feature throughout the development, maintaining a cool outdoor space for most of the houses and the apartment grounds.

The project is being undertaken in a way that supports local businesses and jobs, as well as ensuring the needs of the workers and their families are met, that the buildings are energy efficient and that waste minimisation is a focus throughout construction.

Chemicals, Energy and Fertilisers

About our business

Wesfarmers Chemicals, Energy & Fertilisers (WesCEF) operates chemical, gas, power generation¹ and fertiliser businesses that service sectors in both Australian and overseas markets.

Our division was created following the merger of the Energy, and Chemicals and Fertilisers divisions, announced in April 2010. As this is our first year of reporting as WesCEF, historical data was created by combining data previously reported separately by the two divisions.

We have a 50 per cent interest in an ammonium nitrate facility in Queensland (QNP), but we do not operate the business and it is not included in this report.

We have operations around Australia, and employed 1,472 people as at 30 June 2011. Our revenue in 2010/11 was \$1,641 million.

Year in review

We continued our focus on the sustainable operation of our businesses for the benefit of our employees, our customers and the communities in which we operate. We remain committed to the safe operation of our facilities in a way that minimises any adverse impact.

In November 2010, CSBP released the Public Environmental Review document for its proposed ammonium nitrate expansion project for a 10-week public consultation period, and held a public information evening about the proposed project in December 2010. The WA Environmental Protection Authority released its report and recommendations for this project in July 2011 and the ministerial statement was signed by the Western Australian Minister for Environment in October 2011.

In February 2011, CSBP started trials of nitrous oxide reduction technology in one of its nitric acid plants at Kwinana (Western Australia) to help reduce greenhouse gas emissions. In 2009/10, nitrous oxide emissions represented approximately 46 per cent of the division's total carbon dioxide equivalent (CO₂e) greenhouse emissions.

CSBP also completed design work and started fabrication of a regenerative thermal oxidiser that will broaden supply options for our superphosphate manufacturing operation at Kwinana, and help reduce dependence on phosphate rock from Western Sahara.

Kleenheat Gas completed a trial of American Power Group's patented dual-fuel system that converts existing diesel engines in heavy vehicles to operate on a blend of diesel and LNG. This provides lower operating costs and reduced emissions through the displacement of diesel by LNG.

¹ On 31 August 2011, Wesfarmers completed the sale of enGen for \$101 million.



Left: The regenerative thermal oxidiser unit being lifted into position at WesCEF's fertiliser operations in Kwinana, Western Australia.

Right: The Salvation Army's Captain Katie Beardsley receives a \$5,000 cheque from Kleenheat Gas General Manager Graham Smith as part of Kleenheat's partnership with The Salvation Army Regional Care Program.

Performance overview

Safety performance

Lost Time Injury Frequency Rate

2011	4.59
2010	3.82
2009	2.60
2008	4.05
2007	1.83

Greenhouse gas emissions

Tonnes CO₂e

2011	2,022,741
2010	2,024,587
2009	1,862,605
2008	1,811,792
2007	1,461,880

Energy use

Petajoules

2011	18.25
2010	17.93
2009	15.16
2008	17.88
2007	14.59

Water consumption

Megalitres

2011	4,220
2010	4,143
2009	3,591
2008	3,630
2007	2,455

Community contribution

A\$m

2011	0.29	0	0.29
2010	0.44	0.01	0.45
2009	0.69	0	0.69

■ Direct, in-kind and product
■ Community raised contributions supported by Chemicals, Energy and Fertilisers

Data from 2007 to 2010 has been restated to reflect the merge of Energy, and the Chemicals and Fertilisers divisions in July 2010.



Chemicals, Energy and Fertilisers – Priorities and outcomes

Safety



2010 PRIORITY

To improve the overall participation of our workforce in health and safety activities such as hazard identification, inspections and risk assessments

OUTCOME



We increased our focus on safety metrics in our businesses which led to increases in team safety meetings, risk assessments, task observations and hazard identification in the workplace

Safety



2010 PRIORITY

To improve compliance to regulations of all major hazard facilities (MHF) and develop our KPIs to track process safety performance

OUTCOME



Safety reports approved by regulators for our ammonia/ ammonium nitrate and Kleenheat Gas production facilities
 Work is underway on safety reports for Kleenheat's Deer Park (Victoria) facility, and Australian Vinyls in Laverton North, Victoria
 Australian Gold Reagents achieved recertification with the International Cyanide Management Code (ICMI)

People



2010 PRIORITY

To improve training materials and delivery to support the initial induction, skill development and competence of our workforce

OUTCOME



Two new training advisors were appointed for Kleenheat Gas
 A manager was appointed to improve training for fertiliser operational and maintenance employees
 Training modules for operators in sodium cyanide and fertilisers operations were updated
 Divisional leadership programs were launched nationally

Environment



2010 PRIORITY

To continue to manage legacy waste and contamination issues

OUTCOME



Groundwater monitoring at CSBP's site in Bayswater (Western Australia) continued and environmental remediation reports were drafted
 Contaminated soil was excavated from CSBP's site in Bunbury, Western Australia
 Investigations of historic contamination at CSBP Kwinana continued

People



2010 PRIORITY

To integrate and improve documentation and the systems that facilitate their access

OUTCOME



A new document management system was implemented at the Kleenheat production facility in Kwinana, and work to introduce the system to other parts of Kleenheat Gas commenced

Community



2010 PRIORITY

To contribute to and engage with the communities in which we operate

OUTCOME



Community support activities continued
 We continued our membership and involvement with key industry bodies
 A public information evening was held at CSBP Kwinana to provide details about our proposed ammonium nitrate expansion project
 A customer and community information campaign was implemented to support the shutdown of the Tempered Liquid Petroleum Gas (TLP) reticulation system in Armidale, New South Wales

Chemicals, Energy and Fertilisers continued

We have previously reported on the performance and expansion of our nutrient-stripping wetland at CSBP Kwinana. This year, we successfully trialled the addition of organic carbon in the wetland to enhance the removal of nitrogen from wastewater prior to discharge from site.

Material issues

Our material issues are:

- continuing to improve workplace safety
- minimising greenhouse gas emissions, and further improving energy efficiency
- ensuring the efficient use of water in our operations, including the use of recycled and reclaimed water supplies
- continuing to develop, engage and retain our employees
- continuing to contribute to and engage with the communities in which we operate.

People

As at 30 June 2011 we employed 1,472 people, excluding contractors but including casual employees.

The ongoing development of our people is one of our key priorities, and during the year we launched our Capability Framework which focuses on leadership development, talent management and the development of core competencies.



20.3%
Reduction in TRIFR

During the year, we employed six apprentices and sponsored an additional 11 in our businesses.

We introduced the WesCEF Women Forums (27 per cent of our employees are female), and developed the division's Aboriginal Strategy. An Aboriginal cadetship commenced in the division in June 2011, and recruitment is currently underway for a Coordinator, Aboriginal Affairs.

In 2010/11, we recorded 55 Total Recordable Injuries (TRIs), 16 of which were Lost Time Injuries (LTIs). This compares to 83 TRIs and 16 LTIs last year. Our Total Recordable Injury Frequency Rate decreased from 19.79 to 15.77, while our Lost Time Injury Frequency Rate increased from 3.82 to 4.59.*

We increased our focus on safety metrics in our businesses which led to increased team safety meetings, risk assessments, task observations and hazard identification in the workplace. We also introduced additional safety scorecards at CSBP.

We started a phased introduction of a new safety incident reporting tool, Cintellate, to replace existing systems and provide a single incident, action management and inspection/audit tracking tool across the division.

We started developing skills and training matrices within the Kleenheat Gas business, as well as new technical training modules for the Kleenheat Gas production facility operators.

Environment

We continued a review of our environmental management systems, including the review and assessment of our environmental risks.

Kleenheat continued to participate in the WA Contaminated Sites Committee proceedings for determining responsibility for contamination at an Osborne Park (Western Australia) site, formerly occupied by Kleenheat (among others).

Emissions notifiable under the National Pollutant Inventory (NPI) were estimated, and data for the 2009/10 reporting period was submitted to government. Detailed information is available at www.npi.gov.au

Carbon, energy and water

Greenhouse emissions

Our 2010/11 Scope 1 and 2 greenhouse gas emissions were estimated at 1,875,740 tonnes of carbon dioxide equivalent (CO₂e), a decrease of 2.8 per cent on last year. Of this, 46 per cent was generated from nitric acid production, 25 per cent from ammonia production, seven per cent from natural gas and diesel use in our power stations, and seven per cent from LPG and LNG production. The balance was generated from various other processes associated with our operations.

In addition, Scope 3 emissions associated with our electricity, natural gas, liquid fuel, waste and air travel were estimated to be 147,001 tonnes CO₂e.

Energy use

Our net energy consumption was estimated to be 18.25 petajoules, up two per cent on last year. Our energy use is represented by natural gas (79 per cent), LNG (nine per cent), and diesel (six per cent), with other energy making up the remaining (six per cent).

Water use

Our total water consumption was 4,220 megalitres, up two per cent on last year.

We continued our use of recycled water at CSBP Kwinana, and Australian Vinyls used 130 megalitres of recycled water from its recycled water plant that was commissioned in February 2010.

Governance

Our Health, Safety and Environment team provides guidance and advice to our businesses on current and changing legislative and public policy requirements, and supports them in complying with these requirements.

As part of our operations, we manage several major hazard facilities (MHFs), and manufacture, handle and transport dangerous goods.

Australian Gold Reagents achieved recertification with the International Cyanide Management Code covering the manufacture, transport and use of sodium cyanide.

In January 2011, our sodium cyanide business received a formal letter of warning from the Department of Environment and Conservation (DEC) in Western Australia for failure to ensure the accuracy and reliability of NOx data for a minimum of 90 per cent of the operating time for the month of February 2010 from one of our sodium cyanide liquid production plants at Kwinana, as reported in last year's Sustainability Report.



2.8%
Greenhouse gas reduction

During the year, CSBP reported to the DEC that a loss of containment of nitric acid occurred at CSBP Kwinana in September 2010, and also reported that the accuracy and reliability of data collected for a sodium cyanide liquid production plant NOx analyser at Kwinana in March 2011 was below licence requirement. The DEC is yet to respond to these events. CSBP has undertaken actions to address these events.

* 2009/10 data includes Coregas.

If the initial results of the trial prove successful, a similar catalyst will be installed in the other nitric acid plant at CSBP, Kwinana.

Main: CSBP Process Engineer Moiz Alibhai in front of the nitric acid plant in which CSBP is currently trialling nitrous oxide abatement technology.



Community

We provided support to more than 150 organisations in 2010/11 through direct financial support or through the donation of goods.

WesCEF continued support of Youth Focus, The Salvation Army, the Asthma Foundation of Western Australia and the Clontarf Foundation.

In January 2011, we announced the shutdown of the 110-year-old TLP gas reticulation system in Armidale, New South Wales. An extensive information campaign was undertaken to provide both customers and the community with information about the shutdown, and a range of subsidies and incentives were offered to help customers convert to LPG alternatives.

In late 2009, we announced an investment of almost \$5 million in a regenerative thermal oxidiser (RTO) to broaden phosphate rock supply options for our superphosphate manufacturing operation at Kwinana and reduce our dependence on phosphate rock from Western Sahara. Fabrication has started, and the RTO is expected to be commissioned in late 2011. During the year, we continued to engage in dialogue with interested parties regarding the importation of phosphate rock from Western Sahara, and welcomed an invitation to meet with the International Officer for the Forum for the Future for Saharawi Women during her visit to Perth in May 2011. Unfortunately, the meeting invitation was withdrawn.

Reducing greenhouse gas emissions

Nitrous oxide is a greenhouse gas emitted during the production of nitric acid, which is produced as a feedstock for ammonium nitrate production. Each unit of nitrous oxide emitted is equivalent to 310 units of carbon dioxide.

In 2009/10, nitrous oxide emissions represented approximately 46 per cent of our division's total carbon dioxide equivalent (CO₂e) greenhouse emissions.

In February 2011, CSBP started a trial of new nitrous oxide abatement catalyst technology in one of its two nitric acid plants at Kwinana to help reduce our total greenhouse gas emissions.

The decision to trial the technology was announced in November 2010, ahead of the Federal Government's climate change framework announcement in February 2011.

The catalyst converts nitrous oxide to inert nitrogen and oxygen. If the initial results of the trial prove successful, a similar catalyst will be installed in the other nitric acid plant at CSBP Kwinana.

If successful, this could potentially reduce the division's total greenhouse gas emissions by more than 700,000 tonnes per year.

Australian Vinyls identified a number of corrective actions following the investigation of a minor injury resulting from the use of a catalyst X16 (Ethyl Chloroformate). These actions became the subject of an improvement notice following the provision of the information associated with the incident to Worksafe Victoria. All actions have been undertaken and therefore the improvement notice has been complied with.

During the year, Kleenheat Gas received two remediation notices from the Department of Mines and Petroleum in Western Australia regarding its Beach Street site in Kwinana. Both notices were complied with.

Kleenheat Gas also received three directives from the Hazardous Industries and Chemicals Branch, Workplace Health and Safety in Queensland regarding its Pinkenba site. Actions to comply with these three directives are underway and on track to be completed by their due dates.

Industrial and Safety

About our business

We are Australia and New Zealand's leading supplier of industrial and safety consumables. We provide engineering products and industrial consumables, safety, packaging, materials handling, lifting products and services, and industrial, medical and specialty gases to industry and government. We operate a multi-channel distribution model that includes a network of branches, sales representatives, e-business, websites and telesales.

With 219 outlets and 121 gas distribution points, we trade in Australia as Blackwoods (incorporating Blackwoods Electrical and Bakers Construction and Industrial), Protector Alsafe, Bullivants, Total Fasteners, and Coregas. In New Zealand, we trade as Blackwoods Paykels Protector, Packaging House, NZ Safety and Safety Source. As at 30 June 2011 we employed 3,529 people (including casual employees).

Year in review

The pursuit of outcomes that are socially and environmentally responsible, while being economically viable, continues to be our focus. Key sustainable outcomes during the reporting period included:

- the introduction of 66 fuel efficient hybrid vehicles
- the continued implementation of safety projects such as forklift safety, goods stored at height, work in remote areas and pre-employment functional assessments

- using third party certified paper for regular marketing publications and internal use
- continuing The Fred Hollows Foundation partnership with contributions of more than \$100,000
- a 16 per cent reduction in printing per million dollars of revenue from the 2009 baseline
- an immediate response by employees to the floods and cyclones in Australia and earthquakes in Christchurch, New Zealand.

Material issues

As a supplier of industrial and safety consumables, our material issues are:

- the sustainability of the supply chain, including ethical labour standards and the environmental impacts of manufacturing products
- the safety and diversity of our people and our own operational environmental impact including greenhouse gas emissions and waste
- delivering safe and sustainable products and services to customers on time to help them meet their business objectives.



Left: Growth through a diverse workforce is a priority. Durmy Mustafa and Claire Stock.

Right: Internal safety audits help reinforce our safety culture. Blackwoods employees from left, John Pignone, Marcel Moussa, Kelly Watson and Lee Bateman.

Performance overview

Safety performance*

Lost Time Injury Frequency Rate

2011	2.34
2010	1.61
2009	2.4
2008	4.6
2007	4.6

Greenhouse gas emissions*

Tonnes CO₂e

2011	243,071
2010	30,014
2009	25,231
2008	33,546
2007	29,533

Energy use*

Petajoules

2011	1.21
2010	0.19
2009	0.19
2008	0.20
2007	0.18

Water consumption*

Megalitres

2011	254
2010	63
2009	55
2008	n/r
2007	n/r

Community contribution*

A\$m

2011	0.38	0.93	1.31
2010	0.17	0.04	0.21
2009	0.13	0.05	0.18

■ Direct, in-kind and product
■ Community raised contributions supported by Industrial and Safety

* 2011 data reflects the inclusion of Coregas in the Industrial and Safety division in July 2010.



Industrial and Safety – Priorities and outcomes

Safety



2010 PRIORITY

Continuing to drive a safety focused culture

OUTCOME



The total recordable injury rate decreased to 27.78 in 2011 from 29.10 in 2010

Implemented safety projects for forklifts, goods stored at height, work in remote areas and pre-employment functional assessments

Community



2010 PRIORITY

Continuing to drive our Aboriginal and Torres Strait Islander Strategy and expand our employee diversity initiatives

OUTCOME



Incorporated greater cultural awareness through initiatives relating to induction, internal communications and employee participation in secondment programs

Support for The Fred Hollows Foundation continued, with contributions of over \$100,000

Developed an action plan focused on women in leadership, which increased the number of women in the management team

Environment



2010 PRIORITY

Conserving resources with a focus on energy efficiency and waste reduction

OUTCOME



Introduced 66 fuel efficient hybrid vehicles

Established a working group to identify and implement energy efficiency and renewable energy projects

Reduced our printing per million dollars of revenue by 16 per cent from the 2009 baseline

Stakeholder engagement



2010 PRIORITY

Further promoting a sustainable product range to help customers meet their sustainability objectives

OUTCOME



Promoted products with sustainability credentials on the Blackwoods website. Developed a range of waste management and recycling signs for sale to customers

Stakeholder engagement



2010 PRIORITY

Managing efficient, sustainable and ethical outcomes with suppliers to reduce risk and deliver value to customers

OUTCOME



Updated and improved the supplier survey to manage risks in ethical sourcing, dangerous goods, safety, trade practices legislation and other sustainability risks

Implemented use of third party certified paper for internal use and marketing publications

Industrial and Safety continued

People

Safety continued to be a focus for the business through implementation of the following projects:

- Improved forklift driver training and a successful pilot of technology solutions, such as swipe card access, monitoring operator licences, impact sensors, speed limits, and reporting to improve forklift safety
- Improved safety for employees working in remote areas with vehicles now equipped with two spare tyres, long range fuel tanks, emergency beacons, overhead lights, bull bars, spotlights, recovery winches, fire extinguishers, dual batteries, two way radios, visibility flags, snorkels, and satellite navigation systems
- Revision of the safe operating procedure for goods stored at height to reduce risk.



19%
Safety audits
increased

The safety culture was reinforced with the number of internal safety audits increasing by 19 per cent for the reporting period compared to the previous period, including 51 audits by the executive leadership team.

Total hours worked increased by 14 per cent, which contributed to an increase in total injuries and our LTIFR increased to 2.34 compared to 1.61 for the previous reporting period. However, the severity rate improved to 38.39, down from 47.85 for the previous reporting period, and the Total Recordable Injury Frequency Rate (TRIFR) improved to 27.78 from 29.10 for the previous reporting period.

We continued to support employees with training and development during the reporting period including:

- 1,236 instructor-led training courses that covered sales, first aid, forklift, hazard management and safety training
- 35 managers participating in residential regional and branch manager development programs

- 108 employees completed Certificate III and IV in Transport and Logistics programs with a further 77 employees currently enrolled.

Bullivants also introduced a technical service representative accreditation system. Bullivants' inspectors make decisions on whether lifting or rigging equipment is fit for purpose, and this accreditation system gives customers confidence in the qualifications of our inspectors. The accreditation system also provides a pathway for employees pursuing technical skills.

Diversity

The Aboriginal and Torres Strait Islander Strategy progressed with assistance from the steering committee to improve cultural awareness within our business. During the year, employee induction materials were updated with cultural awareness content and a 'Welcome to Country' was held at the official opening of the new Protector Alsafe Mackay branch.

Blackwoods contributed more than \$100,000 to The Fred Hollows Foundation by donating a percentage of sales from the Foresight range of products. Five employees visited communities in the Northern Territory to participate in The Fred Hollows Foundation programs, such as health, literacy, nutrition, and development training programs. As part of the 'Jawun' secondment program, one employee helped the Wyndham Early Learning Activity Centre in the East Kimberley obtain funding. Blackwoods is also a major sponsor of training programs to help indigenous people obtain skills necessary for employment in the mining industry in partnership with BHP Billiton Olympic Dam and Xceptional Recruitment.

Environment

We introduced 66 energy efficient hybrid vehicles into our fleet to reduce fuel consumption and greenhouse gas emissions during the reporting period. An internal working group was established to identify energy efficiency and renewable energy projects, which resulted in the implementation of a pilot project for efficient warehouse lighting. We worked with Low Carbon Australia, an independent company created by the Australian Government, to identify lights that meet the objectives of energy efficiency, light quality and cost.



66

Energy efficient hybrid
vehicles introduced
into the fleet

Our printing per million dollars of revenue decreased by 16 per cent since 2009 through the introduction of wireless warehousing, electronic transactions with customers and suppliers, and operational print reduction initiatives. Third party certified paper is now used for marketing publications and internal use. We also implemented cardboard balers to improve recycling at our NSW distribution centre.

To help our customers be more sustainable we developed a range of waste management and recycling signs. The signs are made from 50 per cent recycled plastic and can also be recycled. The sustainability attributes of products, which have been verified with third party certification, are now promoted on the Blackwoods website.

Governance

We remain committed to ensuring that our businesses and suppliers are compliant with appropriate legislation and our values. The Australian and New Zealand supplier survey in 2011 was reviewed to assist us in better managing risks in ethical sourcing, dangerous goods, safety, trade practices legislation and other sustainability risks. In addition, we continued to work with our international suppliers to improve the sustainability of our sourced products by auditing all our major Asian suppliers of our own branded products.

In addition, Bullivants successfully completed an audit program to demonstrate compliance to management standards for quality (ISO 9000), environment (ISO 14001) and safety (AS 4801).

Every time our customers purchase products from the Foresight range, a percentage of the proceeds go directly to The Fred Hollows Foundation.

Main: Outback eye screening enabled by The Fred Hollows Foundation is just one of the initiatives benefiting from the Blackwoods partnership – photo courtesy of The Fred Hollows Foundation.



Community

During the year, we continued to support a number of key partners and community groups, with a total direct contribution in Australia and New Zealand of more than \$380,000 and an indirect contribution of over \$930,000. Direct contributions included \$50,000 passed directly to organisations contributing to Queensland flood relief.

We also facilitated the delivery of over \$870,000 of suppliers' products, which included industrial, safety and cleaning products for use by emergency services and volunteers.

Additionally, Protector Alsace continued to support the KIDS Foundation in Australia, which promotes childhood injury prevention, with fundraising activities for Injury Free Day and donations of over \$30,000. Coregas continued to sponsor the Tradesperson of the Year award through the Welding Technology Industry Association in Australia. In New Zealand, we supported the Cancer Society, Surf Life Saving New Zealand, and continued to support a breeding program for the endangered Hibi bird at Tiritiri Matang Island, New Zealand.

The Fred Hollows Foundation – a successful partnership

In 2010, Blackwoods established a partnership with The Fred Hollows Foundation to support its Indigenous Australia program, which delivers health services to Aboriginals in some of the most remote parts of Australia. The Foundation is committed to roles as both partner and advocate of health programs for indigenous Australians. To support the Foundation, Blackwoods established the Foresight range of products. Every time our customers purchase products from the Foresight range, a percentage of the proceeds go directly to The Fred Hollows Foundation. The Foundation is also supported by employee donations and branch fundraising activities, such as on-site barbecues.

In May 2011, five Blackwoods employees were selected for the Foundation's 'See Australia' trip to the Northern Territory based on their contribution to the community and our business.

The 'See Australia' trip gave the employees an opportunity to witness first-hand the range of activities conducted by The Fred Hollows Foundation, including programs for health, nutrition, literacy education and development.

The six-day trip included visits to remote communities and meetings with community leaders of local health organisations such as the Sunrise Health Service, which was developed to meet the mental, cultural and emotional needs of the people in the East Katherine region. The ancient rock art in the national parks, the dreamtime stories from tribal elders, a helicopter ride over the Eva Valley, a boat trip through Katherine Gorge, and eating kangaroo tail cooked on fire coals all contributed to a greater appreciation of the Aboriginal culture for participants.

Our employees were inspired by the work of The Fred Hollows Foundation and are now advocates in their respective Blackwoods regions for the great work and real improvements our donations are making to Aboriginal communities.

About this report

This is our fourteenth Sustainability Report, developed to share our company's philosophy and commitment to sustainability. The report's objective is to provide information about the economic, environmental and social impact of Wesfarmers and the businesses we operate.

What this report covers

Information contained in this report is for the financial year ended 30 June 2011. All wholly-owned and/or operationally-managed businesses are included. Each of our divisions has a specific section in this report. Other part-owned businesses such as the Bengalla coal mine in New South Wales, Wespine softwood sawmill in Western Australia, and Queensland Nitrates Pty Ltd in Queensland are grouped in the Wesfarmers section of the report and we provide links to websites for readers wishing to find out more about their activities.

Each division reports across the five key principles of our Group-wide approach to sustainable business: people; carbon and energy; community partnerships and contributions; net environmental footprint; and economic development. Where possible, we have reported this as both aggregated data for the Wesfarmers Group, as well as showing divisional unit data. These indicators and their measurement were developed with the assurance providers for this report and we use the Global Reporting Initiative (GRI) framework as the base for information in this report.

What we mean by sustainability

Wesfarmers' objective is to provide value to our stakeholders, primarily through providing satisfactory returns to our shareholders. We believe to do this effectively involves focusing on the five key principles outlined above.

Report preparation

Community contribution

Wesfarmers' community contribution has been verified using the London Benchmarking Group (LBG) methodology.

Safety data

As with the other data in this report, safety and workers' compensation data is for the year ended 30 June 2011. However, the data reported for a particular year can change in subsequent reports as circumstances (such as the duration of time lost from work) can change over time. Lost Time Injury Frequency Rate (LTIFR) includes contractors where possible and unless otherwise specified.

Greenhouse emissions

Greenhouse emissions information contained in this report for Australia is based on the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (NGER Act), although for indirect emissions (such as Scope 3 electricity emissions, waste and air travel not included in the NGER Act) calculations are done in accordance with the National Greenhouse Accounts Factors Workbook – July 2010 (which applies for the 2010/2011 year). Emissions for other countries are calculated according to relevant government standards in those countries.

Stakeholder engagement

Wesfarmers and its businesses continually engage in a significant communication process with stakeholders with widely varying interests. As part of this report, Wesfarmers (through Net Balance, the external assurers, to maintain independence in analysis and reporting) conducted a broad-based survey of approximately 100 significant stakeholders of the organisation (investors, analysts, business associations, non-government public advocacy bodies, and business journalists) to gather their views on Wesfarmers' approach to sustainable business.

The executive summary of the Net Balance report, dated July 2011, is available on our website at www.wesfarmers.com.au/sustainability

To the extent specific material issues were raised in that process, we have endeavoured to respond to them in this report. Our divisions report on the material sustainability issues for their business in their individual sections of this report. Of the report recommendations that we have not addressed completely, a Group Sustainability policy, based on our five principles, is in preparation and while our businesses have many internal targets for sustainability metrics our preference is to be judged on our performance over time and the continual improvements we strive to make.

In terms of our stakeholder engagement processes, these are dealt with at the appropriate Group or business level. Every one of our businesses has a complex network of stakeholders across regulatory agencies, community partners, consumer advocacy, industry bodies, civil society, suppliers and customers that are consulted with according to their needs or our requirements. To describe this situation accurately in this report would require us to commit several pages to the subject. Our preference is for readers interested in a particular area of our activity to contact the corporate office or our businesses as relevant to discuss their interest and obtain relevant information. The initial contact details can be found at www.wesfarmers.com.au/contact

Assurance

The internal and external assurance process is an important part of Wesfarmers' commitment to transparent reporting of its activities.

Internal verification

Every effort is made to ensure that all statements in the report are accurate and authenticated. Each division documents original source material linking to the content in the report. Extensive verification checks were made by representatives from our Corporate Solicitor and Group Insurance departments, who subsequently prepared reports for senior management within each business.

External assurance

Net Balance Management Pty Ltd (Net Balance) carried out an independent assurance on this report using the AA1000 Assurance Standard 2008 and the elements of the Global Reporting Initiative (GRI). The Assurance Statement is published on page 70. Net Balance provides a detailed report to management and meets with the Board's Audit Committee to review its assessment of the reporting process.

Net Balance has checked our reporting and confirmed it to be Application Level B+.

A statement supporting our verification to GRI Level B+ (as in 2010) is located on our website at www.wesfarmers.com.au/sustainability

The greenhouse gas emission and energy data has been subject to a limited assurance audit by Ernst & Young to the extent the data relates to our NGER Act report for the 2010/11 year and the Auditor's report has been voluntarily provided to the DCCEE.

Net Balance, as detailed in its assurance report, relied on this audit for our NGER Act data, and conducted its own assurance of our greenhouse and energy data outside the scope of the NGER Act report.

More information

In addition to this report, more information regarding Wesfarmers' activities can be found in other public reports:

- the Carbon Disclosure Project and the Carbon Disclosure (Water) Project (www.cdproject.net)
- the Dow Jones Sustainability Index (www.sustainability-index.com)
- the Australian Packaging Covenant (www.packagingcovenant.org.au)
- the Energy Efficiency Opportunities Act (www.energyefficiencyopportunities.gov.au) in Australia
- the National Greenhouse and Energy Reporting Act in Australia (www.climatechange.gov.au/reporting/)
- the Forest Footprint Disclosure Report (www.forestdisclosure.com).

In most cases, each of the Wesfarmers divisions publish their own sustainability reports which are available on their websites.

This report uses only summarised financial and governance information. More information and detail is available in our 2011 Annual Report (available at www.wesfarmers.com.au), especially regarding Board processes and policies; remuneration policies; and financial accounting practices.

The Wesfarmers Annual Report also details the structure of the organisation; operating locations; major shareholdings; markets; countries and sectors we operate within; and any legal changes to subsidiaries during the reporting period.

In several parts of this report the reader will note references to more detailed information on particular elements of our performance being available on our website at www.wesfarmers.com.au/sustainability

This data includes a list of the industry associations or like bodies Wesfarmers or its subsidiaries was a member of in 2010/11.

Completeness

We do not claim that this report provides 100 per cent coverage of our sustainability performance. Any gaps in our knowledge will be reduced as our systems improve. This document is a best-efforts attempt to report openly and honestly based on our current state of knowledge.

Feedback

We welcome your feedback on this report. A form has been provided for you on the inside back cover, or you can email info@wesfarmers.com.au

Last year, we received several formal comments, which we responded to individually.



Verification Statement from LBG Australia/New Zealand

We have verified Wesfarmers Limited's application of the London Benchmarking Group (LBG) model to measure and report on corporate community involvement activity.

The LBG model helps businesses improve the measurement, management and reporting of their corporate community investment programs. It covers the full range of contributions (cash, time and in-kind donations) made to community causes, and assesses the results achieved for the community and for the business.

As managers of LBG Australia/New Zealand, we have worked with Wesfarmers Limited to review its understanding and application of the LBG model in respect of the wide range of community programs supported. Our aim has been to ensure that the evaluation principles have been correctly and consistently applied. Having conducted an assessment, we are satisfied that this has been achieved. Our work has not extended to an independent audit of the data.

Yvonne Choong
LBG Manager, October 2011

Independent Assurance Statement



To the Directors of Wesfarmers Limited:

Wesfarmers Limited (Wesfarmers) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of this Sustainability Report (the Report). The Report presents Wesfarmers' sustainability performance during the period 1 July 2010 to 30 June 2011. Wesfarmers Group and Wesfarmers' business divisions were responsible for the preparation of the Report and this statement represents the assurance provider's independent opinion. Net Balance's responsibility in performing its assurance activities is to the Board of Directors and management of Wesfarmers alone and in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Assurance Standard and Objectives

The assurance process was undertaken in accordance with the AA1000 2008 Assurance Standard (AA1000AS). The standard provides a comprehensive way of ensuring an organisation is responsible for the management, performance and reporting of its sustainability issues. This is achieved through evaluation of the organisation's adherence to the AA1000 AccountAbility Principles (2008) and by reviewing the reliability and quality of disclosed sustainability performance information.

The AA1000 AccountAbility Principles (2008) used to assess Wesfarmers' processes include:

Inclusivity: An assessment is made as to whether the organisation has included stakeholders in developing and achieving an accountable and strategic response to sustainability.

Materiality: An assessment is made as to whether the organisation has included in its report the material information and data required by its stakeholders to make informed judgements, decisions and actions.

Responsiveness: An assessment is made as to whether the organisation has responded to stakeholder concerns, policies and relevant standards and adequately communicated these in its report.

Assurance Type and Scope

Net Balance provided Type 2 assurance in accordance with the AA1000AS (2008).

This involved assessing the organisation's adherence to the AA1000 AccountAbility Principles (2008) and assessing the accuracy and quality of the sustainability information contained within the Report.

The review of adherence to the principles was undertaken using the criteria outlined in the AA1000 Assurance Principles Standard (2008), while assessment of the accuracy and quality of sustainability performance information was undertaken using Wesfarmers' indicator protocols and the Global Reporting Initiative's (GRI) G3 Reporting Principles for Defining Quality.

Assurance Level and Limitations

The level of assurance provided is moderate, as defined by the scope and methodology described in this assurance statement. The assurance covered the whole of the Report and focused on systems and activities of Wesfarmers during the reporting period, with the following exceptions:

- The scope of work did not involve verification of financial data, other than that relating to environmental, social or broader economic performance.
- Assurance of Scope 1 and 2 greenhouse gas emissions reportable under the National Greenhouse and Energy Reporting (NGER) Legislation was undertaken by another external consultant. This work was not replicated and Net Balance's opinion in the area of greenhouse gas emissions relies in part on the assurance opinion issued by the other party. Net Balance's assurance of greenhouse gas emissions covered all other data not reported under the NGER Legislation (Scope 3 emissions, non-Australian operations, and operations outside of Wesfarmers' operational control for the purposes of the Legislation).
- Assurance of detailed community contributions data for all divisions except Home Improvement and Office Supplies was undertaken by London Benchmarking Group. Community contributions data by Home Improvement and Office Supplies was reviewed as part of Net Balance's assurance process.

Assurance Methodology

The assurance engagement was undertaken between June and October 2011, and involved:

- Preparation of a materiality register (list of key sustainability issues) using the five-part materiality test. This included

a comparison of Wesfarmers and its business divisions against their peers, a risk review, an industry review, a review of selected Australian media reports and a policy review.

- Interviews with senior managers to better understand how Wesfarmers Limited and each of the business divisions is addressing key sustainability challenges and how sustainability is integrated within the organisation.
- Independent engagement with stakeholders of Wesfarmers Limited at a corporate level and a review of stakeholder engagement activities undertaken by each of the business divisions. This included reviewing how stakeholder engagement informs the sustainability strategy and performance of the organisation.
- A review of the key sustainability strategies, policies, objectives, management systems, measurement and reporting procedures used by Wesfarmers Group and each of the business divisions.
- Interviews with key personnel responsible for the Report to ascertain their views, understanding and response to material sustainability issues faced by the business divisions.
- Interviews with key personnel responsible for collating and writing various parts of the Report to substantiate the reliability of selected claims. Representatives of each of the wholly-owned business divisions were interviewed by members of the assurance team as part of a series of site visits. Interviews were conducted with representatives of Bunnings, Coles, Curragh Coal, Industrial and Safety, Insurance, Kmart, Officeworks, Premier Coal, Target, and Wesfarmers Chemicals, Energy & Fertilisers. In addition, interviews were also conducted with representatives of Wesfarmers Group.
- A review of the Report for any significant anomalies, particularly in relation to claims as well as trends in data.
- Verification of more than 240 data points and statements selected from the Report and examination of the systems and processes that support the claims.
- Collecting and evaluating evidence to support the assurance work undertaken.
- A Global Reporting Initiative (GRI) G3 Application Level Assessment.

Our Independence

Net Balance was not responsible for preparing any part of the Report. During the reporting period Net Balance has assisted in the development of data management forms for Wesfarmers to increase consistency in reporting between the business divisions. Net Balance has also worked with Bunnings, Officeworks and Kmart on on-ground implementation projects. Both Wesfarmers and Net Balance have determined that these projects are not in conflict with Net Balance's role as the independent assurance provider.

Our Competency

The Wesfarmers assurance engagement was carried out by an experienced team of professionals led by two Lead Sustainability Assurance Practitioners (Lead CSAP). The project included personnel with expertise in environmental, social and economic performance measurement across a range of industry sectors. Net Balance is a global leader in the use of the AA1000AS, having undertaken more than 100 assurance engagements in Australia over the past five years.

Findings and Conclusions Adherence to AA1000 Principles

Inclusivity:

Wesfarmers demonstrates its commitment to be accountable to its stakeholders through its Company Values and the sustainability reporting process. Responsibility for engaging with stakeholders rests primarily at the business division level. As a consequence, there is variation across Wesfarmers in the extent and quality of engagement undertaken. There are examples of innovative and proactive engagement in the business (eg. 'Tell Coles' and Bunnings' engagement with Timber suppliers), however, there are also examples where engagement is more reactive and the business is missing opportunities to genuinely engage directly with stakeholders. This could be overcome by making engagement more systematic. In the future, Wesfarmers should work to map its key stakeholders and use the stakeholder feedback to better inform its strategic planning and decision-making at both the Group and business division levels.

Materiality:

Wesfarmers has this year again reported in line with five key themes. These were developed in consultation with the business divisions to reflect the range of impacts of Wesfarmers' businesses. In parallel with this process, we understand that the issues covered in the report partly reflect those identified through the corporate planning process. In future reporting periods, it is recommended that decisions relating to the report content more closely align to the corporate planning process. Further, consistent with the current trend of Wesfarmers' business divisions towards reporting that focuses on their specific material issues, this process should be carried out at the business division level

and result in a prioritisation of issues that is clear and replicable. Notwithstanding, Wesfarmers appears to have appropriately addressed its key environmental, social and economic material issues in a balanced way. To ensure that the key themes used to structure the report reflect the organisation's material risks, these should be reviewed and updated on a regular basis. To illustrate, themes identified by stakeholders as important (eg. sourcing and customers) are not always adequately covered by the framework.

Responsiveness:

In general, Wesfarmers appears to address the needs, concerns and expectations of its stakeholders in a timely fashion. This was demonstrated through a range of formal and informal communication mechanisms. Responsibility for developing responses appears to spread across the organisation (and across divisions) and in several instances it was clear that material issues are considered as part of the regular business planning processes. In some cases, however, Wesfarmers' response to issues concentrated only on a single facet of the issue. Wesfarmers should focus on considering the full range of impacts associated with a particular issue in order to ensure that it provides a comprehensive and balanced response to stakeholder issues raised.

Reliability of Performance Information

Based on the scope of the assurance process, the following was observed with regard to performance information:

- The findings of the assurance engagement provide confidence in the underlying systems and processes used for managing and reporting sustainability performance information.
- Data trails selected were generally identifiable and traceable, and the personnel responsible were able to reliably demonstrate the origin(s) and interpretation of data.
- The sustainability performance disclosures presented within the Report appropriately reflect environmental, social and economic performance achieved during the period.
- The GRI Application Level check classified the Report as Level B+.

Overall, it is Net Balance's opinion that the information presented within the Report is fair in all material respects. The Report was found to present a reliable account of Wesfarmers' sustainability performance during the reporting period.

The Way Forward

Over the past 12 months, Wesfarmers has made significant progress in presenting a consolidated view of Group performance within the Sustainability Report. Building upon a strong foundation of a core set of indicators, Wesfarmers has continued to expand upon the reporting of Group level issues and performance, providing

detail on the organisation's progress in addressing company-wide issues. While the consistency and completeness of core indicators is now high, continued effort is required in the areas of Scope 3 greenhouse gas emissions, waste and management figures.

Given Wesfarmers' diverse operations, the challenge is to foster a Group-wide approach to the integration and importance of sustainability in strategy development and execution. Net Balance understands that a Group Sustainability Policy is currently under development. To support this document, Wesfarmers should also consider developing a Group Reporting Methodology. This document could provide guidance to divisions on principles and processes for stakeholder engagement, including how to use stakeholder feedback to inform the corporate planning process; as well as a process for materiality assessment which links to the corporate planning process and results in a prioritisation of issues that is clear and replicable. Wesfarmers should also continue to respond to issues raised through its own engagement such as requests for inclusion of information on targets, prioritisation of sustainability issues, links between sustainability and business strategies and people management.

With an increased focus on materiality and stakeholder engagement at the business division level, it is also recommended that Wesfarmers undertakes assurance against the principles at the business division level in addition to the Group level. Net Balance believes that this will assist business divisions to better focus on their key material and stakeholder considerations.

In order to continue to improve the usefulness of future reports to stakeholders, Net Balance encourages Wesfarmers to give some issues more context in the report and to consider whether each statement is material to stakeholders and what the results mean for the business. Wesfarmers should also ensure that its commitments and targets are 'SMART' – specific, measureable, attainable, relevant, time-bound – to enable progress against these commitments to be more easily monitored.

Net Balance has provided additional suggestions for reporting improvement in the Assurance Report presented to Wesfarmers' management.

On behalf of the assurance team
18 October 2011
Melbourne, Australia



David Simpson
Lead CSAP



Kim Farrant
Associate Director, Net Balance
Lead CSAP

Glossary

This glossary contains an explanation of terms used several times in the text of this report.

Australian Packaging Covenant (APC):

An agreement between governments, the packaging industry, retailers and consumer brand owners, which sets guidelines through annual plans and public reporting for resource conservation and waste reduction in the manufacture, supply, distribution, consumption and recovery/recycling of consumer packaging

Australian Standards:

National benchmarks for products and services

Carbon dioxide equivalent (CO₂e):

A standard method for converting the global warming potential of all greenhouse gases to a standard unit related to the global warming potential of carbon dioxide

Energy Efficiency Opportunities Act 2006 (EEO):

This legislation is Australian Federal legislation designed to require large energy users to develop and report on energy efficiency initiatives in their business

Forest Stewardship Council (FSC):

This Council is an independent, non-governmental, not-for-profit organisation established to promote the responsible management of the world's forests

Fugitive emissions:

Generally deliberate but not fully controlled (or in all cases avoidable) emissions that typically result from leaks from pumps, pipes and valves, coal seam methane or vapours emitted when large hydrocarbon storage tanks are filled

Gigalitre:

A measure of volume equal to one billion litres

Greenhouse gases:

Gases such as carbon dioxide, methane, nitrous oxide and sulphur hexafluoride which contribute to the retention of heat in the earth's lower atmosphere

Liquefied Petroleum Gas (LPG):

Comprising predominantly propane and butane extracted from natural gas or as a by-product of petroleum refining

Liquefied Natural Gas (LNG):

Comprising predominantly methane, LNG is produced from natural gas that has been purified, refrigerated and condensed to liquid form

Lost Time Injury (LTI):

A work-caused injury which results in an absence for one day (or work shift) or more

Lost Time Injury Frequency Rate (LTIFR):

A measure commonly used to report workplace safety performance which is calculated by dividing the number of LTIs by the total hours worked, multiplied by one million

National Greenhouse and Energy Reporting Act 2007 (NGER Act):

This Act governs the public reporting of energy use and greenhouse emissions by large organisations in Australia

Petajoule:

A measure of energy equal to one million gigajoules

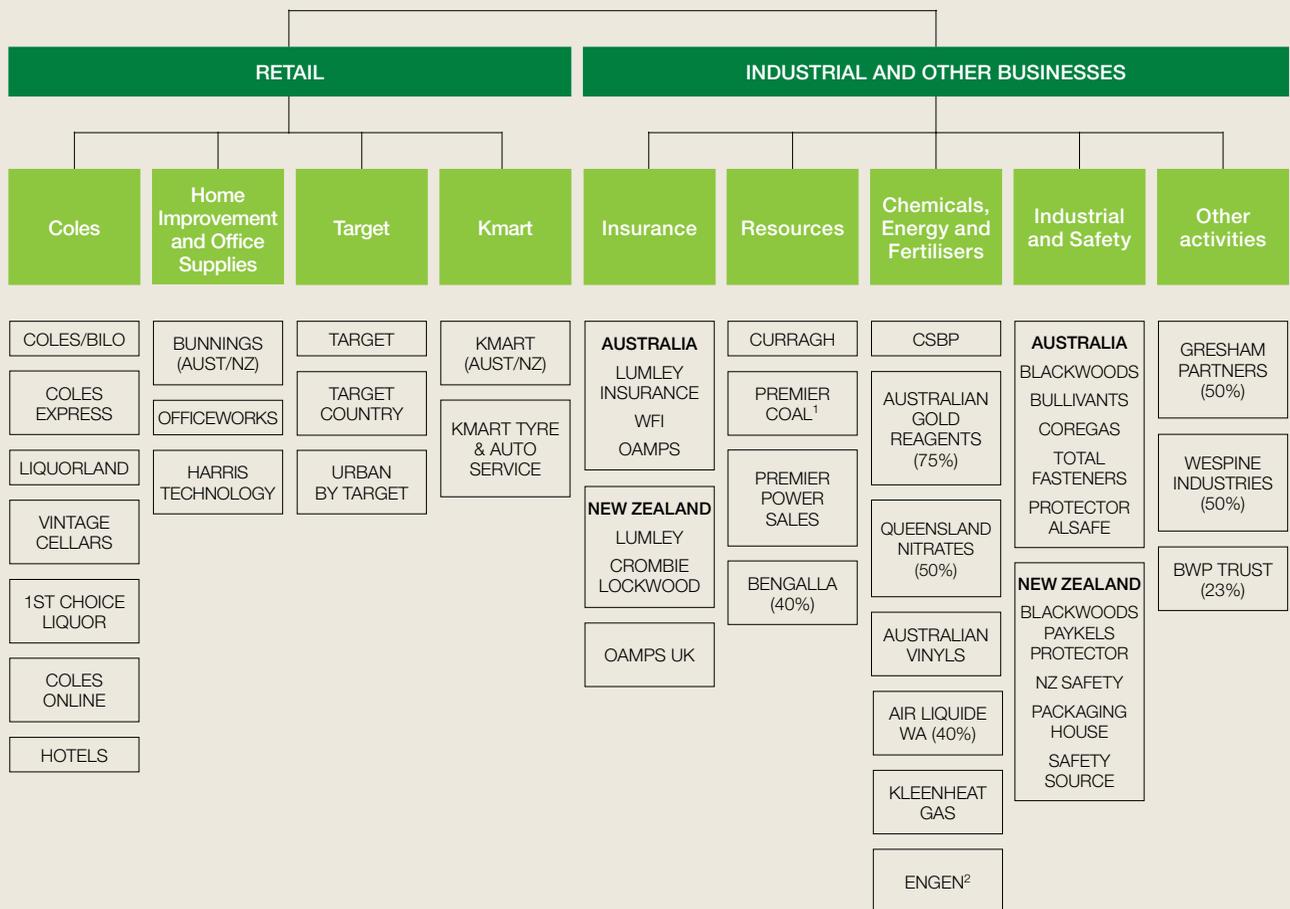
Total Recorded Injury Frequency Rate (TRIFR):

A measure commonly used to report workplace safety performance, which is calculated by dividing the number of LTIs and Medical Treatment Injuries by the total hours worked, multiplied by one million

Wesfarmers Greenhouse and Energy Reporting System (WesGERS):

Our internal internet-based reporting system used by Wesfarmers to monitor and report on all greenhouse emissions and energy used and produced

Group structure



1 In September 2011, Wesfarmers announced the sale of Premier Coal for \$296.8 million.

2 On 31 August 2011, Wesfarmers completed the sale of enGen for \$101 million.

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Wesfarmers

How can we improve this report?

If you have any ideas how we can improve this report, please give us your feedback on the form below. After completing the reply-paid form below, tear along the perforations and place in the mail.

Feedback 2011 Sustainability Report

	YES	GENERALLY	NO
Did this report meet your information needs?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did you find this report to be transparent and open?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did you find the information easy to understand?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did you find the information useful?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	POOR	GOOD	EXCELLENT
How would you rate our environmental performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How would you rate our health and safety performance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
How would you rate our community involvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	LESS FAVOURABLE	SAME	MORE FAVOURABLE
How has this report changed your opinion:			
– of our environmental practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
– of our health and safety practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
– of our community involvement?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

General comments you would like to make about this report.

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<input type="checkbox"/> Shareholder	<input type="checkbox"/> Employee
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