

Wesfarmers
Sustainability Report 2012



Wesfarmers

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About Wesfarmers

The durability of our company is reflected in our history. With origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies. Our diverse business operations now include supermarkets; department stores; home improvement and office supplies; coal mining; insurance; chemicals, energy and fertilisers; and industrial and safety products. We are one of Australia's largest employers and have a shareholder base of approximately 500,000 direct shareholders.

Sustainability is an important part of our history and is a critical element in our future success.

Securities exchange listing

Wesfarmers Limited 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)

15

years of reporting our
sustainability performance



Like to know more about our story?
Please visit www.wesfarmers.com.au
or alternatively, use a smartphone with
a QR reader app to scan this symbol

www.wesfarmers.com.au

The Wesfarmers story

Wesfarmers has long recognised the value of sustainable business practices. Sustainability is integral to how we do business, and we continue to strive for innovative and efficient approaches to improve our social, environmental and economic performance.



Dancer Brooke Widdison-Jacobs,
West Australian Ballet
photographed by Jon Green

Managing Director's welcome

Our commitment to sustainability continues to underpin all our efforts and while I'm proud of the progress we have made in our environmental, social and economic performance, the expectations we and others have for continuous improvement mean we still have plenty of work to do.



For us, the challenge of reducing our greenhouse gas emissions has always been driven by much more than the prospect of legislative change. We have been motivated by doing what is right for the environment, for our customers and for our businesses.

We have steadily improved our preparedness for a world in which carbon is priced by continuing to invest in energy efficient technologies and systems. Greenhouse gas emissions from processes at our Chemicals, Energy and Fertilisers business have been reduced thanks to the introduction of new technology, without restricting productive output. Coles supermarkets continue to roll out in-store initiatives which improve their energy efficiency and enhance the shopper experience. These are just two examples from within our businesses of significant initiatives that lower our emissions.

With the new carbon price laws now in place, our focus is on compliance, further improving our energy efficiency, and greater reductions in direct emissions where we can do that sensibly.

Our commitment

Wesfarmers has long recognised the value of a holistic approach to managing our businesses. We started reporting on sustainability-related matters back in 1998 when we stated that we were 'committed to continuous improvement in our environmental, health and safety performance'.

This commitment continues to underpin all our efforts and while I'm proud of the progress we have made in our environmental, social and economic performance, the expectations we and others have for continuous improvement mean we still have plenty of work to do.

We recognise that as a major employer and participant in business in many communities across Australia and New Zealand we have serious obligations to operate in a sustainable way.

Carbon price

One of the most contentious issues in Australia over the past year has been the introduction of carbon pricing and formal carbon emission caps through implementation of the federal government's Clean Energy Future legislative package.

We have stayed out of the political debate, but Wesfarmers has consistently supported putting a price on carbon as a policy objective.

Quality people

All the initiatives and programs outlined in this report are driven by our innovative, resourceful and creative team members. The sustainability and underlying success of our operations is, in every sense, in the hands of our people. Their skills constitute our only true competitive advantage and are our most important sustainable resource.

With an employee base of some 200,000 people, one of the biggest challenges facing our organisation, like many others in Australia and New Zealand, is attracting and retaining quality team members.

Each of our business units operates its human resource function autonomously and has its own programs to invest in team members' skills and capabilities, complemented by a number of Group programs for executives.

However, the broad Wesfarmers objective is to ensure we provide fulfilling and safe workplaces, we reward good performance and provide opportunities for advancement. This remains our most significant contribution to the communities we serve.

This year we have made some important improvements in our safety performance, but we are still a long way from our goal of zero harm and we will redouble our efforts to achieve safer workplaces in the years ahead.

Through our Reconciliation Action Plan (RAP), launched in 2009, we committed to a number of initiatives aimed specifically at increasing employment opportunities for Aboriginal people within our businesses. Pleasingly, we are improving in this area, and many of our businesses have implemented specific Aboriginal employment programs ranging from cadetships to pre-employment training courses. There is, of course, more work to be done, but as our businesses continually look for ways to improve we expect better and better outcomes.

Partnerships

Another important area we continue to focus on is our community partnerships. All our businesses have extensive community contribution and support programs, many of which are outlined in this report.

We are major sponsors of the arts, health and medical research, Indigenous initiatives like the Clontarf Football Academy, education programs from school to university, and a range of national charitable organisations.

Collectively, these programs make a significant difference to local communities all over the country.

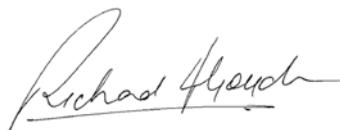
Wesfarmers understands that our businesses only exist with strong customer and community support and our programs are designed to ensure we remain an integral part of the communities in which we live and work.

While the customer is at the core of all our business endeavours it is the case that the suppliers of our goods and services are also a vital part of making Wesfarmers the company that it is today. Our over-riding objective is to ensure our suppliers are treated fairly and with integrity so that their relationship with our businesses is mutually beneficial.

My thanks

I would like to thank all the employees of the Wesfarmers Group who have contributed to the positive progress we have made with our sustainable business strategies over the past 12 months.

I am very proud of our actions and achievements. Last year, our reporting efforts were recognised when we won the Sustainable Company of the Year at the 2011 Australian Sustainability Awards. This achievement aside, I trust that the readers of this report are able to find the information necessary for them to form their own view of our progress.



Richard Goyder
Managing Director

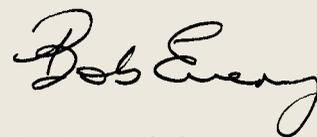
Message from the Chairman

As Chairman, I believe our objective must be to ensure Wesfarmers is successful in a sustainable way, not only for the benefit of our half-a-million shareholders, but for our 200,000 employees, millions of customers and thousands of suppliers in the communities in which we operate right across Australia and New Zealand.

A key aspect of that sustainable business model is safety and, regardless of current performance, we should seek every opportunity to improve safety in all our businesses.

To that end, we have implemented a Group-wide review, led by John Gillam, Managing Director of Bunnings, focused on safety performance, real workplace safety behaviour and improving outcomes.

I am confident this will provide us with a platform for even better results in this critical measure of success into the future.



Bob Every AO, Chairman

Sustainability at Wesfarmers

It's our responsibility. From our origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest publicly-listed companies. This, combined with our diverse portfolio of businesses, confers a significant responsibility on us to get our sustainability efforts right. This is a responsibility not only towards our employees and shareholders, but also our customers, our suppliers, our communities and our environment.



Our approach to sustainability

Wesfarmers' objective is to provide a satisfactory return to our shareholders. We believe to do this effectively our businesses need to focus on three areas to ensure we remain a sustainable business: engaging our stakeholders; looking after our environment; and driving our performance.

In this report, each of our businesses has set out the most significant material issues influencing their operations. At a Group level, our material issues are:

- Protect and enhance our reputation with stakeholders
- Look after the safety and development of our people
- Contribute positively to the communities in which we operate
- Minimise our environmental footprint
- Responsibly source products across the Group

For the first time we are reporting on our environmental performance in both absolute and relative terms. This allows us a better measure of progress towards sustainable business operations.

The front section of this report is structured around these key focus areas, and is designed to give you an overview of the Group's challenges, initiatives and outcomes over the past year. However, not all of the challenges facing our businesses are common across the Group, and our business units also report on specific issues unique to their situation and operations.

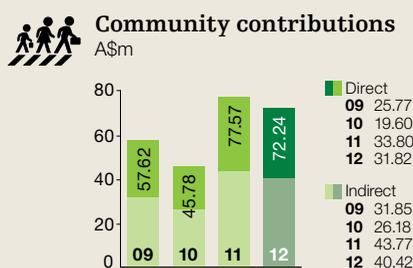
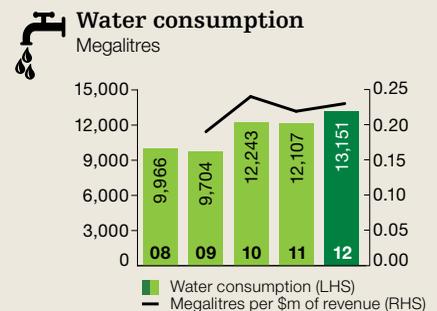
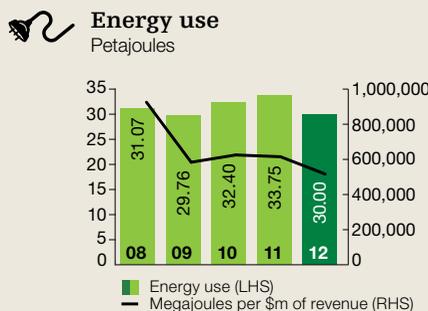
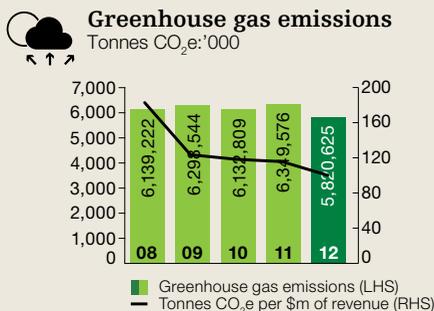
Reporting openly and transparently on a large number of key outcomes allows us to track our progress, and publicly acknowledge our performance. However, we are focused on operating our businesses for the long term without the distraction of relatively short-term forecasts.

We set very few public targets, preferring to be judged on our performance, although each business has relevant internal targets that reflect its business operations and plans.

We have also included some broad metrics to describe both the Group and business unit progress over time in the areas of greenhouse emissions, energy and water use, occupational safety information, as well as community contributions.

Our performance in these areas is set out below and the performance of each of our businesses can be found in the 'Scorecard' section on the following pages.

Wesfarmers Group data



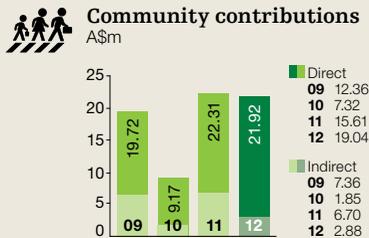
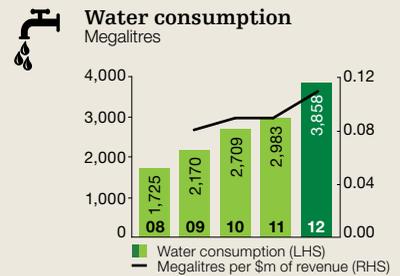
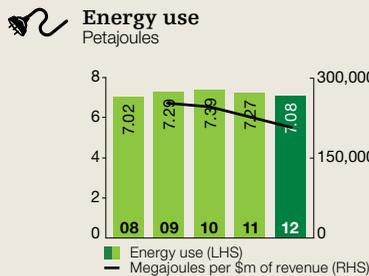
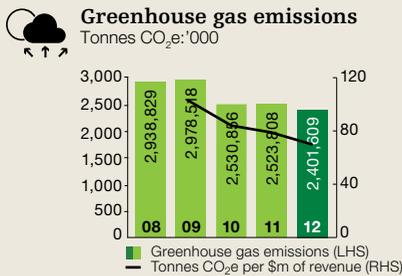
Sustainability at Wesfarmers

Scorecard

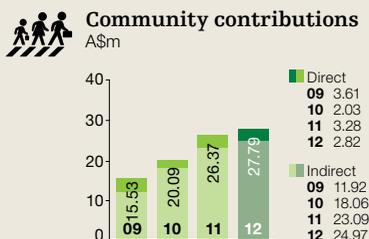
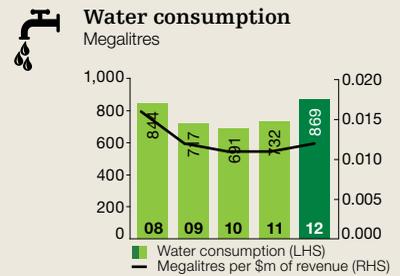
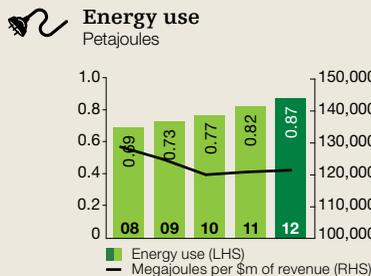
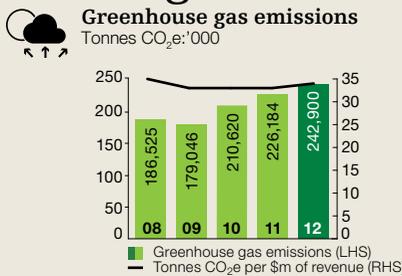
This section provides comparative information on our performance in key sustainability areas.

Retail operations

Coles



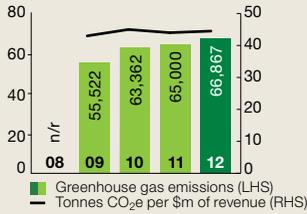
Bunnings



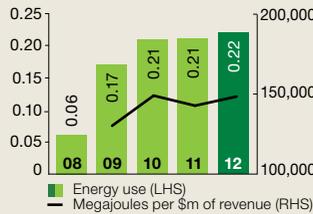
Office Supplies



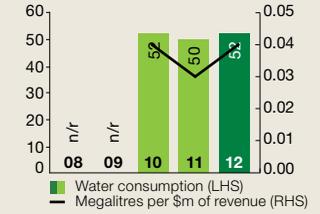
Greenhouse gas emissions
Tonnes CO₂e: '000



Energy use
Petajoules



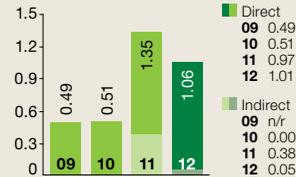
Water consumption
Megalitres



Safety performance
Lost time injury frequency rate



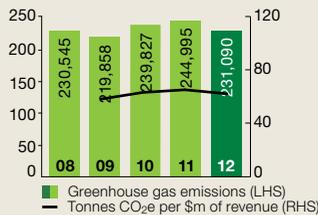
Community contributions
A\$m



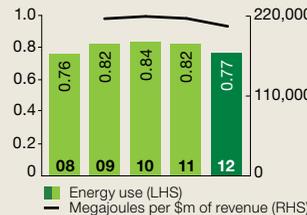
Target



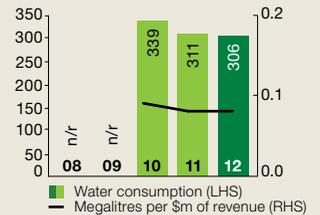
Greenhouse gas emissions
Tonnes CO₂e: '000



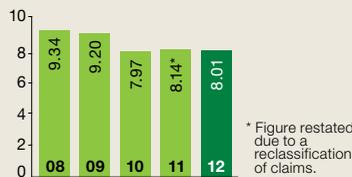
Energy use
Petajoules



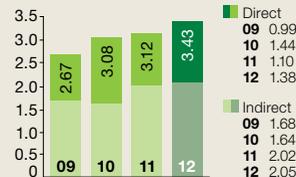
Water consumption
Megalitres



Safety performance
Lost time injury frequency rate



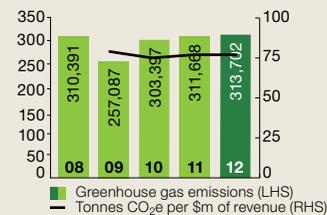
Community contributions
A\$m



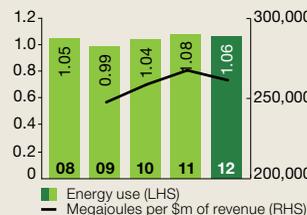
Kmart



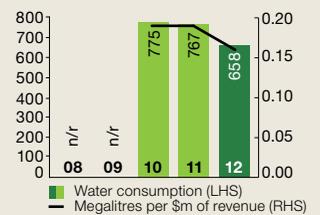
Greenhouse gas emissions
Tonnes CO₂e: '000



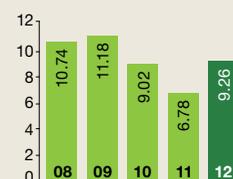
Energy use
Petajoules



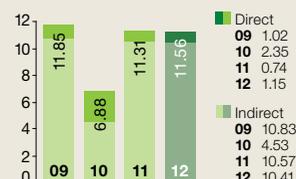
Water consumption
Megalitres



Safety performance
Lost time injury frequency rate



Community contributions
A\$m

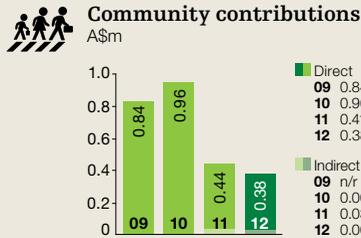
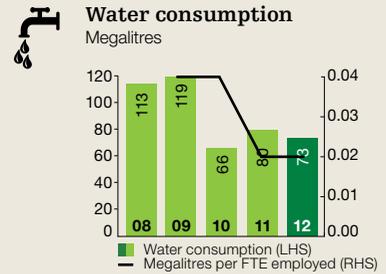
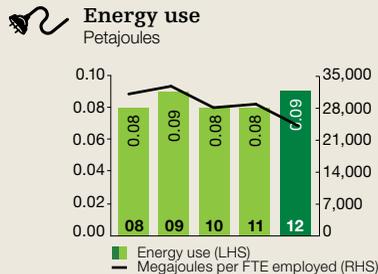
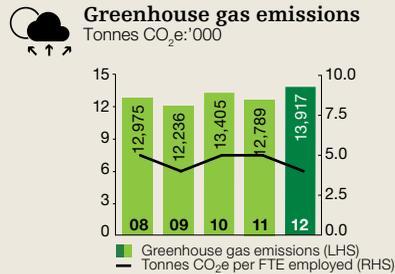


Sustainability at Wesfarmers

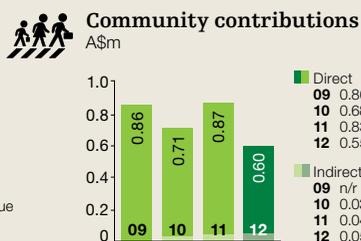
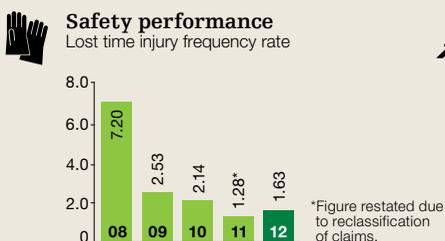
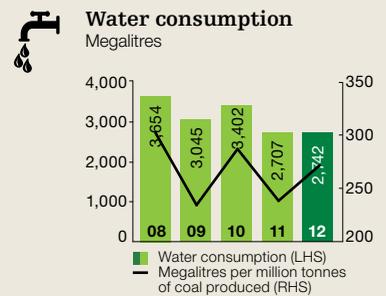
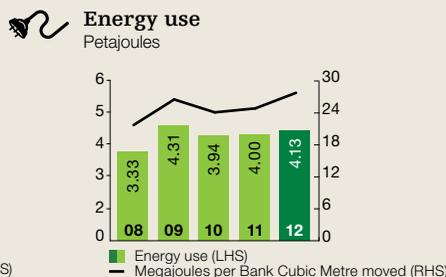
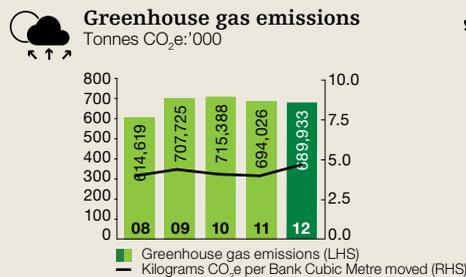
Scorecard (continued)

Industrial and other businesses

Insurance



Resources*

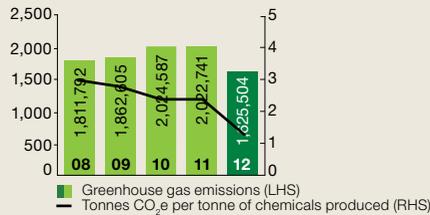


*Resources divested Premier Coal in December 2011 and data is excluded for FY12.

Chemicals, Energy and Fertilisers (WesCEF)*

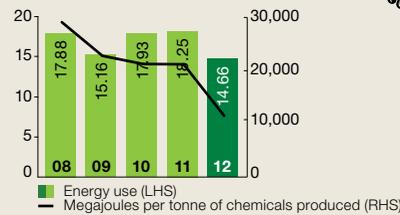
Greenhouse gas emissions

Tonnes CO₂e: '000



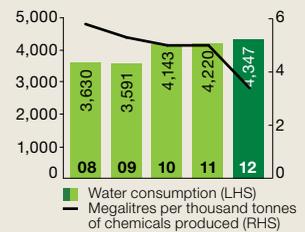
Energy use

Petajoules



Water consumption

Megalitres



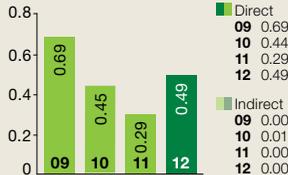
Safety performance

Lost time injury frequency rate



Community contributions

A\$m

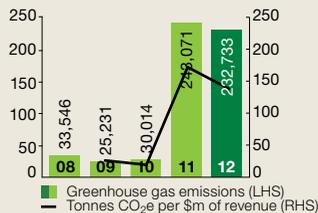


*WesCEF divested the enGen business in August 2011 and data is excluded for FY12.

Industrial and Safety*

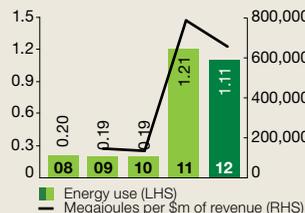
Greenhouse gas emissions

Tonnes CO₂e: '000



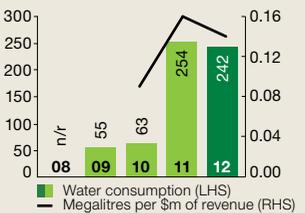
Energy use

Petajoules



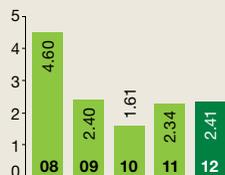
Water consumption

Megalitres



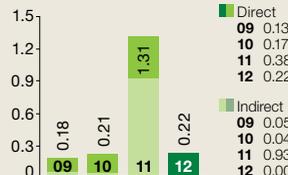
Safety performance

Lost time injury frequency rate



Community contributions

A\$m

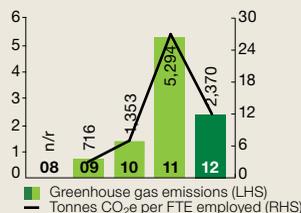


*Data includes Coregas from July 2010; it was previously part of the (then) Energy division.

Wesfarmers Corporate Office

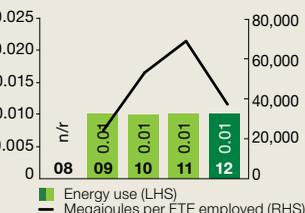
Greenhouse gas emissions

Tonnes CO₂e: '000



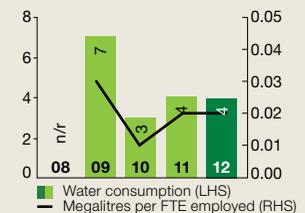
Energy use

Petajoules



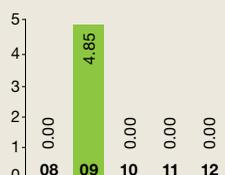
Water consumption

Megalitres



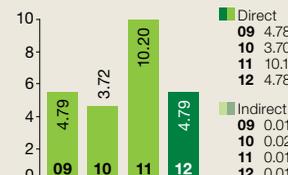
Safety performance

Lost time injury frequency rate



Community contributions

A\$m



Engaging our stakeholders

Working with our stakeholders, including suppliers, customers, employees, interest groups and community partners helps ensure we create long-term value – and provide satisfactory returns for our shareholders.



During the year, several hundred employees enjoyed a family event at the Art Gallery of Western Australia's exhibition *Picasso to Warhol: Fourteen Modern Masters* from The Museum of Modern Art, New York

*All works by Giorgio de Chirico, courtesy The Museum of Modern Art, New York and Art Gallery of Western Australia. For full artwork credits, see page 72.

Engaging our stakeholders



Stakeholder engagement

Wesfarmers and its businesses have a large number of stakeholders with varying interests across a number of different countries. Engaging these stakeholders is an important part of our business.

All of our business units nurture and manage their own relationships specific to their operations – whether it's in stores, at mine sites, offices or industrial facilities. In the business unit reports (which start on page 28) there are many references to these different types of engagement with customers, suppliers, regulators, community groups, or public interest groups relevant to each operation. All of our businesses operate in accord with the ethical approach required by our Code of Conduct (available on our website), including having a transparent and honest approach when working with stakeholders.

At a Group level, Wesfarmers is also engaged with a wide cross-section of stakeholders. In addition to the various ongoing connections we have with these stakeholders, the following summary covers the major contact we have had.

- Customers – feedback via letters, email and website.

- Employees – various internal employee groups (such as the Community Involvement Committee and the Wesfarmers Indigenous Network), regular updates from the Group Managing Director available online via webcast, the 'big Aussie BBQ' for the Queen during the Commonwealth Heads of Government Meeting in Perth, Leadership Conference, the Wesfarmers Arts program.
- Shareholders – annual general meeting, meetings with institutional investors, bi-annual investor briefings, quarterly retail sales briefings and other updates.
- Suppliers – meetings with key industry groups, audit and review systems for responsible sourcing.
- Government and regulators – meetings with state and federal government representatives, federal regulators, trade associations.
- Non-government organisations – joint projects and initiatives, visits and meetings.

During the year, Wesfarmers also engaged a third party to conduct a Stakeholder Engagement Survey in relation to its sustainability performance and reporting. The executive summary of this report is published on our website. Some of the key outcomes and comments from the report are set out below.

- The survey indicated we currently have positive stakeholder relationships.
- WesCEF's sourcing of some of its rock phosphate (for the production of superphosphate fertiliser) from the Western Sahara region in north west Africa was raised by some stakeholders. WesCEF has engaged with interested parties for several years about the sourcing of phosphate rock from Western Sahara, and our trade is in accordance with applicable laws. WesCEF has invested more than \$5 million in a technology seeking to reduce odours created by the manufacturing process when using phosphate rock from other sources,

which has assisted in broadening the range of phosphate rock that can be sourced. Phosphate rock from the Western Sahara is not part of WesCEF's import program for the coming production year. WesCEF reports further on this issue in its business unit report on page 58.

- The role of Coles in the milk supply chain in Australia was subject to questioning and criticism from some stakeholders. The issue related to Coles reducing the shelf price of its own brand milk across Australia as part of the 'Down Down' prices campaign and the suggested impact this may have on some dairy farmers. Coles and Wesfarmers have spent considerable time and resources working through this issue and Coles reports on the matter in its business unit report on page 33.
- Stakeholders requested more detail on employee satisfaction information collected by the Group. Each of our businesses regularly conducts employee satisfaction or other surveys for a variety of purposes consistent with the business objectives and the issues they are managing. There are several different styles of surveys used, with varied objectives and different timings so it is difficult to provide a snapshot of employee satisfaction in the Group at any one time.
- The stakeholder survey also suggested that each business unit should disclose material issues specific to its business, and also more information on how we are improving our supply chains.

The survey also demonstrated that our performance on sustainability issues was important to the future of our company.



Our Code of Conduct and the executive summary of our Stakeholder Engagement Survey are available on our website www.wesfarmers.com.au

Sustainability at Wesfarmers

Engaging our stakeholders (continued)



Doing the right thing – Bunnings' timber actions

Legally sourced quality products that can be trusted by all customers is a central platform in Bunnings' approach towards sustainable timber procurement. With a zero tolerance approach to illegal timber in its supply chain for a decade, Bunnings has been proactively engaging with key suppliers, industry groups and government to continually look for opportunities for improvement in sourcing sustainable timber.

In 2004, Bunnings became the first retail partner of the WWF Global Forest Trade Network, an organisation established to end illegal logging and unacceptable timber practices.

In June 2009, Bunnings was the lead signatory to a joint industry, community and conservation group statement (led by Greenpeace) which called for a federal government ban on the importation of illegally logged timber into Australia. Bunnings was also part of a Common Platform supporting the Illegal Logging Prohibition Bill, which was presented to the federal government in April 2011. Bunnings now sits on the Advisory Panel for the proposed legislation.

Most recently, Bunnings partnered with WWF in the 'Love Your Forests' campaign aimed at building customer awareness on the benefits of certified timber products. Bunnings also played a significant role in a joint timber industry, retailer and non-government organisation steering group led by Planet Ark, which developed the first national wood products forum and workshop in May 2012.

With this ongoing commitment to timber procurement, more than 99 per cent of Bunnings' whole timber products are now legally sourced from low-risk plantations or other verified forest operations.

Our people

As one of Australia's largest private employers, with diverse domestic and international businesses, we consider our team members to be central to our success. Employing outstanding people and providing opportunities for them to apply their talents is critical to our sustainability. While strong assets and strategies are important, it is our people who deliver results.

Who are we and where do we work?

The majority of our workforce is located in Australia and New Zealand (see figure 1) and our employees worked more than 219 million hours. This equates to approximately 115,000 full-time equivalent team members.

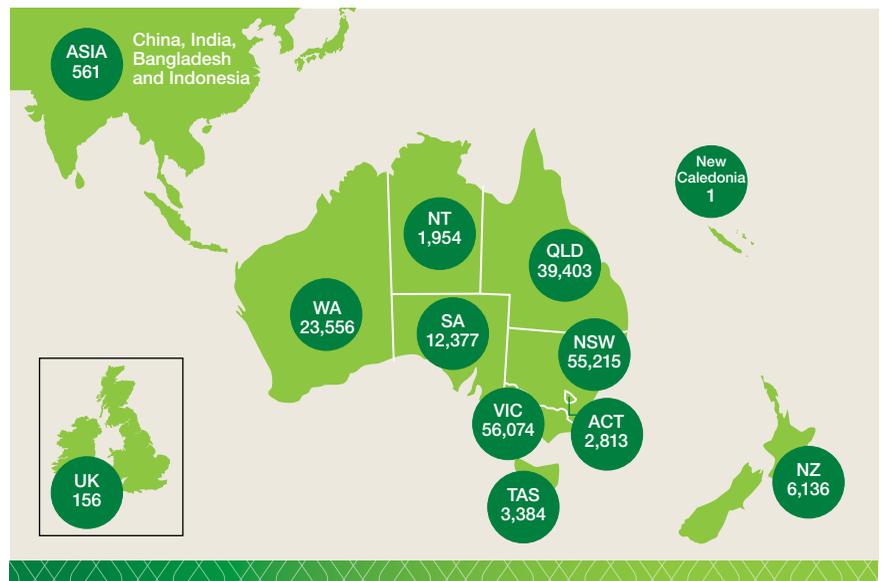
Wesfarmers is committed to continually improving the attraction, development and retention of talented people. We do this by providing great job opportunities, rewards for good performance, and safe working environments. Wesfarmers recognises the importance of being an inclusive employer, because a diverse workforce delivers significant social and commercial value.

We establish inclusive cultures through a variety of Group-wide policies and processes, including a Code of Conduct, a Group Whistleblower Policy, and Equal Employment Opportunity Policy.

Gender diversity continues to be a priority for the Group. As at the end of the reporting year, 57 per cent of our employees are women. Two of our eight non-executive directors (25 per cent), 21 per cent of Wesfarmers' senior executives (general manager level or above), and 28 per cent of all management and professional employees across the Group are women. The Wesfarmers Diversity Policy outlines four core objectives which are used to measure performance in this area.

- Foster an inclusive culture – Wesfarmers divisions undertake different initiatives and practices based on the needs of their business, such as flexible work practices at senior levels and paid parental leave. Specific targets are linked to senior executive key performance objectives under the annual incentive plan.

Figure 1: Employee numbers in various locations (as at 30 June 2012)



As one of Australia's largest private employers, with diverse domestic and international businesses, we consider people to be central to our success. Employing outstanding people and providing opportunities for them to apply their talents is critical to our sustainability. While strong assets and strategies are important, it is our people who deliver results.

- Improve talent management – at least once a year, the Group Managing Director meets with each division to review: senior leader performance and development; succession plans for critical roles; and the pipeline of high-potential leaders. During the 2012 financial year, talent reviews were conducted with all divisions for senior manager level employees and above and included 138 women. This is in addition to detailed talent reviews conducted with employees by individual businesses within the Wesfarmers Group. Throughout the Group, all high-potential leaders benefit from development opportunities, such as internal and external development programs, stretch assignments, action learning projects, coaching, mentoring and 360-degree feedback.
- Enhance recruitment practices – during the year, 37 per cent of externally recruited positions and 30 per cent of internal promotions (all manager level and above roles) were filled by women.
- Ensure pay equity – a pay audit is conducted annually on a Group basis (which includes a review of gender pay equity). Results are reviewed by the Board and divisional managing directors. In addition, a pay equity review of all Wesfarmers divisions was undertaken during the year, in line with previous years, which did not indicate any observable discrepancies in pay across each level, after taking into account performance, experience, location and job nature.

In respect to 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 (more than 80 per cent) 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.

Investing in our people

Given the autonomous nature of our Group operating structure, training and development is a core responsibility of the business units. Our recorded commitment in training and development exceeded 2.2 million hours across the Group. In addition, key human capital development policies and practices, including those focused on senior management remuneration, development and succession planning, are managed at a Group level.



Innovation is also important to the success of our businesses. If our people continually innovate, providing better products, services or solutions to our customers, sustainable growth will be generated.

Wesfarmers seeks to develop a culture that encourages the boldness and creativity necessary to drive innovation. This year, for the first time we implemented an Innovation Awards program. The initiative was run across the Group and focused on five categories: environment, customer, commercial, safety and people. The response was excellent, with the entries all reflecting a high level of innovation quality.

In September 2012, we held the Wesfarmers Leadership Conference, which brought together approximately 400 senior leaders from across the Group. The conference provided an opportunity to reinforce expectations for our leadership culture, introduce key leadership insights and opportunities for growth, share best practices across the businesses, and recognise the Innovation Award winners.

The safety of our employees

Workplace safety remains Wesfarmers' highest priority and 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. To that end, we have implemented a Group-wide review focused on safety performance, workplace safety behaviour and improving outcomes.

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 recordable injury frequency rate (TRIFR).

For the reporting period, the Group LTIFR was 10.90 (see figure 2 on page 14), down from 12.89 for the previous year. The TRIFR at year end had increased to 42.67, compared to 40.94 in July 2011.



There were 2,395 lost time injuries (LTIs) over the year across all businesses in the Group and 9,378 total recordable injuries (TRIs), which include LTIs and medical treatment injuries. While the improvements in LTIFR and the number of LTIs are pleasing, we continue to believe that greater performance is both possible and necessary.

LTIFR and TRIFR remain the main Group-wide measures of safety performance. However, operating businesses are encouraged to use a range of broader measures to promote a more proactive approach and support a culture of safe work practices.

The number of workers' compensation claims increased slightly from 9,334 in 2011 to 9,380 this year and the Group data is shown in figure 3 on page 14.

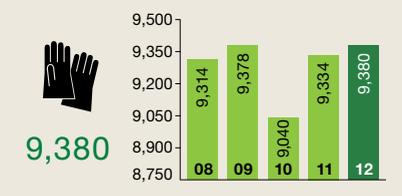
Sustainability at Wesfarmers

Engaging our stakeholders (continued)

Figure 2: Lost time injury frequency rate (LTIFR)



Figure 3: Workers' compensation claims



Note: For definitions of LTIFR and TRIFR please refer to the Glossary on page 72.

To meet the ongoing challenges of creating a safe environment for all the people in our workplaces, there have been a number of initiatives across the Group which have resulted in positive change. Some of the highlights included:

- the team from the Blackwoods Protector distribution centre in Highbrook, New Zealand, developed a drum trolley to move heavy drums. This has had a significant effect in reducing the number of manual handling injuries
- a new positive performance safety indicator was introduced at Kmart. It was implemented to provide feedback to stores on their compliance to the operational safety plan. This assisted with focusing store efforts and identifying opportunities for improvement
- at CSBP, a business within WesCEF, a strategy was completed to move to a best practice solution for medical, health, injury management, fitness to work and manual handling risk management in an industrial environment
- the launch of a 'Target your Safety' DVD at Target, raising team member awareness of the major mechanisms of injury; manual handling, hitting stationary objects and slips, trips and falls
- a campaign titled 'Simply Safer' was run across Bunnings in March 2012 to seek ideas from team members on improving health and safety. More than 1,200 ideas were received with many being implemented immediately.

 The safety outcomes of our business units, and the Group data, can be found in the Data Bank on page 69.

Our community 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, in relation to its direct community contributions, gives preference to activities focused on medical research and health, Indigenous partnerships, education and the Wesfarmers Arts program. Our individual businesses may also provide support in these general areas, but in addition have community support programs tailored to their business activities, customer base and the communities in which they operate.



Safety training at WesCEF

Safety at WesCEF is supported through employee competence in operating complex facilities. This is achieved through training supported by a technical and safety training group within the WesCEF Health, Safety and Environment team. A new model for developing technical training in the Kleenheat Gas Kwinana production facility has been so successful in the last 12 months that the same model is being used in other areas of the business. During 2011, a need to improve knowledge management and develop high-quality training material for plant operations at the Kwinana gas production facility was identified. After struggling to build momentum it was established that the volume of improvement projects combined with the objective to develop competency-based training quickly meant external resourcing was necessary. A registered training organisation (RTO) was engaged to gather information from the experts (engineers, supervisors and operators) and develop training modules. What would have been a five-year project using existing training development models has become a two-year project. Working with the RTO has also enabled training materials to be aligned to National Standards. The developed model has since been used in Kleenheat Gas's Kwik-Gas plants, with similar success, and will soon be used in other areas of the business.

Wesfarmers has long held the belief that to have a healthy business, you must have strong, vibrant communities in which to live and work.

Our direct and indirect community partnerships and contributions were \$72.24 million in 2011/12. Our direct community contributions were 0.9 per cent of earnings before interest and tax (\$3,549 million) and 1.5 per cent of net profit after tax (\$2,126 million).



To ensure consistent reporting on our Group community contributions, Wesfarmers engages the London Benchmarking Group (LBG). This allows organisations to define their community contributions according to standard definitions and policies.

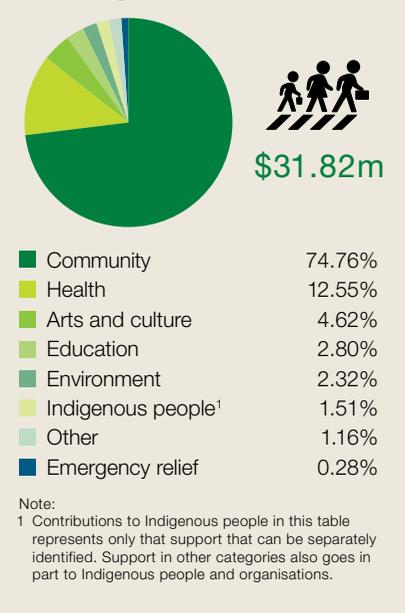
LBG undertakes a verification process across the Wesfarmers Group excluding Home Improvement and Office Supplies (HIOS) and provides a report, as well as a verification statement which can be found on page 67.

The community contributions from HIOS were assured by Net Balance as part of its overall assurance of this report. The Assurance Statement on page 70 provides specific comment on their community contributions.

Our total direct community contributions this year decreased from 2011, primarily because fortunately there have not been any large-scale disasters in Australia and New Zealand. In the previous years, Wesfarmers and its businesses made significant contributions to emergency relief and recovery following major fire, flood and earthquake disasters.

The large majority of our indirect community contributions were focused on community support, but we are unable to assure this to the level necessary, because most of the funds we facilitate are spent by our partner organisations.

Figure 4: Focus of our direct community contributions in 2012 (\$m)



The business unit sections in this report provide more detail on the major community partnerships that our businesses are involved with. The major partners are a large number of community, education and sporting groups in local communities, organisations supporting children, community support and welfare organisations, organisations supporting health outcomes and research and support for education and literacy initiatives.

More information on LBG's standard definitions and policies is available at the LBG website www.lbg-australia.com

Further information on our community contributions can be found in the Data Bank on page 69.



The Woorabinda community

With the diversity of our operations, and the broad network of our locations, we have many touch points with local communities across both Australia and New Zealand. As a result, while Wesfarmers Limited has a number of significant partnerships, all of the business units also have their own partnerships and initiatives which have been developed directly with their local community groups.

At Wesfarmers Resources, the operations at Curragh have engaged positively with the Woorabinda community in the Bowen Basin for several years by supporting job expos, training initiatives at the mine providing career opportunities, supporting the delivery of drug and alcohol education to primary school children through Life Education Australia and by visits by the Queensland Theatre Company, which has brought the arts and skills workshops to the children of Woorabinda.

Sustainability at Wesfarmers

Engaging our stakeholders (continued)

Wesfarmers Arts

The award-winning Wesfarmers Arts program continues to provide major ongoing support to a number of premier Australian arts companies. With a focus on increasing the opportunities for the community to experience quality art and culture from Australia and the world, Wesfarmers has been working in partnership with both national and Western Australian arts companies since 1985. Our belief is that a vibrant cultural sector makes a positive contribution to the lives of all Australians.

Highlights of the Wesfarmers Arts program included the launch of Wesfarmers Arts as Indigenous Art Partner with the National Gallery of Australia, presenting the Gallery's national schedule of exhibitions and public programs and Indigenous art education to communities across Australia. Wesfarmers Arts was also announced Principal Partner of the West Australian Symphony Orchestra from 2012 and took on the role as Lead Donor in the development of the new State Ballet Centre in Western Australia.

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. In recent years, in recognition of the company's increasing business presence in New Zealand, the scope of the collection has broadened to encompass the work of significant contemporary New Zealand artists.

Wesfarmers also supports the arts through various business unit initiatives such as sponsorship of the Queensland Theatre Company's regional program by our Resources division and the acquisition of Indigenous art works by the Industrial and Safety business unit.



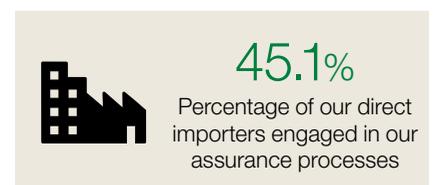
Responsible sourcing

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 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.

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 retail 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 through the Audit Committee.

At 30 June 2012 we had approximately 3,316 direct importers across the Group and during the year 1,497 of these (45.1 per cent) had been engaged in our verification or audit processes.

Audit processes were completed either by our employees 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. During the year, 11 factories were deregistered due to poor social compliance or other reasons. These instances are reported in the relevant business unit section of this report.



In addition, the phosphate rock (a key input for superphosphate manufacture) sourced from a mine in Western Sahara (where CSBP buys about three per cent of the mine output) 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 again provides an update on our approach.

Sustainability at Wesfarmers

Reconciliation Action Plan

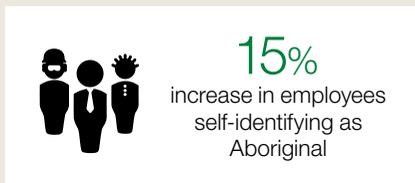
As a large employer, we realise the role we can have in providing genuine, sustainable employment opportunities for all Australians, including Aboriginal Australians. We are committed to ensuring that our businesses are places where Aboriginal and Torres Strait Islander people feel welcome and valued, as employees, customers, suppliers and citizens.



Our Reconciliation Action Plan (RAP) outlines the measurable actions we are committed to across the Wesfarmers Group, with an overarching goal of having a workforce that reflects the diversity of the communities in which we operate.

Main highlights Creating opportunities

Over the past year, three business units and Corporate Office implemented Aboriginal employment programs with customised recruitment, training and support mechanisms. An additional four business units supported community-driven Aboriginal employment programs. As a result, our overall Aboriginal employee numbers increased from 1,012 to 1,164. This is 0.6 per cent of our total employees.



Nearly all of our business units entered into purchasing relationships with businesses certified by the Australian Indigenous Minority Supplier Council (AIMSC).

Outcome of workforce surveys (RAP)

Business unit	Self-identified Aboriginal employees			
	Number		Survey response rate (%)	% of respondents
	2011	2012	2012	2012
Coles	424	695*	NA	NA
Bunnings	43	121*	NA	NA
Office Supplies	36	53	87	1.1
Target	295	103	22	2.1
Kmart	123	105	54	0.7
Insurance	16	12	85	0.6
Resources	24	17	98	2.6
WesCEF	9	9	54	1.2
Industrial and Safety	41	47	83	1.9
Corporate Office	1	2	80	1.1
Group total	1,012	1,164	62	1.1

* Survey not conducted in 2012. This data represents 2011 data plus new employees in FY12 who self-identify as Aboriginal.

Building relationships

All of our business units had team members who participated in the Jawun Secondment Program. This year we provided 18 one-month secondees and one three-month secondee. We also sponsored the inaugural Jawun Emerging Leaders Tour, in which 11 emerging leaders from four Jawun regions were involved in a specialised regional tour, sharing learnings and receiving leadership training.

Many business units have been focused on developing relationships with Aboriginal community members, organisations and service providers to support their Aboriginal engagement and employment strategies. For example, WesCEF team members participated in Kwinana, (Western Australia) Aboriginal community events and the Wesfarmers Industrial and Safety Indigenous Steering Committee held a meeting at the National Centre of Indigenous Excellence in Redfern, Sydney.

Within the Wesfarmers Group, we have an established Wesfarmers Indigenous Network, a forum where all business units can share Aboriginal engagement and employment learnings.

Fostering respect

Building respect and understanding of Aboriginal people and their cultures within our businesses is an important aspect of our RAP.

We appreciate the critical importance of strong leadership in relation to our RAP. We have prioritised activities that build the cross-cultural competence of our leaders; to date, senior managers in six business units have completed cultural awareness training.

Welcome to Country and Acknowledgement of Country protocols were observed at major events, including the Wesfarmers 2011 Annual General Meeting.

Wesfarmers continues to support Aboriginal communities and cultures through its Arts program. During the year, Wesfarmers was announced as the inaugural Indigenous Art Partner of the National Gallery of Australia, presenting the Gallery's national schedule of Aboriginal exhibitions, public programs and education. The Wesfarmers Arts National Indigenous Arts Fellowship program, also in association with the National Gallery, entered its third year, with 32 individuals from Aboriginal communities across Australia participating in the Fellowship Leadership program since its inception in 2010.

 Our full report against the actions identified in our 2012 RAP and the 2013 RAP can be found under the 'Reports' section at www.wesfarmers.com.au

Looking after our environment

A healthy environment is a fundamental right and expectation of all communities. With operations that include retail outlets, coalmines, chemical, energy and fertiliser manufacturing, and insurance, Wesfarmers' activities are complex and widespread. We have a responsibility to all of our stakeholders to manage our operations in such a way that it reduces our environmental footprint.



Looking after our environment



Minimising our environmental footprint

Looking for innovative solutions with good commercial and environmental outcomes is critical to the sustainable success of our businesses. Taking a long-term approach to managing our businesses is not only good for the environment, but it contributes to the resilience and sustainability of our businesses as well.

With the diversity of our Group, each of our businesses face different challenges in their management of the environment, which in turn means our responses vary widely.

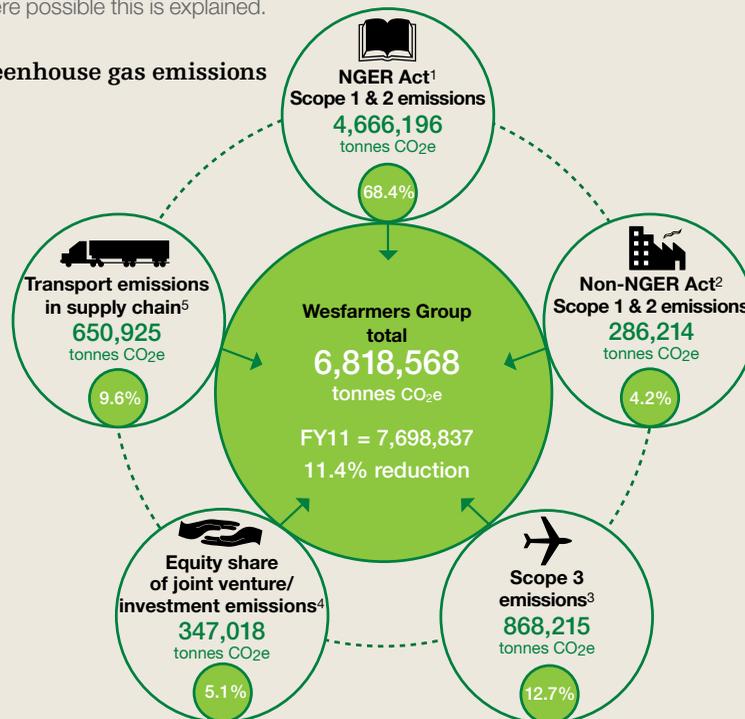
This year for the first time, we are reporting both absolute and relative metrics for our greenhouse gas emissions, water use and energy use. Using relative measures provides a more accurate comparative measure across a number of years, despite potential changes in business operations, for both our company and in comparison to other similar organisations.

During the year, Wesfarmers sold two subsidiaries: Wesfarmers Premier Coal Limited (Premier Coal) in December 2011; and Energy Generation Pty Ltd (enGen) in August 2011. Data covering the ownership period is included in the Data Bank on pages 68 and 69. However, it is not included throughout the rest of the report.

What does our greenhouse emission reporting cover?

Reporting greenhouse emissions across many different business activities, under a variety of legal and voluntary reporting mechanisms, has the potential to create confusion in understanding our emissions. We are continually trying to improve both the methodology we use to calculate our emissions and the communication of that information, while maintaining the accuracy required for our corporate governance and the requirements of the external assurance and auditing we undertake. The basis of our greenhouse emission and energy use data in this report is the *National Greenhouse and Energy Reporting Act 2007* (NGER Act) in Australia (where more than 99 per cent of our emissions occur). The NGER Act covers only Scope 1 and 2 emissions, but does not include some significant emission sources (such as the sodium cyanide business at our Kwinana operations). The data under the NGER Act is also bound by the concept of operational control which means, for example, that emissions from a business part-owned by Wesfarmers but operated by a third party is not included (an example is Air Liquide WA within WesCEF which is reported by Air Liquide Australia). However, to assist in understanding our total emissions profile we include various Scope 3 emissions in this report (including electricity and gas transmission; waste disposal and waste water treatment; air travel emissions; an estimate of transport emissions in our supply chains; and the Scope 3 emissions associated with liquid and gaseous fuel use). The diagram below provides a summary of these emissions and how they are additional to our NGER Act reports. As a result, some of our data is not directly comparable year on year, but where possible this is explained.

Greenhouse gas emissions



1 Audited by Ernst & Young (FY11: 5,044,231).

2 Assured by Net Balance (FY11: 564,978).

3 Assured by Net Balance (FY11: 740,082).

4 Provided by entities from their FY12 NGER Act records (FY11: 589,546).

5 Estimate based on data and assumptions, assured by Net Balance (FY11: 760,000).

Sustainability at Wesfarmers

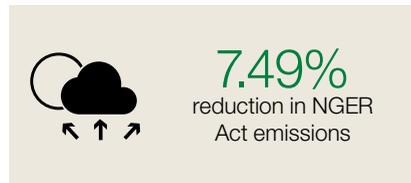
Looking after our environment (continued)

Greenhouse gas emissions

Wesfarmers is committed to reducing our relative and absolute greenhouse gas emissions, and all of our business units have initiatives and programs in place to minimise and reduce these emissions.

By measuring reported emissions per million dollars of revenue at the Group level (see figure 5) it is possible to track the changes in our emission intensity over time against the indicator of business performance. Over the past 10 years there have been significant changes in the Group's business activities, including the acquisition of the Coles Group (in 2007), significant increases in production at our industrial businesses and extensive growth in our retail businesses. These relative metrics are also reported in each business unit section of this report.

In our NGER Act report for 2011/12, Wesfarmers recorded 4,666,196 tonnes carbon dioxide equivalent (CO₂e) (Scope 1 and 2 emissions). This is a decrease of 7.49 per cent compared to the 5,044,231 tonnes CO₂e reported in the 2010/11 NGER Act report.



This decrease in reported emissions under the NGER Act occurred primarily in WesCEF and Coles (through a mixture of emissions abatement and energy efficiency initiatives) as well as the sale of Premier Coal and enGen.

Figure 6 displays our decrease in NGER Act reported emissions in the four years of reporting under these laws.

In our 2011 NGER Act report, enGen and Premier Coal reported a combined total of 160,836 tonnes CO₂e, including 138,231 tonnes CO₂e (Scope 1) and 22,605 tonnes (Scope 2). The combined contribution of the businesses we sold during the year, in the period they were owned by Wesfarmers in 2011/12, was approximately 75,666 tonnes CO₂e. This includes 64,736 tonnes CO₂e (Scope 1) and 10,930 tonnes CO₂e (Scope 2). These emissions are reported in the footnotes to the Group data in the Data Bank on page 68.

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 2011/12 emissions reported under the NGER Act by these three businesses is 347,018 tonnes CO₂e. The 2011/12 NGER Act reports by these businesses and Wesfarmers will be published in February 2013.

In addition, each year we estimate the greenhouse emissions created from transport operations in our supply chains (calculated as the emissions created in transport from the final supplier to our distribution centre, factory or mine site). In 2011/12, this estimate is 650,925 tonnes CO₂e compared to 760,000 tonnes CO₂e in 2011. The decrease is primarily related to more accurate measurement of shipping emissions from our maritime transport suppliers.

Figure 5: Wesfarmers' greenhouse gas emissions (tonnes CO₂e per \$m revenue)



1 Revenue data is sourced from the Wesfarmers annual report for the relevant year.
2 Greenhouse emissions are sourced from the Wesfarmers sustainability reports for the relevant year and include Scope 1, 2 and 3 emissions.

Figure 6: Wesfarmers' greenhouse gas emissions (Scope 1 and 2) as measured under the NGER Act from 2009 to 2012 (tonnes CO₂e: '000)



Note: *Displays the 2012 result if Premier Coal and enGen had remained with the Group and emitted to their 2011 level.

Wesfarmers is well-prepared for the implementation of the *Clean Energy Act 2011*, with work undertaken to address our compliance requirements and ensure our customers and suppliers are treated fairly.



5,820,625

tonnes of CO₂e
total direct and indirect
greenhouse emissions

Our total direct and indirect (Scope 1, 2 and 3) greenhouse emissions for the Group in 2011/12 were 5,820,625 tonnes CO₂e. This figure excludes our equity share of joint venture and transport emissions in our supply chain as we have no direct operational control over these activities.

This was 528,951 tonnes CO₂e below emissions reported last year on the same basis, largely due to a significant investment across the Group in energy efficiency initiatives, particularly in Coles; emission abatement activity in the chemicals business in WesCEF; and the increasing impact of the mandated Renewable Energy Target on the greenhouse intensity of Australia's publicly available electricity generation systems.

Further details on several of these initiatives can be found in the relevant business unit sections of this report.

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. To date we have contributed \$5.5 million to the COAL21 fund and our total contribution is likely to reach \$30 million over 10 years.

From 1 July 2012 a carbon pricing scheme began operating in Australia (under the *Clean Energy Act 2011*) alongside the similar emissions trading scheme operating in New Zealand.

Wesfarmers is well-prepared for the implementation of these laws, having largely completed a set of complex tasks. This involves emission monitoring and analysis changes in the businesses, review and development of our reporting procedures and policies, and development of carbon accounting policies. It also includes additional auditing and assurance for the Jobs and

Competitiveness Program (a program to provide support for trade-exposed and energy intensive businesses) established by the legislation. In preparing for the carbon pricing scheme we are also reviewing the impact on our supply chain and training employees at many levels about the requirements of the Australian Competition and Consumer Commission in respect to potential product price changes related to the new legislation.

This work ensures we can understand and address the compliance requirements of the legislation while ensuring our customers and suppliers are treated fairly.

The carbon pricing legislation in New Zealand continued, although the government has announced its intention to legislate to defer the full carbon price implementation until 2015. Our New Zealand-based greenhouse emissions were 10,332 tonnes CO₂e Scope 1 and 2.

 NGER Act reports can be found online at www.cleanenergyregulator.gov.au

 Further information on our greenhouse emissions can be found in the Data Bank on page 68.



Reducing our greenhouse gas emissions

The ammonium nitrate business at CSBP (part of WesCEF) is achieving a significant reduction in greenhouse gas emissions through ongoing trials of nitrous oxide abatement technology.

The technology, which uses specialised catalysts that convert the greenhouse gas nitrous oxide (N₂O) to inert nitrogen gas, was installed in one of the two nitric acid plants at Kwinana, Western Australia, in February 2012, following trials the previous year. With progressive performance optimisation, current measurements demonstrate an emissions improvement of up to 85 per cent N₂O abatement.

In June 2012, alternative greenhouse gas abatement catalyst technologies were installed in the second Kwinana nitric acid plant and, in the first week of operation, achieved similar total abated emissions.

The abatement improvements obtained to date have not come without considerable investment in time, effort and cost. Despite these issues, the trial work has provided a solid basis for CSBP to further optimise the set-up of its equipment and select the best combination of catalysts for its expanded nitric acid facilities at Kwinana.

Further refinements in performance remain a key focus of the ammonium nitrate N₂O abatement team.

Sustainability at Wesfarmers

Looking after our environment (continued)

Energy

Energy use and its relationship to carbon emissions and business costs are a significant consideration for the Group. For a number of reasons, energy prices are rising quickly in many jurisdictions, and the combination of carbon constraints and price rises places additional focus on energy efficiency initiatives.

In addition to our internal focus on energy efficiency, Wesfarmers is registered under the federal government's *Energy Efficiency Opportunities Act 2006* (EEO Act), which incorporates assessment of at least 88 per cent of all Wesfarmers' energy use. We submitted our fourth public and government reports under the EEO legislation in December 2011, and the public report is available on our website.

The total energy use for the Group in 2011/12 was 30.00 petajoules, a decrease of approximately 11.1 per cent on last year following the sale of Premier Coal and enGen.



30.00

petajoules
total energy used
by the Group

Of this total energy, approximately 18.79 petajoules related to process inputs (mainly natural gas) and liquid fuels used in our industrial and mining operations, which was a decrease of 15.6 per cent on last year. Energy use in the remaining businesses was 11.21 petajoules, a decrease of 2.5 per cent.

This is different to the energy use that will be reported in the Wesfarmers NGER Act report for 2012, due to legal and definitional issues required by the NGER Act. Specifically, it relates to natural gas passed through our Kleenheat production facility at Kwinana, Western Australia, which is not actually converted to product or combusted, but which has to be counted in the NGER Act report (7.54 petajoules).

The NGER Act does not require us to report for Premier Coal and enGen (sold during the year), but their combined energy use was 0.98 petajoules during the ownership period.



The Wesfarmers Energy Efficiency Opportunities report is available on our website under the 'Community & Sustainability' tab at www.wesfarmers.com.au

The Wesfarmers NGER Act report will be published on www.cleanenergyregulator.gov.au in February 2013.



Further information on our energy use can be found in the Data Bank on page 68.



Improving our energy efficiency

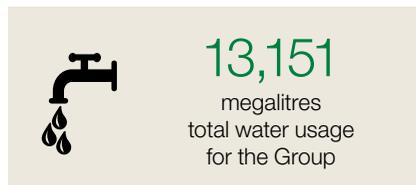
As a large energy consumer, Coles started implementing a variety of long-term energy efficiency strategies for its stores a number of years ago, including introducing night blinds on refrigeration cases and automatic lighting controls so that stores minimise lighting during non-trading periods.

Another recent initiative is to reduce the height of refrigeration cases in more than 100 stores. By lowering the height of the produce, meat and dairy cases, the opportunity for cold air to leak is reduced. This will have a benefit of 15 per cent in energy savings – or \$20,000 per year per store. The cases are being retrofitted rather than replaced, to prolong their life and improve their efficiency. At the same time, Coles will take the opportunity to retrofit the cases with more efficient fans and install LED lights, which not only save energy but reduce added heat in the refrigeration cases.

Our businesses are continuing to look for ways to minimise their water use, as well as improve the ways we measure water consumption.

Water

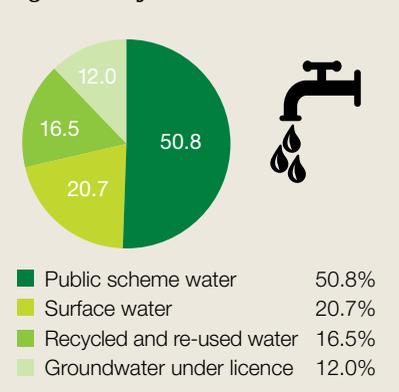
Across the Group, our estimated scheme, surface and groundwater use was 13,151 megalitres.



Last year's estimated total Group consumption was 12,107 megalitres. This increase is largely due to higher production in chemicals manufacturing at WesCEF (where water is a significant process input for cooling purposes) and growth in our Coles business, including more effective water metering to improve data quality.

Our total water use included 1,584 megalitres of groundwater (largely at our mine sites and industrial operations); 2,166 megalitres of treated water from recycled sewage waters at WesCEF's chemical manufacturing operations at Kwinana, Western Australia and Coregas at Port Kembla, New South Wales, and 2,720 megalitres of surface water harvested at our Curragh mine.

Figure 7: Major sources of water



Recycled and re-used water now represents 16.5 per cent of our total water use.

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. Coles in particular is installing a significant number of additional water meters in its stores to better measure and manage water use, which has been the most significant factor in our reported water use increase this year.

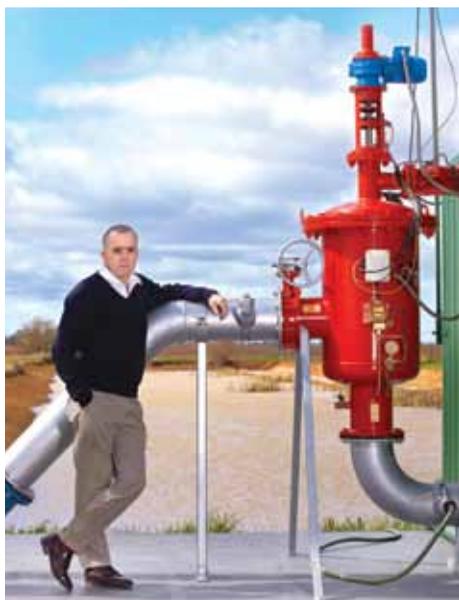
Carbon Disclosure Project

Wesfarmers again participated in the Carbon Disclosure Project (CDP) in 2012. Our submissions are available on the CDP website and provide full disclosure on our greenhouse emissions and our approach to climate change issues.

In 2012, Wesfarmers was one of the few Australasian companies to again participate in the Carbon Disclosure Project (Water) research survey.

 The Wesfarmers submissions and responses to the Carbon Disclosure Project are available at www.cdproject.net

 Further information on our water consumption can be found in the Data Bank on page 68.



Working to reduce water consumption

As food security becomes an increasing issue both in Australia and overseas, Coles has started to explore areas of collaboration on issues such as water use with key suppliers. One of these has been the apple and pear orchard and packing business, Geoffrey Thompson Group. In 2011, Geoffrey Thompson Group (Jeftomson) processed more than 30,000 tonnes of fruit, about half of which found its way into Coles' supermarkets.

Fruit is mainly sourced from the Shepparton, Harcourt and Cobram growing districts, but to ensure consistent supply, the business has relationships with another 10 producers in Western Australia, Tasmania, South Australia and Queensland.

With demand for fruit in Australia and overseas continuing to be strong and supply commitments from Coles, Jeftomson is investing to build its capacity to 40,000 tonnes of fruit by 2016. Not surprisingly, water is a vital resource and cost to manage.

To help facilitate the expansion of the business, Jeftomson will sell the Commonwealth 394 megalitres of water for a nominal \$1,900 per megalitre, and in return invest \$1.5 million in irrigation modernisation projects which will result in annual water savings of 542 megalitres.

Garry Parker, Managing Director Geoffrey Thompson Holdings Ltd, at the water pump at the Shepparton orchard

Sustainability at Wesfarmers

Looking after our environment (continued)

Waste and packaging

All of our retail businesses are signatories to the Australian Packaging Covenant (APC) through the registration of Wesfarmers Limited. The APC is a voluntary packaging waste reduction and recycling initiative underpinned by the *National Environment Protection (Used Packaging Materials) Measure 2011*. All of our retail businesses reported on their activities (against our agreed Action Plan for 2010-2014) in March 2012.

During the year, our businesses recovered 248,170 tonnes of packaging or organics for eventual recycling (an increase of 16.7 per cent on the previous year) and disposed of 158,325 tonnes of waste to landfill. This is a 7.6 per cent increase on waste disposal compared to last year.



248,170
tonnes
of material recovered
for recycling

Some significant achievements included: progress in reducing the packaging used to transport and store a range of products in Kmart and Target; an APC-funded program with Coles in Victoria encouraging the recovery of soft plastic bags for recycling into outdoor furniture; and the enhancement of the significant recycling of packaging resources in our retail operations. Further detail is contained in various business sections of this report.

During the year, the *Product Stewardship (Televisions and Computers) Regulations 2011* came into force. These regulations require entities that manufacture or import television and computer equipment in Australia to enter a contractual arrangement with parties approved by the regulator to fund the recovery and recycling of obsolete and discarded equipment.



Doing the right thing – Bunnings' pallet initiative

Across the Group, a focus on packaging reduction and efficiencies has resulted in a number of initiatives and improvements over the year.

At Bunnings, a reverse logistics trial has been implemented for the re-use of pallets by removing them from 62 selected stores across the Australian Capital Territory, New South Wales, Queensland and Western Australia.

The unused load capacity of delivery trucks has been leveraged to collect and remove plain and unbranded pallets for return to the transport hub for re-use and distribution of product back to stores.

The trial resulted in 12,576 pallets being recovered, cost savings of \$107,116, and avoiding 513 tonnes of CO₂e emissions to landfill.

In addition, there is reduced congestion at store level, which results in a cleaner and safer site for customers and team members.

Due to these encouraging results, the program will be expanded to additional stores.

All of our retail businesses are signatories to the Australian Packaging Covenant and reported publicly on their activities to reduce unnecessary packaging.

Under the regulations, the target in 2012/13 is to recycle 30 per cent by weight of the television and computer equipment imported or manufactured in the previous year, rising to 80 per cent by 2021.

Of our businesses, Officeworks, Coles, Kmart and Target are involved, and Wesfarmers has entered into a Product Stewardship Agreement with DHL Supply Chain (Australia) Pty Ltd to achieve these objectives. Over time, the capacity for Officeworks stores to receive used computing equipment for recycling will be extended across Australia.

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 Curragh coalmine also discharges ground and rainwater from its mine voids under licence with the relevant authorities. CSBP (a WesCEF business) at Kwinana, Western Australia, has a licence (under the *Environmental Protection Act 1986*) to discharge waste water into a treated public waste water system that eventually discharges to the Indian Ocean. Most of this effluent passes through CSBP's nutrient-stripping wetland before discharge.

 Our agreed APC Action Plan is available at www.packagingcovenant.org.au

Non-compliance/prosecutions

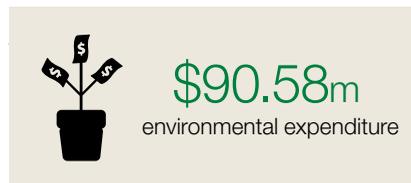
Any non-compliances with environmental regulations or any prosecutions relating to environmental issues during the year are disclosed in the various business reports.

National Pollutant Inventory

Wesfarmers Resources and WesCEF are required to report under the National Pollutant Inventory (NPI). Full details are available on the NPI website, with 2011/12 data expected to be available in February 2013.

Environmental expenditure

Total environmental expenditure, including land remediation costs for 2011/12, is \$90.58 million.



This compares with last year's total of \$34.96 million. The difference is largely due to our continuing focus on voluntary energy efficiency investments, and a general expansion of related work across the Group. 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.

Site contamination

Remediation of site contamination is an issue for some of our businesses. Wesfarmers Limited is responsible for the remediation of several sites that were leased or owned by businesses sold many years ago and financial provision has been made to cover the estimated cost of these activities.

The WesCEF business 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 prior to site redevelopment.

During the year, Wesfarmers made some significant progress at a site in Manjimup, Western Australia that was formerly owned by Sotico (a subsidiary of Wesfarmers). At the time of report preparation we are planning the final review and investigation activities required to allow us to seek reclassification of the site under the provisions of the *Contaminated Sites Act 2003*. Remediation outcomes at a site in Kewdale, Western Australia, have progressed to the stage where Wesfarmers will seek a similar regulatory outcome for that site by the end of 2012.

Monitoring and risk assessment continued at former locations owned or managed by Wesfarmers Transport in Kewdale, Carnarvon and Port Hedland in Western Australia.

 The Resources and WesCEF reports under the NPI are available at www.npi.gov.au

Sustainability at Wesfarmers

Driving our performance

Driving our performance



Economic contribution

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



Approximately
500,000
shareholders

As a result, both directly and indirectly, there are people in many countries with a shared interest in the sustainable future of Wesfarmers. Our capacity to continue to provide satisfactory returns to shareholders and support for the various interests of our stakeholders, including suppliers, customers, community groups and charities, government entities or public interest groups, is an important part of our sustainable operations.

Figure 8: Economic contribution (\$m)

	FY2009	FY2010	FY2011	FY2012
Sales and operating revenue	50,982	51,827	54,875	58,080
Cost of goods, services etc	40,496	41,028	43,426	45,800
Value added by Wesfarmers ¹	10,486	10,799	11,449	12,280
Wages and salaries and other benefits	6,269	6,533	6,790	7,156
Dividends paid to shareholders	1,102	1,446	1,735	1,909
Interest paid on borrowings	816	616	472	445
Income tax and other government payments	1,216	1,130	1,287	1,499
Reinvested in the business	1,072	1,036	1,111	1,212
Capital expenditure ²	1,503	1,656	2,062	2,626
Depreciation and amortisation expense	856	917	923	995

¹ In addition to the value added shown above, Wesfarmers made direct community contributions of \$31.82 million (included in cost of goods and services) and facilitated indirect contributions to community organisations and charities of a further \$40.42 million.

Source: Wesfarmers Limited Annual Reports 2009, 2010, 2011, 2012 (audited).

² Cash paid for purchases of property, plant and equipment and intangibles.

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.

Key indicators of the Group's financial performance indicators are summarised in figure 8.

Our operations make a significant contribution to the economies of Australia and New Zealand and other countries, particularly through our product-sourcing activities. These contributions included more than \$7,156 million paid in salaries, wages and other benefits to our employees, dividends to our shareholders totalling \$1,909 million and \$1,499 million paid to governments at all levels in the form of taxes, levies and royalties.



\$12,280m
value added
by Wesfarmers

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 2012. We are also included in the Dow Jones Sustainability World Index in the Asia Pacific region (DJSI World – Asia Pacific). DJSI is a set of five indices which evaluate the performance of companies worldwide based on voluntarily provided submissions.

The DJSI assessment (with assessments against the DJSI criteria) of Wesfarmers over the past five years is set out below in figure 9.



Figure 9: Dow Jones Sustainability World Index (%)

Dimension	2008	2009	2010	2011	2012
Environmental	51	67	72	78	76
Social	63	57	50	69	63
Economic	64	69	71	62	64
Total for Wesfarmers	61	64	64	68	67
Average in our industry group	46	47	45	48	44

Source: DJSI Investor Reports from the relevant years.

The Wesfarmers Board has adopted a series of governance charters and policies that underpin our corporate governance framework.

Governance

Wesfarmers is a strong advocate of good corporate governance.

The Wesfarmers Board has adopted a series of governance charters and policies that underpin our corporate governance framework. The Board recognises that corporate governance is not a static concept, and it regularly reviews and updates the company's governance charters and policies by reference to corporate governance developments and best practice in Australia and overseas.

A detailed account of the governance structure and responsibilities of Wesfarmers Limited, including the role and responsibilities of the Board, can be found in the Corporate Governance Statement in the 2012 Annual Report pages 57 to 64 or on our website.

We also have a number of key corporate governance documents available on our website. Specifically, this year we have reviewed and updated our Code of Conduct for employees, our Anti-bribery Policy and our Group Whistleblower Policy.

The Code of Conduct reflects the Group's high standards and expectations of ethical behaviour and integrity from team members.

The Group Whistleblower Policy encourages team members 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.

The Wesfarmers Anti-bribery Policy is also available on our website and sets out the responsibilities of our businesses and team members in observing and upholding the prohibition on bribery and related improper conduct, including providing some guidance on how to recognise and deal with instances of bribery and corruption.

Wesfarmers is committed to operating in a manner consistent with laws relating to anti-bribery and corruption. The Wesfarmers Anti-bribery Policy applies across the Group and prohibits bribery and other forms of related improper conduct such as facilitation payments, secret commissions and money laundering. The policy sets out the requirements that apply to gifts and hospitality, dealings with public and government officials, accounting and record keeping, and also identifies the controls that must be implemented when a Group company proposes to engage a third party to act for or on its behalf, such as due diligence, the use of appropriate contractual terms, and the oversight of the work undertaken by that third party.

In addition to the policy itself, the Group has developed a comprehensive compliance program in support of the policy. The compliance program involves training for relevant team members, detailed obligations in respect of gifts and entertainment, and ongoing reporting obligations to ensure compliance with the policy.

All of these documents are important in preserving the Group's high standards of behaviour and supporting our employees in their work.

Wesfarmers and its businesses are committed to meeting the requirements of the relevant privacy legislation and/or standards in the jurisdictions in which we operate and the Code of Conduct, our Privacy Policy and relevant business unit policies and procedures support this objective.

Apart from developing and overseeing the governance processes and policies for the company, as part of its broader responsibilities the Board has also reviewed and endorsed this Sustainability Report. The Board's Audit Committee (comprised of non-executive directors) oversees and reviews the appointment of external assurers and auditors and the company responses to any assurance commentary or findings.



A copy of our Privacy Policy, Group Whistleblower Policy, Anti-bribery Policy and Code of Conduct is available on our website under the 'About Us' tab at www.wesfarmers.com.au

About our business

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

We employ over 100,000 team members and operate more than 2,200 outlets. Over 18 million transactions take place in our stores each week.

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

Year in review

As part of our 'Australia First' sourcing policy, we continued to support Australian farmers and produce. Some of our initiatives included replacing 7,000 tonnes a year of imported cheese as part of a new five year contract with Bega Cheese Limited, based in New South Wales, and launching a new brand of cheeses and milk, called 'Great Ocean Road', with Warrnambool Cheese and Butter.

Highlights

Coles Community Food with SecondBite

In September 2011, we announced a national partnership with not-for-profit food rescue organisation, SecondBite, to donate surplus healthy fresh produce and bread to community food programs all over Australia. During the year, 208 stores joined 'Coles Community Food with SecondBite' and our donations represented more than 852,000 meals provided to people in need.

Plastic packaging trial

In September 2011, we expanded our in-store plastic bag recycling service with funding from the Australian Packaging Covenant to include plastic packaging as part of a trial in 114 Victorian supermarkets.

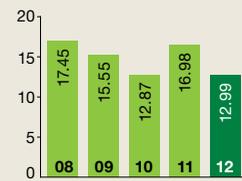
Between September 2011 and May 2012, more than 23.5 tonnes of soft plastic product packaging were returned to Coles by customers and saved from landfill. The waste will be turned into outdoor furniture and donated to schools and kindergartens.

Safety performance

Lost time injury frequency rate



12.99

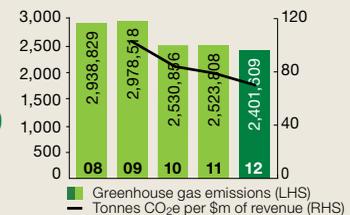


Greenhouse gas emissions

Tonnes CO₂e '000



2,401,609

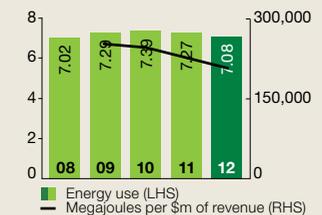


Energy use

Petajoules



7.08

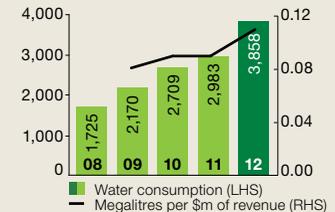


Water consumption

Megalitres



3,858

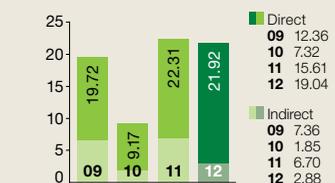


Community contributions

A\$m



21.92



Coles Online and hybrid trial

Two hybrid vans (diesel/electric) for food home deliveries are being trialled in Burwood, New South Wales, with a view to rolling out hybrid vans for Coles Online deliveries nationally. The vans can turn off the diesel motor when stationary in traffic and use stored battery power at other times to reduce fuel consumption. The vans have been fitted with monitoring devices to measure fuel efficiency and emissions.



With WWF-Australia, we reviewed the ecological sustainability of more than 80 per cent of the fresh wild caught fish sold from our fish counters during the year, as part of our commitment to only source responsibly fished and farmed seafood by 2015. In February 2012, a sustainable seafood message was introduced to all Coles seafood counters across Australia to make it easier for shoppers to identify a sustainable choice.



Responsibly fished

Coles' pole and line caught tuna is the first responsibly fished supermarket brand tuna to be sold in Australia

WWF partnership

WWF has conducted more than 300 wild caught seafood reviews for Coles since the partnership was announced in March 2011

Improved customer offer

Coles' frozen fish offer now includes four products which are certified by the Marine Stewardship Council

Ken Tricos,
Fishmonger, Coles
Tooronga, Victoria

Coles (continued)

Sow-stall free pork

During the year, we made good progress to deliver on our commitment to phase out sow-stall produced pork products. We have approved 19 farms to cater for our South Australian supermarkets and since March 2012, all fresh pork cuts supplied to our supermarkets in this state were sow-stall free.

Cage free eggs

We also finalised our 'Egg Production Standard', which defines our requirements for barn laid and free range eggs and have commenced auditing farms against this standard to meet our commitment to cease selling Coles brand cage eggs by 2013.

People and training

Of our team members, 93.7 per cent work in stores and 6.3 per cent in store support and logistics. Permanent team members now represent 66 per cent of our total workforce, compared to 59 per cent last year due to our strategy of offering permanent part-time positions in preference to hiring casual workers.



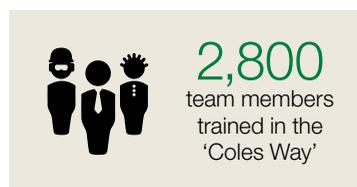
During the year, we continued to drive diversity in our business through the launch of our 'First Step' Indigenous employment and engagement programs in Sydney, Cairns (Queensland), Mirrabooka (Western Australia), Darwin and Canberra. Funding from the Department of Education, Employment and Workplace Relations is assisting us to provide 205 job opportunities in the coming year.



In 2010, an internal survey found that 262 team members identified themselves as Aboriginal or Torres Strait Islander and to date this has grown to 695. Further details about our Coles Aboriginal and Torres Strait Islander Plan can be found on our website at www.coles.com.au/About-Coles/Community/Indigenous-Plan.aspx

This year, 800 team members completed our Supermarkets Retail Leaders program taking the total to more than 2,500 since it was launched in 2009. The program continues to be our key development program for team members looking to move into store management.

A Retail Leaders program for Coles Liquor commenced in January 2012 and 40 team members completed the program, which will continue in the coming year.



More than 2,800 team members and 1,900 store leaders were also trained in the 'Coles Way', which is designed to deliver high quality fresh produce for our customers and improved ways of working for our team members.

We also provided 125 apprenticeships for butchers and bakers due to our new design stores offering customers cut meat upon request and in-store baked bread.

Safety

Our move to an integrated injury management system during the year has contributed to faster intervention and a greater focus on return to work, reducing our LTIs and new claims compared with last year.

Our LTIFR was 12.99 for the year, down 23 per cent on last year.



↓ 23%
LTIFR reduced
to 12.99

Significant improvements were seen in the injury rates for supermarkets, logistics and Coles Express, each achieving reductions of more than 25 per cent.

Following a national program of musculoskeletal assessments and upgrading back-of-house shelving and walkways, Coles Express had a 26 per cent decline in manual handling injuries.

Our logistics team achieved a significant reduction in its 2013 workers' compensation premium as a result of a long-term and sustained approach to safety and claims management.

Environment

Water

This year, we estimated that our total water usage was 3,858 megalitres, 29.3 per cent higher than last year.



3,858
megalitres
total water usage

This increase can largely be attributed to a change in the methodology that has allowed us to improve our estimation of water used by our convenience stores and liquor stores.

The estimated water consumed by our supermarkets was 2.4 gigalitres, and during the year we installed smart meters in 119 supermarkets around Australia to better track, trend and report water consumption. Real-time data is collected via a website and any abnormal usage or leakage by a store can be immediately investigated.

Waste and recycling

This year our recycling rate improved to 60.5 per cent from 58.5 per cent, largely due to redirecting a higher volume of surplus food from our supermarkets to people in need.



60.5%
recycling rate

Through our programs with SecondBite and Foodbank and organic recycling at 129 stores, we have diverted 7,446 tonnes of food waste from landfill.

We recycled 143,854 tonnes of cardboard, paper, plastic and metal and sent 98,902 tonnes of waste to landfill.

Plastic bag bans

Bans on the issue of single use light weight plastic bags in the Northern Territory and the Australian Capital Territory commenced in 2011. Coles offers these customers a range of alternative shopping bag options, including green reusable bags, chiller bags and reusable plastic bags.

Televisions and computers

The *Product Stewardship (Televisions and Computers) Regulations 2011* have been introduced. Coles will participate in a co-regulatory arrangement with other Wesfarmers businesses to facilitate a consumer recycling program.

Cash for Containers

The Cash for Containers Scheme commenced across the Northern Territory on 3 January 2012. It is consistent with the South Australian approach, and we are working with our suppliers to ensure that all eligible beverage products sold by Coles have been approved under the Scheme and meet new labelling requirements.



Bioplastic meat trays

In May 2012, Coles became the first Australian supermarket to introduce meat trays made from bioplastics. The meat tray has been developed by Plantic Technologies and is manufactured from 80 per cent renewable resources (corn starch), requiring less energy to produce when compared to other types of plastics used for meat trays. A life cycle assessment shows that over the course of 12 months the impact of Coles adopting the Plantic eco Plastic™ trays will save more than 13 million kilowatt hours of energy and cut carbon emissions by 5,000 tonnes.

Coles (continued)

Packaging improvements

Since assessing more than 1,800 Coles-branded products against the sustainable packaging guidelines, which are part of the Australian Packaging Covenant, we have improved and re-rated packaging for 55 products from red to green. For example, non-recyclable film on 'Coles Smart Buy Sardines in Tomato Sauce' was replaced with a recyclable board sleeve, making the product's packaging completely recyclable. Recycling instructions have also been added to the packaging to make recycling easier for customers.

As part of relaunching Coles' fresh organic range in 2012, packaging was reviewed to identify areas where excess packaging could be removed or more sustainable packaging materials could be used.

Environment protection and Coles Express

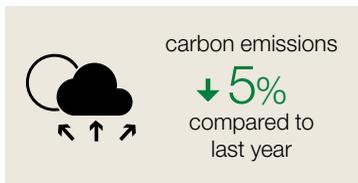
This year, Coles Express worked with Shell Australia and its contractors in New South Wales to implement the Vapour Recovery Regulation. The aim of the regulation is to reduce the amount of toxic and smog-forming pollutants released at service stations.

Biofuels

In 2011, our ethanol blended fuel (E10) was withdrawn from Coles Express sites in Queensland and Victoria due to supply constraints and state government mandates ceasing. We continue to supply E10 in New South Wales at 167 sites where the *Biofuels Act 2007* imposes a mandate.

Carbon and energy

Our estimated total carbon emissions were 2,401,609 tonnes, which is five per cent lower than last year and equates to 70.4 tonnes of CO₂e per million dollars of revenue, down 10.5 per cent on last year.



In preparation for the federal government's Clean Energy Future legislative package, we have sought to mitigate our energy use and carbon emissions through a range of initiatives, including installing voltage optimisation technology in 182 stores during the year, which allows us to draw less energy from the public grid and reduce store power consumption.

We have also undertaken a range of research and development projects to identify future initiatives that will improve the efficiency of lighting, refrigeration and climate control at our stores. For example, we are combining our refrigeration and air conditioning plants into one system for new stores and refurbishments in the coming year, which, as well as lowering installation costs, is estimated to deliver a seven per cent saving in energy consumption.

Governance

Ethical sourcing

Each year, we undertake risk assessments in our supply chain and assess our suppliers against internationally recognised standards for ethical sourcing. This year, we audited 113 suppliers out of 214 operating in non-Organisation for Economic Co-operation and Development member countries. Of these audits, one critical non-conformance was identified which related to a Thai supplier. This was resolved swiftly and an action plan put into place to prevent reoccurrence.

During the year, evidence of unfair working conditions at a factory in Bangladesh was brought to our attention by a third party. This factory has been independently re-audited, and a corrective action plan put into place. No new orders have been placed with the factory by Coles.

Additionally, we request suppliers operating in low-risk regions to provide a self-assessment of their compliance with our ethical sourcing policy. During the year, 162 suppliers completed this self-assessment.

Fostering and supporting effective relationships with our many suppliers is a critical part of ensuring Coles remains a sustainable business. In particular, we are moving to many long-term supply contracts with suppliers, both growers and manufacturers in Australia, to provide confidence for investment and innovation. Two booklets, 'Coles – Proudly Supporting Australian Made' and 'Coles – Backing Australian farmers and food companies', are located on our website and provide further details of our relationships with our suppliers. In addition, Coles has a number of internal guidelines and standards concerning ethical behaviour for our employees who deal with suppliers.



Truganina distribution centre

In 2012, operations commenced at an 80,000 square metre distribution centre at Truganina in the west of Melbourne, to service 195 supermarkets across Victoria. A rainwater harvesting system using roof drainage will provide most of the site's annual water supply requirements for irrigation and toilet flushing. Intensive use of translucent roof sheeting means lights can be turned off on many days and sensor and photoelectric lighting controls switch off lights automatically, providing substantial energy savings.



Sarah Johnson
Part-time
Customer Service
Operator at Coles
Berwick, Victoria

Sarah describes herself as a 'green warrior' for her store. When customers come through her checkout and have forgotten to bring their reusable bags, Sarah is not shy about reminding them that the plastic bags they are using can be recycled and to bring them back to Coles on their next visit. Little wonder then that the Berwick store was one of the best performing stores in the recent flexible plastics recycling trial held at 114 supermarkets during the year. 'I'm also very motivated about sustainable seafood.' Sarah is currently studying to become a teacher. 'As part of my course, I've done coastal studies and developed a teaching session on over-fishing and what can be done about it. I'm really proud of that work and how we can teach the younger generation to make changes and different choices that protect the environment. That's what I particularly love about our plastic recycling program. Getting schools involved and teaching young children is a great way to change the future,' said Sarah.

Ingredients and labelling

Palm oil

In 2012, we surveyed Coles brand suppliers to determine how much palm oil is being used in our products. This will allow us to identify other products to be converted to using certified sustainable palm oil and meet our commitment to only use certified sustainable palm oil for Coles brand products by 2015.

Artificial colours, MSG and allergens

During the year, we removed artificial colours and added monosodium glutamate (MSG) from all Coles brand food and drink products and improved our labelling of allergens to make it easier for customers who shop with food allergies in mind.

Nutritional labelling

We applied Daily Intake (DI) nutritional labelling to new packaging launched this year for Smart Buy products and in response to legislation being introduced in New South Wales in 2013, we introduced kilojoules labelling on display tickets for some ready-to-eat foods, such as deli salads and hot chickens.

Salt reduction

We are currently participating in industry-wide salt reduction programs. Since the start of the federal government's food and health dialogue roundtables in 2010, we have avoided 40 tonnes of salt from being added to bread and more than 14 tonnes from being added to cereals.

Senate milk inquiry

The final report by the Senate Economics Reference Committee into the impacts of supermarket price decisions on the dairy industry was released in November 2011. In responding to the report, the federal government noted the findings of the Australian Competition and Consumer Commission in July 2011 that there was 'no evidence that Coles acted in breach of the (Competition and Consumer) Act in relation to milk discounting'.

Tobacco

As part of a range of measures to reduce smoking rates in Australia, legislation to introduce plain packaging for tobacco products will start on 1 December 2012. To ensure the smooth implementation of plain packaging, we are reviewing a range of operational issues, including ticketing, service kiosk layouts and team member training.

During the year, Queensland was the final state in Australia to introduce a retail display ban on tobacco products. The ban requires us to ensure that all smoking products are not visible to customers.

Liquor and gaming

Coles operates 92 hotels and 81 gaming rooms. Most of these hotels are in Queensland, where we are required to own them under state legislation in order to retail liquor. We are committed to responsible gaming and service of alcohol and demonstrate this through compliance training programs for team members and working cooperatively with government and regulators to support harm minimisation measures where required.

Recent initiatives include:

- adopting the national gaming principles, outlined by federal and state ministers
- supporting the Queensland Government's 'No Minor Offence' campaign to raise awareness of the risks and penalties of irresponsibly supplying liquor to minors and a similar campaign in Victoria
- joining DrinkWise Australia, an independent, not-for-profit organisation focused on promoting change towards a healthier and safer drinking culture in Australia.

Community involvement

Coles contributed \$21.9 million to community programs and charities during the year, of which \$2.9 million was via fundraising with customers, team members and suppliers and \$19 million was our direct contribution in cash and in-kind.



During the year, approximately \$10 million in sports equipment was distributed to more than 7,500 schools across Australia as part of our Sports for Schools program.

We continue to be the Cancer Council's largest fundraising partner and in July to August 2011, our supermarkets and Coles Express stores raised more than \$1.7 million for the Cancer Council Helpline (13 11 20), bringing our total since 1996 to over \$11 million.

As well as supporting our national charity partners and programs during the year, Coles Indigenous Food Fund dispersed \$180,000 to support suppliers and growers of bush foods during the year. As at 30 June 2012, more than 20 bush food products in the Coles Outback Spirit range sold through Coles supermarkets feature a donation to the Food Fund and this is expected to grow in the coming year.



Material issues

Our business focuses on five key areas to improve our sustainability:

- 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
- supporting the local communities in which we operate

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 \$7.2 billion. At year end, there were 206 warehouses, 58 smaller format stores, 36 trade centres and five frame and truss centres operating across Australia and New Zealand.

At 30 June 2012, we employed more than 32,000 team members.

Year in review

This year, we continued to progress initiatives across our sustainability agenda aimed at:

- actively supporting the local communities in which we operate to deliver real worth
- assisting and educating our customers on how to live more sustainably at low or no cost

- improving the sustainability attributes in our supply chains for the products we sell
- optimising our energy use and waste management.

Our commitment to our 'we live here too' philosophy delivered benefits to the local community, with our Australian and New Zealand stores raising more than \$27 million and supporting more than 42,000 team member-led community activities.

All our warehouses held free DIY workshops throughout the year, with sustainability-focused workshops providing customers with practical advice on sustainable living.

We continued our zero tolerance approach to illegally logged timber in our supply chain by only sourcing timber products from low-risk plantations or other verified legal or certified sustainable forest operations.

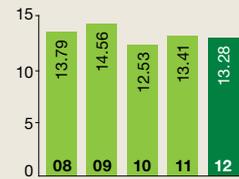
Our Australian stores achieved a waste recycling rate of 65 per cent, a nine per cent lift on last year's recycling rate. We also conducted evaluations in emerging energy efficient lighting technology such as power factor correction and commercial rooftop solar systems.

Safety performance

Lost time injury frequency rate



13.28

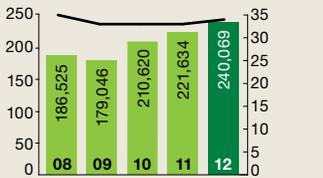


Greenhouse gas emissions*

Tonnes CO₂e:'000



240,069



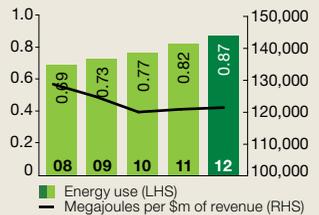
* Excludes commercial air travel.

Energy use

Petajoules



0.87

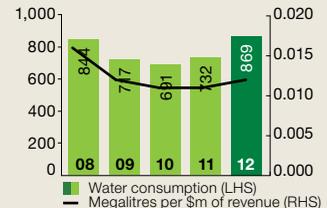


Water consumption

Megalitres



869

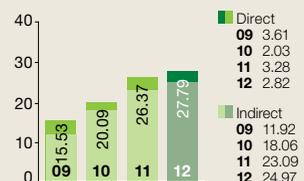


Community contributions

A\$m



27.79



Team member diversity

Diversity is integral to the success of our business. Our team spans six generations and our mature age workers add value to our team and provide mentoring opportunities for our younger team members. Many of our mature age workers bring with them a range of valuable professional and life skills from their former careers and understand the importance of customer service.



We have a history of taking real action towards reducing our impact and building a more sustainable business.

Community involvement

Bunnings is committed to our 'we live here too' philosophy and participating in the communities in which we operate by contributing to local, regional and national causes throughout Australia and New Zealand

Sustainable products

We are committed to providing customers with products that allow them to live sustainably at a low cost, such as compost bins, garden kits, energy efficient lighting, and insulation

Effie Pensa,
Activities Organiser
Caroline Springs
Warehouse, Victoria

Home Improvement and Office Supplies

Bunnings (continued)

People

Investing in team member development is a key priority. More than 690,000 hours of training were undertaken by our team focused on products, service, leadership and safety.



690,000
hours of training

During the year, we extended 'Authentic Leadership', our primary development program for senior leaders. The program's principles have been integrated into existing leadership programs.

A number of initiatives were run throughout the year to increase safety awareness and address areas of risk. During the March 'Simply Safer' campaign, we gathered more than 1,200 ideas from our team on how we can improve safety onsite, with many ideas implemented quickly.

Improvements were made to the packaging and shelf location of our bulkier products to make it easier and safer for our team and customers to lift and move them.

Despite a decrease in serious incidents throughout the year, there was an increase in our all injury frequency rate* from 36.6 to 38.8. In response, a reinigorated safety strategy targeting our known injury hot spots and high risk activities is being implemented.



↓ 1%
LTIFR decreased
from 13.41 to 13.28

We continue to recognise the importance of a truly diverse workforce with regard to gender, age and ethnicity. Last year, 3,320 of our team members were 60 years or older, including 391 team members who were over 70 years old. We also continue to integrate team member awareness and involvement in Indigenous initiatives by creating opportunities through a number of localised programs. We aim to increase the participation of women in leadership roles by providing sustainable career paths from entry level onwards. We will continue to employ team members from a diverse range of backgrounds, as we believe this is what makes our team great.

Community

Through our 'we live here too' philosophy, participating in our local communities is an integral part of the Bunnings business and we contribute to a diverse range of local, regional and national programs in Australia and New Zealand.

This year, our Australian and New Zealand teams supported more than 42,000 community activities including over 1,400 activities through the Bunnings Schools Sustainability Program. Australian stores also continued participation in Planet Ark's Schools Tree Day by working with schools to plant native trees in the community.

Bunnings' Australian stores also supported a number of organisations through locally driven activities. These included local emergency services groups, The Salvation Army, Legacy, and the St Vincent de Paul Society, amongst many other local community organisations.

Our New Zealand stores supported organisations such as the Child Cancer Foundation, The Heart Foundation, and Clean Up New Zealand Week, and continued their support of Christchurch's earthquake rebuilding activities.



Team members painting a rundown cottage for special needs children at a school in Mickleham, Victoria

Community involvement

Our ongoing commitment to community involvement was a part of the first Bunnings Warehouse in 1994 at Sunshine where that team built a children's playground. Our Australian and New Zealand teams make it a priority to engage in localised and meaningful actions with the community and give a helping hand to a variety of community groups, schools and charities. We have assisted the community this year through fundraising sausage sizzles, DIY projects and renovations, local fundraising activities, community workshops, team member involvement, product contributions and financial assistance.

Through our ongoing local community support we were able to contribute and help raise more than \$27 million. This assistance was made possible through fundraising sausage sizzles, DIY projects and renovations, local fundraising activities, community workshops, team member involvement, product contributions and financial assistance.

Stakeholder engagement (public policy)

We continue to engage and build relationships with different levels of government and non-government organisations (NGOs) to identify further opportunities to work together.

In 2012 we continued to play an active role in promoting a proposed ban on the importation of illegally logged timber.

We continue to work with WWF as a Global Forest and Trade Network (GFTN) member and with Forest Stewardship Council (FSC) Australia as a retail partner.

Bunnings was part of a joint timber industry, retailer and NGO steering group led by Planet Ark, which developed the first national wood products forum and workshop in May 2012. This event assisted in overcoming obstacles and promoted the uptake of certified timber products.

* The AIFR measurement is the same calculation as TRIFR in this report.



Ralph Mayn
Team member,
DIY
Burleigh Heads
Warehouse,
Queensland
– six years at
Bunnings

Ralph Mayn has been a team member at our Burleigh Heads Warehouse for six years and regularly visits schools in the local community as part of the Bunnings Schools Sustainability Program. Ralph is one of many team members in Australia and New Zealand who take part in this program throughout the year, aimed at educating and engaging with students on sustainable living. 'I can go to a school about sustainability and talk to kids about saving the planet, marking trees, doing their garden. Kids love all that stuff and those things relate to kids. They know that the guy from Bunnings is actually talking about things that they are interested in.'

We have a strong partnership with Sustainability Victoria. In the past year, Sustainability Victoria delivered more than 500 in-store training programs to team members on sustainability related rebates and products.

Education and awareness

During the year, we supported Earth Hour, Recycling Week, World Environment Day and National Water Week with sustainable living DIY workshops and activities.

We participated in four showerhead exchange product stewardship programs in Victoria and Western Australia, exchanging more than 48,100 showerheads.

Environment

We are committed to minimising our impact on the environment, including energy efficiency measures, water conservation, responsible sourcing, packaging reduction, recycling and continuing our focus on sustainable timber procurement.

Energy

We continued to install energy efficient e-tronic lighting technology in new stores and stores undergoing refurbishment, with 41 stores now completed. We also continue to implement light emitting diode (LED) lighting in outdoor areas as standard in the new store design brief.

We also continue to closely evaluate the feasibility of emerging energy efficient LED high-bay lighting technology for our stores.

Greenhouse emissions

Our total greenhouse gas emissions (excluding commercial air travel) were 240,069 tonnes of CO₂e, which is eight per cent up on last year. These emissions were largely due to electricity consumption at our stores.

The significant expansion of our store network has an obvious flow-on impact on the activities that affect our total carbon footprint. Despite this, our carbon intensity remained stable at 3.4 tonnes of CO₂e per \$100,000 of revenue.

Water

Scheme water use was 869 megalitres, which is an increase of 19 per cent overall. Notwithstanding the significant expansion in our store network, it is pleasing to note that the intensity of our water use has reduced by 31 per cent compared to the intensity of water use five years ago. Our water conservation and reduction efforts continue with the installation of rainwater tanks and capillary mats in all new stores.

Reducing waste and recycling

We continue to work towards our 85 per cent waste diversion target.

This year, we diverted approximately 64 per cent by volume of this waste via various recycling and packaging initiatives, up from 60 per cent last year. During the year, we disposed of 22,061 tonnes of waste to landfill, recycled 17,861 tonnes of cardboard and paper, 2,670 tonnes of plastics and 10,184 tonnes of other recyclables including timber.

As part of Bunnings' ongoing commitment to improving product packaging efficiency, we worked with our store-based Green Action Groups. Stores identified product packaging opportunities which improves their fitness for purpose and will help reduce waste product being sent to landfill.

To reduce our waste to landfill we extended a trial for the re-use of waste timber pallets. We have 62 stores participating in this initiative, which involves returning waste pallets to the transport hub for re-use.

The trial has resulted in 12,576 pallets being recovered, cost savings of \$107,116 and avoiding 513 tonnes of CO₂e emissions to landfill.

An organic waste recycling stream for greenlife organic waste from our nurseries has been implemented in 16 stores with larger nursery areas.

Ethical sourcing

Bunnings has a zero tolerance approach to illegal timber in its supply chain. It is a condition of supply that independent verification is undertaken of legal origin as a minimum for all products made completely from tropical hardwoods.

All of our timber products are sourced from low-risk plantations or other verified legal or certified sustainable forest operations. Approximately 88 per cent of timber products are from certified sustainable sources, including 29 per cent that are FSC-certified.

Our New Zealand operations continue to work collaboratively with the government, industry and environmental organisations to encourage sustainable timber procurement.

As part of our Responsible Sourcing Program, Bunnings became a member of Sedex (Supplier Ethical Data Exchange) in 2012. This membership improves transparency in our supply chains in the areas of labour standards, health and safety, environmental management and business integrity.

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. During the year, a total of 196 audits were conducted.

Bunnings – 2013 priorities

- Continue to explore energy reduction measures to reduce our long-term carbon footprint
- Maintain our contributions to improve the social wellbeing of the communities in which we operate in sincere, localised and meaningful ways
- Continue to find ways to help customers live sustainably at a low cost or no cost with more sustainable product development
- Increase work with suppliers to reduce supply chain resource waste and achieve greater packaging and transport efficiencies
- Continue to work closely with suppliers to maintain ethical supply chains
- Reinvigorate efforts to achieve positive safety performance outcomes



Green Action Group team members assessing garden products to reduce packaging

Material issues

- In the short-term, significant reductions in our total carbon footprint may be affected by constraints of current technology and its commercial application, but this will improve as emerging energy efficient lighting and more effective micro renewable power generation systems become more viable
- Although there are less serious injuries occurring in our business, we are still injuring more people each year as our business expands, employs more team members and gets busier in existing sites. The challenge remains to achieve a downward trend in our injury performance

Home Improvement and Office Supplies

Officeworks

About our business

Officeworks is Australia's leading retailer and supplier of office products and solutions for home, business and education.

With more than 6,000 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 convenient ways to shop: a national network of retail stores; online at www.officeworks.com.au, via the Officeworks smartphone and tablet applications and Facebook's Shop & Share application; or by telephone/fax at our customer service centres in Melbourne and Sydney.

Year in review

During the year we opened six new Officeworks stores. At 30 June 2012, there were 139 Officeworks stores and two Harris Technology business centres operating across Australia.

We remain committed to providing a safe place to work, with a focus this year on taking personal responsibility for safety and wellbeing. There has been an 11.2 per cent decrease in LTIFR at 30 June 2012.



The decrease in LTIFR can be attributed to the cultural change in team members' behaviour in safety as a consequence of the launch of the Stay Safe System. There was also a favourable decrease in the total recordable injury frequency rate (TRIFR) over the reporting period from 36.2 to 35.9 or by 1.0 per cent.

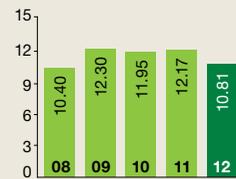
We continued to support MobileMuster, the Australian mobile phone industry's product stewardship program, with our stores providing a point of collection for our customers to responsibly dispose and recycle their unwanted mobile phones, batteries and accessories. Our collection of over 2,900 kilograms of mobile phones and accessories has more than doubled our previous year's collection. We developed our first EcoOK business supplies catalogue with the aim of simplifying the decision-making process for our customers where they seek to buy environmentally preferred products.

Safety performance

Lost time injury frequency rate



10.81

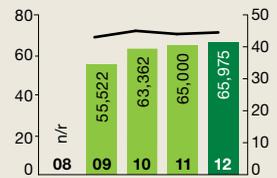


Greenhouse gas emissions*

Tonnes CO₂e,*'000



65,975



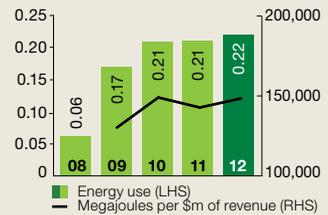
* Excludes air travel.

Energy use

Petajoules



0.22

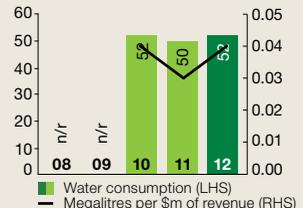


Water consumption

Megalitres



52

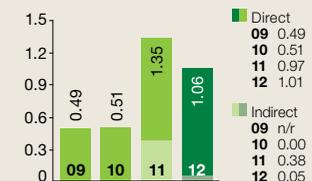


Community contributions

A\$m



1.06



Cartridges 4 Planet Ark

During the year, Officeworks was recognised by 'Cartridges 4 Planet Ark' as its most efficient collection partner, with our stores returning up to 75,000 cartridges a month in 2012. Since we joined the program eight years ago our customers have recycled more than 2.9 million cartridges.



We are focused on being a responsible, supportive and informative member of the local communities in which we operate.



Ethical sourcing

Rolled out a Supplier Code of Conduct and a Responsible Forest Products Procurement Policy to ensure ethical sourcing for our paper and timber products

Community support

We continued our support of the Australian Literacy and Numeracy Foundation (ALNF) through the sale of our reusable 'Helping Kids Grow' jute bag

EcoOK catalogue

Released the first EcoOK range and business supplies directory to help customers make environmentally sensitive purchasing decisions

Pranan Kinariwala,
team member
Officeworks
Vermont South, Victoria

Home Improvement and Office Supplies

Officeworks (continued)

We are committed to supporting charitable organisations and community activities and during the year we contributed to a variety of local and national programs.

All of our stores supported Blue September to raise funds for the Australian Cancer Research Foundation and Bowel Cancer Australia and Australia's Biggest Morning Tea to raise funds for The Cancer Council. Our Officeworks stores also supported appeals for ANZAC Day and Remembrance Day, where fundraising merchandise was sold to support the Returned and Services League of Australia, the United Returned Soldiers Fund New South Wales and the ANZAC Day Commemoration Committee Queensland.

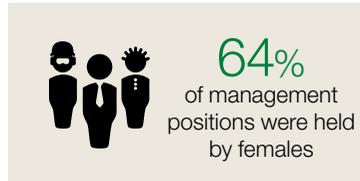
We also supported a variety of projects and organisations such as education facilities, sporting bodies, Scouts Australia, Girl Guides Australia, aged-care centres, healthcare facilities, Rotary Clubs and Lions Clubs through activities such as community barbeques, gift cards and team member volunteering, as well as facilitating customer donations.

Our total contribution to local communities during 2011/12 was \$1.06 million.



People

During the year, we launched the Stay Safe Program to help simplify and align the injury management procedures, forms and tools. The program was developed to help leaders understand the injury management process in order to help facilitate early return to work strategies. Various other initiatives were also launched during the year, including a Stay Safe postcard which was sent to all team members' home addresses reminding them to focus on safe behaviours while at work. A poster was also developed for display at stores to act as a reminder of safety choices, and team members facilitated discussion around key risk areas through cluster communication meetings.



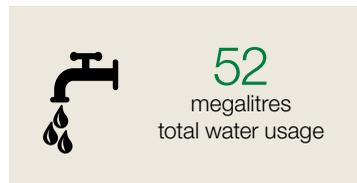
As at 30 June 2012, our workforce was equally represented by males and females. There were 601 management positions, and of these positions 64 per cent were held by females. Through our Climate Survey, 53 team members identified themselves as Aboriginal and/or Torres Strait Islander, up from 36 in the previous reporting period.

Environment

We continued our focus on product stewardship initiatives in partnership with MobileMuster and Cartridges 4 Planet Ark. Recycling stations are provided for customers at the front of all our stores, with collections of mobile phones and accessories increasing by 102 per cent to 2,914 kilograms from the previous period. Ink and toner cartridge recycling increased by 17 per cent with a total of 698,451 units diverted from landfill.

Three Officeworks stores continued a recycling trial for batteries, and two Officeworks stores are currently taking part in Byteback for the collection and recycling of computers. The learnings from the Byteback scheme have contributed to the implementation of the National Television and Computer Recycling Scheme. Officeworks is a liable party under the *Product Stewardship Regulations 2011* and has signed up to a co-regulatory arrangement.

Our total water usage during the year was 52 megalitres. This was extrapolated from more than 5,000 days of billing from 29 free-standing stores.



Callan Date
Desert Feet Tour

In April 2012, Callan joined the Desert Feet Tour, a program aimed at bringing music concerts and workshops into remote Indigenous communities in Western Australia. The secondment opportunity was initiated as part of an agreement between Officeworks and Desert Feet.

'This has been a truly life changing event and I am grateful to both the Desert Feet team and Officeworks for allowing me to participate in it ... if just one child's life was changed for the better during our Nullagine trip, well that's worth all our effort right there.' Callan saw the work that Desert Feet does to improve education, Indigenous reconciliation and awareness. Officeworks provided educational resources and stationery supplies, which Callan distributed to the children he visited on the tour.

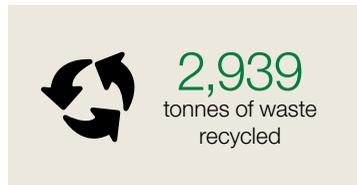


EcoOK range

During the year, we published the first Officeworks eco-friendly business supplies catalogue.

The EcoOK range of products aims to simplify the decision-making process for environmentally preferred products for our customers. Products are eligible for inclusion in the EcoOK range if they pass our three-stage assessment process. The assessment criteria includes product specification, level of risk and considers all third party certification programs, standards and endorsements for environmentally preferred products.

Our total recycling increased to 2,939 tonnes and waste to landfill also increased to 2,314 tonnes. Our greenhouse gas emissions have increased by 1.5 per cent to 65,975 tonnes CO₂ equivalent (excluding air travel).



Ethical sourcing

In May this year, we joined Sedex, a not-for-profit organisation responsible for driving supply chain improvements in responsible and ethical business practices. Sedex will further enhance our understanding of suppliers' performance in labour standards, health and safety, the environment and business ethics.

During the year, we implemented our Supplier Code of Conduct and Responsible Forest Products Procurement Policy. We also sent our first forestry survey to our local and international suppliers of forest-based products. We are currently reviewing the results of the survey to ensure that our suppliers conform to our policy.



Team member Mandy Magee and children at a school fete in Virginia, Queensland

Material issues

- Continue contributing to the health and wellbeing of the communities in which we operate
- Looking after our team members and making Officeworks a great place to work
- Improving our environmental reporting and reducing our stores' environmental footprint
- Continue focus on our ethical sourcing program, in particular the transparency of our forest products supply chain and ethical business practices
- Providing our customers with information about products and services which lower their environmental impact and help them to make environmentally sensitive purchasing decisions

About our business

Target is a leading mid-tier retailer where style, quality and experience create value for our customers.

Our team of more than 22,000 seeks to put our customers at the heart of every decision we make.

Today our customers can shop at 301 stores nationwide and from our online store at shop.target.com.au

Key product ranges include ladieswear, intimate apparel, menswear, childrenswear and nursery, accessories and footwear, homewares, electrical, toys and other general merchandise.

Year in review

During the year, we started a journey to provide a better shopping experience for our customers. We remain committed to embedding sustainability into our business and making it a focus of everything we do.

In the area of safety, we engaged our store team with an educational DVD to improve awareness of safe work practices. We continued to invest in the development of our team through our Future Leaders program, women's mentoring events and increased opportunities for Indigenous employment.

As part of our ongoing commitment to ethical sourcing, this year we improved our reporting processes and data management as a result of a full review.

We continue to reduce our energy consumption from air conditioning within stores with a progressive implementation of variable temperature settings that are linked to outside conditions and controlled fresh air levels. In addition, standards for automated controls for reduced lighting outside of trading hours were reinforced and power factor correction units were installed in selected stores to improve energy efficiencies.

The total community contribution was valued at \$3.43 million, and we continued to make a positive difference through our support of national and local community initiatives.



Safety performance

Lost time injury frequency rate



8.01

* Figure restated due to a reclassification of claims.

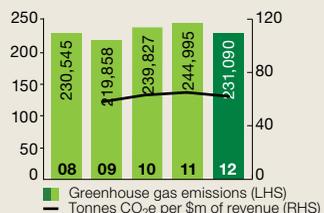


Greenhouse gas emissions

Tonnes CO₂e:'000



231,090

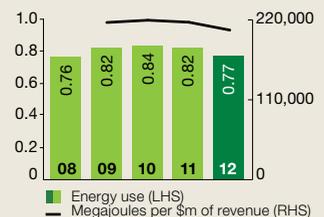


Energy use

Petajoules



0.77

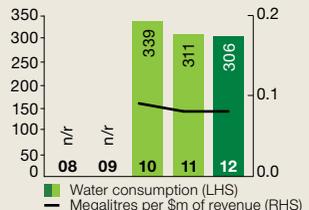


Water consumption

Megalitres



306

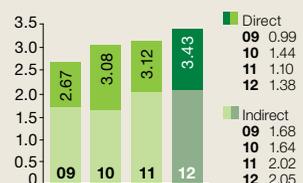


Community contributions

A\$m



3.43



Alannah and Madeline Foundation

Building on our \$1 million milestone in 2010, we have since donated another \$500,000 to reach \$1.5 million for The Alannah and Madeline Foundation's Buddy Bags Program. In December 2011, we launched Australia's first certified biodegradable and reusable shopping bag to further boost our fundraising for this important charity. The new biodegradable bag is designed to break down in compost under the right conditions within two months.



We continue to implement a range of initiatives to minimise our impact on the environment.

Reusable shopping bags

In December 2011, we launched Australia's first certified biodegradable and reusable shopping bag

Supporting our community

Building on our \$1 million milestone in 2010, we have since donated another \$500,000 to The Alannah and Madeline Foundation's Buddy Bags Program

Listening to our customers

Our Customer Insights team continued to monitor customer perceptions. The research has led to the introduction of our Target Essentials range and our Target Tested campaign

Diversity in our workplace

At the end of the reporting year, 44 per cent of management roles were held by women, up three per cent from last year

Nicole Peck,
Chief Financial Officer
Target
Caroline Springs, Victoria

Target (continued)

People

Safety

In 2011/12 we maintained our commitment to the safety and development of the Target team through rigorous implementation of our SafetyCARE system at all sites. This year, our LTIFR was 8.01, slightly down compared to last year's result of 8.14.



+1.6%
decrease in LTIFR
from 8.14 to 8.01

At Target, effective health and safety programs are driven through strong leadership and by educating our team members. It is important to us to foster a culture that empowers everyone to be responsible and accountable for health and safety. In March 2012, we launched a campaign including posters and a DVD titled 'Target your safety'. It highlighted the three hazards that result in the highest number of incidents: manual handling; hitting stationary objects; and slips, trips and falls. These hazards will continue to be a key focus in 2012/13. Another way we engage our team is through our annual Safety Week which raises awareness of workplace safety.

Diversity

To gain an insight into the diversity of our team, we conducted a survey titled 'Unlocking Our Diversity'. With a participation rate of 63 per cent, team members answered questions about their length of service, employment status, Indigenous background, education and carer commitments. In June 2012, Target launched a Diversity Steering Committee to set policy and objectives and provide strategic guidance on key diversity issues in the communities where we operate.

In March, 10 store managers participated in an Indigenous Action Plan Forum to learn more about building relationships with Indigenous communities, raising cultural awareness within our teams and increasing Indigenous employment. Target also continues to support the Jawun Secondment Program, with one of our store managers completing a secondment in Shepparton, Victoria, and our new Managing Director attended the Jawun Executive Leadership Program.

Training and development

This year we continued to expand our development programs and foster the knowledge and skills of our team. During the year, 398 team members completed our successful Future Leaders program. After graduating, our future managers continue with the Target Store Leadership program, which provides effective learning and development. We currently have 616 team members enrolled in this program. To date, 11 team members have graduated with Diplomas in Business Management and a further 30 team members are currently undertaking this qualification. In 2012 we commenced the development and implementation of a Target graduate program.



398
team members
completed the Future
Leaders program

At the end of a second My Mentor Women's Development program, a total of 70 women across Target had completed the course. In addition, 15 senior male executives participated in a Mastering Gender in Leadership program, which is designed to make men more aware of gender diversity issues. At the end of the reporting year, 44 per cent of management roles were held by women, up three per cent from last year.



We continued to implement packaging reduction in selected areas, including women's intimate apparel and footwear.

Reducing unnecessary packaging

In May 2012, Target was awarded silver in the 'Environment' category in the inaugural Wesfarmers Innovation Awards for our initiative on Reducing Unnecessary Packaging.

The award recognised our efforts to save more than 200 tonnes of packaging in the footwear department over two years. Since January, we have saved more than 10 tonnes of waste from footwear packaging by replacing the silica gel packs with a recyclable alternative and we estimate to save a further 22 tonnes over the year ahead.



Eddie O'Leary and David Scott
Target Rondel Award winners

With more than 36 years experience between them, Eddie O'Leary and David Scott were very worthy winners at last year's Target Rondel Awards for their work in reducing unnecessary packaging. Eddie and David worked together on a packaging review in the footwear department and through their work managed to save more than 200 tonnes of packaging waste. 'We have a responsibility to future generations to efficiently manage our resources. We both see many opportunities to reduce waste through changes to our product ranges and supply chain in partnership with our suppliers,' said Eddie.

David says he tries to consider the environment first in everything he does. 'We can all make a difference and keep our business sustainable by embracing environmentally friendly work practices and setting a positive example for all team members.'

Their work on this initiative also won a silver award in the inaugural Wesfarmers Innovation Awards.

Environment

Throughout the year, we continued to review key merchandise areas to identify further opportunities to reduce excess packaging. We implemented a process for stores to identify and report excess packaging issues to remove unnecessary waste. We expanded our survey data to estimate our water use. In 2011/12, this is estimated to be a total of 306 megalitres per year, which equates to 79 litres per full-time employee per day.

Energy efficiency

During the year, we continued to focus on ways to reduce energy consumption. We completed a program in most stores to adjust temperature settings by between one and two degrees and have regular analysis of air conditioning control systems.

Reducing waste

A focus across stores this year has been recycling metal fittings and fixtures back into new projects rather than sending them to landfill. In Queensland, 160 pallets of store fixtures have been allocated to projects, delivering considerable environmental and financial savings. Selected new stores will be completely fitted out with recycled racking. In New South Wales, metal recycling has resulted in more than 25 tonnes being diverted from landfill.



Carbon and energy

Our total greenhouse gas emissions were 231,090 tonnes of CO₂e, down six per cent on last year. Our greenhouse gas emissions were largely due to electricity consumption from lighting and air-conditioning in our stores. Total energy consumption was 773,097 gigajoules, down six per cent on last year. This energy use included 88 per cent electricity and seven per cent transport fuel.

Ethical sourcing

During the year, we continued to strengthen communications with our suppliers to improve compliance with the Target Ethical Sourcing Code. Following a full review in 2011/12 of our Code and business procedures, we standardised operations across our teams, enhanced reporting and systems and engaged our suppliers through forums. The Code has now been extended to all Target vendors, including national brands.

In 2011/12, 895 factory audits were conducted, which included 343 conducted by third party auditors and 552 that were acknowledged through our mutual recognition program. Three zero-tolerance issues were detected. These factories were deregistered as suppliers due to non-compliance with our Code relating to two cases of bribery and one incident in breach of local child labour laws.

Stakeholder engagement

Engagement with our stakeholders continues to be a focus for Target. In 2011/12, we conducted property and business building strategy forums, customer focus sessions, supplier awards, business updates and regional road shows with team members.

During the year, our total customer contacts were 81,536. This included a significant increase from customers engaging online and with social media.

Our engagement rate on Facebook was 24.1 per cent in May 2012 and 253,464 people 'liked' our Facebook page by 30 June. During this period, we introduced new social media activities, including our Facebook offers, which contributed to this increase.

Community

At Target we strive to enhance the areas we operate in through strong community partnerships. This year our total community contribution was valued at \$3.43 million, with almost \$2.05 million contributed by our customers and team members.

In 2011, Target and UnitingCare Australia celebrated 20 years' partnership through the annual Operation Santa Appeal at Christmas, with 81,463 gifts and \$149,590 worth of gift cards donated by generous customers.

We supported the SIDS and Kids Red Nose Day with a major publicity event televising a toy drop in Sydney. Combined with our in-store fundraising, we donated more than \$199,460 to the campaign.

In addition, we continue to partner organisations that support safe happy families through our regional donations program, St John Ambulance first aid courses, store donations, in-kind support through the donation of goods and various volunteering programs.

In March 2012 we partnered with Deakin University. Through this partnership we awarded financial scholarships to six students studying for their Bachelor of Education (Primary School) at the Institute of Koori Education.



Team members at the 2012 My Mentor Women's Development Forum

Material issues

Sustainability at Target is founded on four key areas – our customers, our culture, our suppliers and our environment. We aim to minimise our impact on the environment through the development of a sustainability strategy with clear and measurable targets.

To support this aim, we will maintain our commitment to the safety of our teams, customers and suppliers by continually looking at ways to reduce the risk of injuries. We are committed to leveraging the diversity of our team by continuing to explore and implement initiatives that support our focus on women in leadership and Indigenous employment. We will continue to implement energy efficiencies that aim to reduce our energy use and greenhouse gas emissions from lighting and air conditioning in our stores to benefit our business and minimise our environmental impacts. To support the communities in which we operate, we aim to make a positive difference by building partnerships that assist families and children. Across our business we continue to engage with suppliers to improve and broaden compliance with our Ethical Sourcing Code and ensure good corporate behaviour in all aspects of our operations.

About our business

Kmart is one of Australia's largest retailers, with 185 stores throughout Australia and New Zealand, product sourcing offices in Hong Kong, China, Bangladesh and India, and more than 28,000 team members.

The Kmart team is committed to our customers, and offering low prices on all products every day, right across our stores.

Kmart Tyre & Auto Service (KTAS) is one of Australia's largest retail automotive service, repair and tyre businesses, with a network of more than 260 stores. We are also one of Australia's largest employers of mechanics and apprentice mechanics, with more than 1,400 team members.

Year in review

We have continued to rebuild and reinvigorate our business, with revenue increasing to \$4.1 billion and earnings before interest and tax increasing by 32.3 per cent to \$266 million. Safety performance has been mixed, with our total recordable injury frequency rate decreasing; however, our lost time injury frequency rate increased.

During the year, we started a trial of energy saving initiatives at one Kmart store and also became a signatory to the FluroCycle program to divert used fluorescent tubes from landfill.

The Kmart Wishing Tree Appeal continues to be Australia's largest gift collection appeal and this year, we also partnered with Variety, the Children's Charity to support the 'Bikes4Kids' program.

Participation with our ethical sourcing program has also increased, with 42 per cent of factories now engaged with the program.

People

Increasing the number of Indigenous Australians working for Kmart is a key focus area and this year an additional 10 stores participated in our Indigenous employment initiative, bringing the total number of stores and distribution centres to 17. This work is not possible without the support of the Indigenous community and store teams across Australia.

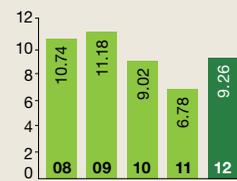
Through an employee survey, 105 team members identified themselves as Indigenous. Despite more team members participating in the survey this year, the total number of Indigenous team members has reduced.

Safety performance

Lost time injury frequency rate



9.26

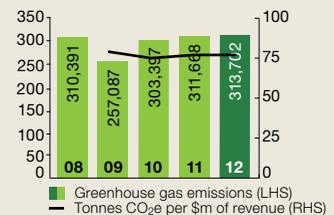


Greenhouse gas emissions

Tonnes CO₂e/'000



313,702

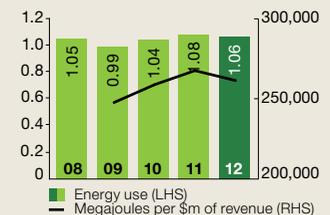


Energy use

Petajoules



1.06

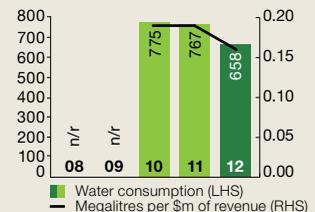


Water consumption

Megalitres



658

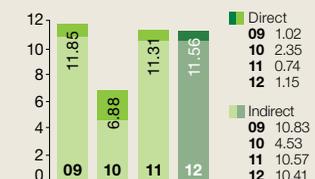


Community contributions

A\$m



11.56



Working with the community

The Kmart Eastern Creek distribution centre in New South Wales has engaged with the Australian Cultural Language (ACL) centre to train refugees and provide them with the skills to work in warehousing. ACL provides ongoing support including language assistance to participants in the program. This partnership has resulted in the site employing 90 people.

Noël Hatem (right) NSW Supply Chain Manager, with team members at the Eastern Creek distribution centre



We have continued to focus on addressing our material issues by reducing energy consumption, reducing packaging and strengthening our ethical sourcing program.

Lower electricity use

A trial is underway to reduce the electricity used to light, heat and cool our Kmart stores. Initial results are showing a 20 per cent reduction in total energy use

Ethical sourcing

Participation in Kmart's ethical sourcing program has increased, with 580 factories engaged with the program, representing more than 70 per cent of our direct importer spend

Packaging reduction

Kmart has continued to reduce the amount of packaging used throughout the year, and in addition, the business has undertaken packaging reviews as part of the Australian Packaging Covenant



Lauren Bottams,
Store Manager
Kmart
Richmond, Victoria

Kmart (continued)

Almost 70 per cent of the Kmart workforce are female and we have increased the number of women in leadership roles to 33 per cent throughout the year. In addition, we have trialled a mentoring program for selected team members in New South Wales. Initial results have been positive and we are now reviewing this program to potentially extend it to other stores.

Our learning and development team produced consistent and simplified training for areas including online induction and safe work practices, updated process documents and introduced performance-based learning as part of the 'Kmart Way' program. This program was launched in August 2012 and eliminates, simplifies or maintains in-store processes, with the objective of introducing one way of doing things across all of our sites.

We have also introduced a number of new programs at Kmart throughout the year including leadership and commercial skills training for all store managers, a 360-degree leadership assessment program supported with coaching and leadership training for all state operations and zone managers, as well as training for selected store team members to improve the flow of stock from truck to shelf.

In total, more than 170,000 hours of training were delivered, with an average of 2.3 training sessions per team member.



Safety

We have continued to focus on reducing the number of injuries sustained across our business. The safety strategy was revised, with goals for the year including consistent execution of the safety plan, creating ownership through the introduction of new reporting and key performance indicators, as well as building a strong safety foundation.



Key achievements in Kmart for the year included introducing a safety score to focus on identifying areas for improvement and developing a strategic safety plan for our supply chain function to target high-risk areas, which resulted in a 52 per cent reduction in injuries compared to the previous year. In addition, our Wiri distribution centre in New Zealand has been able to achieve a TRIFR of zero.

Our KTAS business restructured its safety function to provide greater responsiveness and earlier intervention, which resulted in a 66 per cent reduction in the average lost time rate.

In response to the Christchurch earthquakes and based on feedback from team members, Kmart New Zealand sites have now introduced emergency evacuation folders. The folders include rosters and contact details for team members and are located in key areas within the site for easy access.

For the year, we recorded 222 lost time injuries, up 33 per cent on the previous year. Our LTIFR increased to 9.26 and our TRIFR decreased to 37.05.

Carbon and energy

We commenced a trial of energy efficient lighting and an initiative to reduce the amount of energy used to heat and cool our Kmart stores. Initial results are showing a reduction of 20 per cent of the total store energy consumption. In 2012/13, we plan to finalise this trial and, if successful, aim to introduce these initiatives to additional stores.

To reduce transport emissions in New Zealand, we have worked with our customs clearing agents to send stock directly to the South Island ports. Traditionally, these goods were sent to Auckland and transported by rail, ferry and truck to get to these stores.

Given the phase-out of R22 refrigerant gas, we are preparing to trial a replacement gas in one store. The majority of Kmart stores utilise R22, and if successful, this trial will allow us to convert existing units to a new gas, rather than having to replace the air conditioning plant.

Our total carbon emissions for the year were 313,702 tonnes of CO₂e, up 0.7 per cent on the previous year. Energy use was 1.06 petajoules, down 1.9 per cent on the previous year. Across our sites, energy is primarily used for lighting and air conditioning.



Waste and recycling

During the year, Kmart became a signatory to the FluoroCycle program, which commits businesses to recycling used fluorescent tubes, rather than sending them to landfill. We have already recycled more than eight tonnes of these tubes since joining the program.

At Kmart, we also recycle ink cartridges from our photo labs. These cartridges are used to make new cartridges or other plastic products and through this initiative we diverted more than 12,000 cartridges from landfill this year.

Kmart stores have facilities to recycle paper, cardboard, plastic film, shopping bags, damaged goods and used garment hangers. KTAS stores have facilities to recycle used tyres, batteries, steel and other workshop materials. During the year, we recycled more than 34,000 tonnes of material, representing 76 per cent of the total amount of solid waste generated.



Luke Swann
Apprentice

Luke Swann is a year 11 student who has joined the KTAS team as a school-based, first year apprentice. KTAS is participating in the Aboriginal Employment Strategy to provide these apprenticeships to nine students who, following completion of the course and higher school certificate, will be eligible to be employed as second year apprentices. At Kmart, in addition to its Indigenous employment initiative, five team members participated in the Jawun Secondment Program during the year. These team members lived and worked in remote communities as part of the program designed to build greater awareness and cultural understanding.

Community

The Kmart Wishing Tree Appeal is Kmart's largest community program and is the largest Christmas gift collection appeal in Australia. Over the past 24 years, the Appeal has collected more than five million gifts for those in need. Last year, we collected more than 461,000 gifts, almost \$263,000 in cash donations and 100,000 from the sale of Kmart Wishing Tree Appeal-branded merchandise.

In addition to Kmart's coin collection program, store teams can support local community groups through the provision of gift cards or merchandise. More than \$114,000 was provided throughout the year.

During the year, we contributed a total of \$1.15 million in direct support to the community and \$10.41 million in indirect support, as verified by LBG.



Governance

From an environmental perspective, Kmart was contacted by one council in New South Wales, as our exterior lighting at one store did not comply with the requirements of the development application. We are currently implementing a solution with the council.

Regulators contacted Kmart on 97 occasions during the year, with the majority relating to product safety following the mandatory product safety reporting requirements which started on 1 January 2011.

We classified 10 as reportable, as they posed a significant risk to the business from a reputational or financial perspective. Throughout the year, Kmart conducted seven product recalls, four of which were for Kmart-branded products.

Ethical sourcing

In December 2011, Kmart launched its updated ethical sourcing program. The Ethical Sourcing Code forms part of this program and establishes the legal, social and environmental requirements that Kmart suppliers and factories must meet as a condition of conducting business with us.

To ensure compliance with the Code, Kmart monitors its factories through both announced and unannounced audits which are conducted by independent third-party audit bodies. Under the mutual recognition component of the Code, we may also accept credible certifications from other organisations where the certification is current and conducted by a reputable and independent third-party audit firm.

For the reporting year, 42 per cent of factories were deemed to be engaged, compared to 16 per cent last year. Behind our auditing program is a strong commitment to working with suppliers and factories by providing continuous education and support. However, it is sometimes necessary to deregister suppliers who do not share this view, or for significant breaches of the Code. During the year, eight factories were deregistered for breaches involving attempted bribery and one instance of child labour was also detected.



Kmart is focused on building stronger partnerships with its suppliers, including this factory in China

Material issues

The material sustainability issues for our business are concentrated around continuing to restore the foundations of our business, so that we are able to meet the needs of our stakeholders. In doing this, our prime responsibility is ensuring that our sites are safe for our team members, customers and visitors. Other significant material issues for Kmart include reducing the amount of energy we use and improving our design and management of packaging, to in turn provide environmental and financial benefits to the business and the communities we operate in.

If we succeed in these objectives, then, together with our community contribution programs, we will be achieving the material objective of benefiting the communities where we operate.



Helping our communities

Customers continue to support our coin collection program in Kmart stores, with money raised supporting the work of Variety, TLC for Kids, Think Pink and disaster relief efforts. Over the last 12 months, more than \$540,000 was raised to support these programs.

Since May 2012, our Australian stores have been raising funds for Variety's 'Bikes4Kids' program, which helps to provide children with freedom and independence through the simple gift of a bike. Variety also provides modified tricycles for special needs children who are unable to ride a bike.

In July 2012, our New Zealand stores embarked on an exciting partnership with Plunket, New Zealand's largest not-for-profit organisation dedicated to supporting the development of healthy families, raising funds for their car seat service.

About our business

Wesfarmers Insurance operates in the general insurance and financial services sector. Our underwriting 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 (UK) and Crombie Lockwood in New Zealand (NZ). We also have underwriting agencies, premium funding businesses and financial management operations. We are represented in 119 locations in Australia, 36 in New Zealand, five in the United Kingdom and one in New Caledonia. At 30 June 2012 we employed 3,882 people.

Year in review

We consider that our Corporate Plan outlines strategic priorities that are socially and environmentally responsible, as well as economically balanced. Some of our key sustainable outcomes during the reporting period included the introduction of a new cost-effective printing system across the underwriting business, as well as investing in a new policy management system in the New Zealand underwriting business.

We also strengthened our community program with a new partnership between our OAMPS broking business and Make-A-Wish Australia.

We continued to focus on insurance affordability with competitive pricing in personal insurance lines, in addition to achieving claims cost improvements through the alignment of our Australian claims teams across WFI, Lumley and Coles Insurance. We also launched the Partnered Repair Network to offer a more professional and cost-effective approach to customer service.

During the year, we expanded our broking network with the acquisition of the ACM Ahlers business.

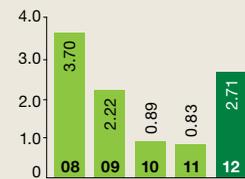
The ongoing financial effect of the Christchurch earthquakes continues to be significant. Despite this, we have been pleased by our claims teams who have continued to respond effectively to our clients in their time of need. The underlying performance of our underwriting businesses continues to improve and our broking operations are performing well.

Safety performance

Lost time injury frequency rate



2.71

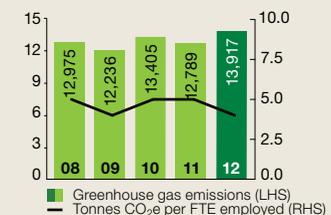


Greenhouse gas emissions

Tonnes CO₂e '000



13,917

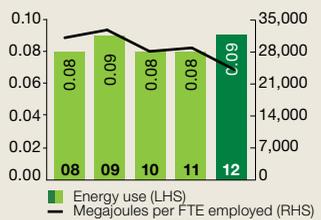


Energy use

Petajoules



0.09

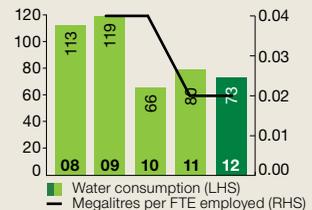


Water consumption

Megalitres



73

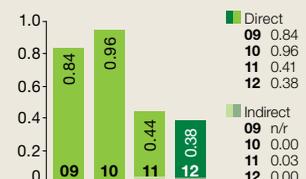


Community contributions

A\$m



0.38



OAMPS and Make-A-Wish Australia

In November 2011, OAMPS Australia launched a national charity partnership with Make-A-Wish Australia.

Make-A-Wish Australia grants the wishes of children with life-threatening medical conditions.

The partnership with Make-A-Wish Australia was developed in consultation with our OAMPS employees, and by actively engaging our teams, clients and communities, we hope to raise up to \$100,000 each year.



The WFI site at Bassendean, Western Australia, is our flagship site for environmental awareness.

Greener printing

Substantial progress was made towards lowering our carbon footprint with the introduction of a new printing system across all WFI and Lumley sites in Australia to reduce paper use

Reducing paper consumption

The 'Minus One' initiative was introduced, which reduces paper consumption by decreasing print fonts by one point

Compost bins

During the year, a BokashiWorks bin trial (for compost) was initiated, and plans are in place for the installation of rainwater tanks



From left, Melissa Cluney, WFI Facilities and Procurement Manager and Vik Sinniah, WFI Senior Business Analyst, Bassendean, Western Australia

Insurance (continued)

People

This year, our business achieved several milestones including the launch of the Wesfarmers Insurance Charter, our Employee Value Proposition and Leadership Framework. These set out clear expectations for all employees with respect to a common set of values (integrity, teamwork, openness, accountability and boldness) and the skills and capabilities required. These common commitments provide a framework against which we can continue to build a long-term people strategy. Our goal is to be the insurance employer of choice, and we believe we have started to differentiate our culture by attracting and growing the best leaders in their respective fields.

Despite challenging business conditions, we continued to invest strongly in the development of our people, with more than 300 employees graduating from our leadership programs.



In addition, technical, sales and service skills development has been conducted within our businesses to ensure regulatory compliance and improved business performance.

We also continued to support the Jawun Secondment Program, with two employees participating this year as an opportunity for development. Our employee engagement levels are pleasing, with continued strong scores in the areas of culture, values and leadership.

While we had an increase in LTIFR from 0.83 to 2.71, WI continues to perform better than most industry peers when it comes to safety performance and will continue to look for opportunities to reduce our work-related injuries. We are committed to increasing the representation of women in our managerial and executive ranks, and it remains a central focus for the leadership team through mentoring, sponsorship and other key initiatives.

Environment

The WFI site at Bassendean, Western Australia, is our flagship site for environmental awareness. For example, during the year, a BokashiWorks bin trial (for compost) was initiated, and plans are in place for the installation of rainwater tanks. The 'Minus One' initiative was also introduced, which reduces paper consumption by decreasing print fonts by one point.

Substantial progress was also made towards lowering our carbon footprint with the introduction of a new printing system across all WFI and Lumley sites in Australia to reduce paper use.

Further energy savings are being achieved by using more efficient printer models, as well as reducing the total number of printers in the business. Arrangements are in place with the service provider to dispose of used toners and other consumables in an environmentally responsible manner.

We estimate these initiatives will lead to a reduction of more than 60 per cent in carbon emissions from printing in our businesses.

Greenhouse emissions

Our total greenhouse gas emissions were 13,917 tonnes of CO₂e, an increase of 8.8 per cent on last year. The greenhouse gas emissions were largely due to electricity consumption in our offices.



Lumley New Zealand and the Christchurch earthquake



Domestic Earthquake Team Leader Rayna Swanepoel has been recognised for her outstanding work in the Lumley Earthquake Claims Response Team. Many of her customers lost everything; however, her empathetic approach, providing support and guidance to her customers, has been crucial in building trust and demonstrating that Lumley NZ is a reliable partner during a time of crisis.

Rayna receives outstanding customer feedback and is contributing to the process improvement project to ensure that key learnings from the event are captured.

Rayna explains it simply: 'I believe stepping into my customer's shoes is critical and I always ask myself the question, "If this were me, what I would do and what I would expect?"'



↑ **5.0%**
energy use increase
from the previous year

Energy use

Our main energy use during the year related primarily to electricity consumption in our offices (48.1 per cent) and fuel use (51.9 per cent). Total energy consumption was 0.09 petajoules, an increase of five per cent on last year.

Community

WFI again demonstrated its support of the Australian farming community by sponsoring this year's Australian Farmer of the Year Awards, run by the Kondinin Group. The Australian Farmer of the Year Awards celebrate the professional, innovative and sustainable approach of farmers.

WFI also sponsored a number of rural associations such as the Nursery and Garden Industry in Queensland and regional community sporting clubs. As in past years, WFI also participated in the First National Foundation charity tournament, held in Geraldton, Western Australia, to raise money for many of the area's local charities including Variety, Relay for Life, the Australian Red Cross and the First National Foundation.

In addition, WFI encourages all employees to organise and participate in fundraising activities for both local and national charitable organisations. During the year, employees raised money for a number of charitable organisations through participation in events such as Australia's Biggest Morning Tea (supporting the Cancer Council) and Movember (raising awareness of men's health).

Lumley supported a number of community-based organisations during the year, for example by sponsoring transport-related initiatives and the Heart Foundation Ball. Lumley also supported the 'Beat the Bosses' trivia night with all funds raised going to the CREATE Foundation, which raises money to improve the lives of children and young people who are receiving out of home care such as foster, residential or kinship care. With Lumley employees in attendance, CREATE raised \$120,000 for the night.



Natasha Gale
Senior State
Manager NSW
and QLD

Natasha Gale has a passion for history, and, out of a desire to support our wounded soldiers, recently undertook the enormous challenge of walking the Kokoda Trail. Natasha walked the trail to raise funds for Australian soldiers wounded in conflict. 'Walking with returned soldiers and family members of Australian soldiers killed in action was an extraordinary, emotional journey,' Natasha said. A highlight was the 70th anniversary dawn service. 'It was a time to remember those fallen and celebrate those who continue to guard our freedom and keep Australia safe.'

Economic investment

During the year, we made provisions to pay \$1,208 million in claims to our customers who suffered insured losses. This included support for customers affected by natural disasters in Australia and New Zealand. We paid \$326 million in wages and salaries to our employees.



\$1,208m
in provisions for claims
from customers who
suffered insured losses

Governance

Anchored by our Charter, our governance framework includes 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 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, flood insurance and several regulatory reviews.

OAMPS Australia implemented targeted Broker Compliance Training in its online training facility, which has been completed by all broking employees.

Our New Zealand underwriting business, Lumley, has made significant progress in preparation for the introduction of new regulations in the insurance sector which are to be phased in over the next year.

WFI is a member of the Australian Indigenous Minority Supplier Council (AIMSC), which encourages businesses to obtain goods and services through Indigenous suppliers.

Our businesses reported no material regulatory breaches for the year.



Graeme Warner and Andrea Green, members of the WFI claims team, at Bassendean, Western Australia

Material issues

- Effective response to catastrophe events, including the impacts on customers, suppliers and the re-insurance market
- Continue to provide ongoing training and development for our people leading to increased retention
- Continue to improve our work environment to create a safe and diverse workplace
- Ensuring our businesses have a positive impact on the communities where we operate to create strong and enduring relationships
- Continue to provide input into the development of effective regulatory systems for the insurance industry and contribute to policy development and regulatory programs

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 coalmine near Blackwater in Queensland's Bowen Basin and have a 40 per cent interest in the Bengalla mine in the Hunter Valley of New South Wales. The Bengalla mine is not covered in this report, as its performance is publicly reported by Rio Tinto Coal Australia. Wesfarmers divested the Premier Coal business on 30 December 2011, and this section of the report does not include Premier Coal data. However, material data from the period of ownership of Premier Coal is included in the Data Bank on pages 68 and 69.

At 30 June 2012, we had 658 people permanently employed; 49 in the Resources divisional office and 609 at the Curragh mine operation. The total coal production for Curragh was 10.10 million tonnes, which was 29 per cent higher than in the previous year.

Year in review

This year has seen a significant change for our business, with the sale and divestment of the Premier Coal operation and the major expansion of the Curragh mine. While these two activities have in many ways dominated the year, we have continued to consolidate and improve our sustainability performance.

As always, safety is the highest priority and this year we had a 42 per cent reduction in the total recordable injury frequency rate sustained by our Curragh employees and contractors. While this is a very pleasing result we will continue to focus on this important aspect of our business.

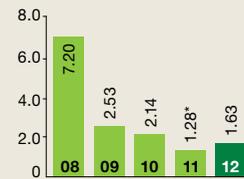
During the year, we also introduced initiatives to recognise our people for their innovations. We implemented a 'Women in Resources' program across the business and continued to progress our Aboriginal and Torres Strait Islander Employment Strategy. We also initiated a new community program with a focus on community health, we improved our water management at Curragh, and we prepared for the introduction of the Clean Energy Future legislative package.

Safety performance

Lost time injury frequency rate



1.63



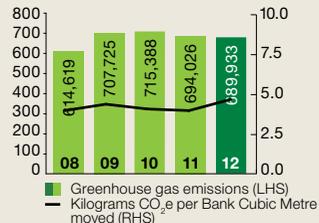
* This has been restated due to a reclassification of claims.

Greenhouse gas emissions

Tonnes CO₂e*000



689,933

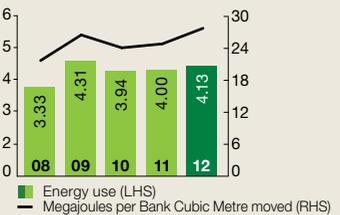


Energy use

Petajoules



4.13

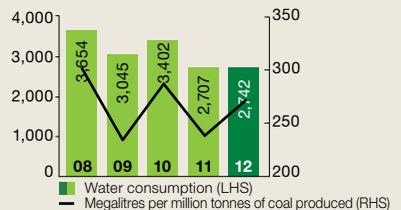


Water consumption

Megalitres



2,742

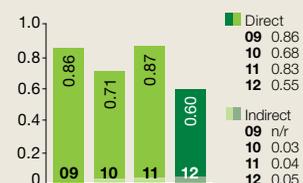


Community contributions

A\$m



0.60



Women in Resources

In a major new initiative, we launched our 'Women in Resources' program during the year. This program focuses on attracting women to employment within our business, as well as the professional development of women currently within the business. While this is a long-term commitment, there have already been positive outcomes with women making up 26 per cent of all new appointments this year, up by eight per cent from 2010/11.



At Curragh, sustainability initiatives address a range of issues including environment, people, economic, carbon and energy efficiency.



Improving greenhouse measurement
A fugitive emissions project was carried out to determine the greenhouse emissions from the mining of coal

Expanding the business
The \$286 million expansion at Curragh is now complete. Annual export capacity will expand to 8.0 – 8.5 million tonnes annually

Better water management
A water balance model has been developed at Curragh to allow for the better management of water resources on-site

Bryan Turner,
Coal Handling and Preparation
Plant Water Technician
at Blackwater, Queensland

Resources (continued)

People

We recognise the need to improve the gender balance in our workforce and to better reflect the communities in which we operate. This year, we launched our 'Women in Resources' program, which focuses on attracting women to our business while at the same time developing those women already within the business. The program includes one-on-one mentoring, self-paced study, discussion groups and participation in industry events and forums. Education and engagement of managers has also played a key role in achieving our objective of boosting the number of women in our workforce and in leadership roles.

Responding quickly and effectively to an emergency on-site is critical for Curragh given its relatively remote location and limited access to medical and hospital services. This year, Curragh has invested in further development of its own Emergency Response Team (ERT) by increasing its numbers from 12 in early 2011 to 43 in June 2012. In the event of an emergency, the ERT members augment the four full-time contract Emergency Services Officers.



43
team members
in the Emergency
Response Team

Along with the increase in number, the ERT upgraded its self-contained breathing apparatus and hydraulic cutting and spreading equipment. Through the provision of additional training, a number of ERT members achieved Certificate IV Industrial Paramedic and Certificate III Industrial Responder qualifications.

The ERT participated in the 2012 Australasian Road Rescue Competition in Hobart to test its skills against other emergency response teams. Our team performed well and importantly gained valuable experience and learning through this process.



10
Indigenous trainees
started working
at Curragh

Following the completion of initial training, in August 2011 10 Indigenous trainees started work at the Curragh mine, with four employed by Curragh and six by Thiess. This Indigenous employment initiative, in conjunction with The Salvation Army Employment Plus program, has proven to be very successful with all four of Curragh's Indigenous trainees still involved with the program.

Environment

After successive above average wet seasons, water management at Curragh continues to be a major challenge. During the year, Curragh developed a site water balance model which is designed to assist in decision-making about site water inventory management and future water infrastructure investments. Along with this model, additional water release points into the McKenzie River were installed at Curragh North to assist in site water inventory management. As a result, 1,186 megalitres of excess water was released from the site in accordance with regulatory approvals.



Making a difference in local Indigenous communities

Since the launch of the Wesfarmers Reconciliation Action Plan in 2009, much has been achieved within our business in regard to Indigenous employment. We are very proud of Curragh's Indigenous traineeship program, which has given 10 local Indigenous people an opportunity to commence a career in the mining industry. This program is supported by other initiatives which have seen drug and alcohol education and life skills provided to the children at Woorabinda; support at Indigenous job expos; hospitality training in conjunction with ESS, our service provider, at our Rangeview accommodation; and support for the Australian Indigenous Mentoring Experience.

This year we commenced our first business relationship with an Australian Indigenous Minority Supply Council business, Aboriginal Steel Art, which has allowed that business to grow.



John Mahon
Field Trainer
Mining, Curragh

A commitment to safety

John is passionate about safety, both in the workplace and in the local community. In his role at Curragh, John is responsible for ensuring that trainees and new starters are ready to safely get behind the wheel of the machines and vehicles on-site through the use of the new on-site training simulator.

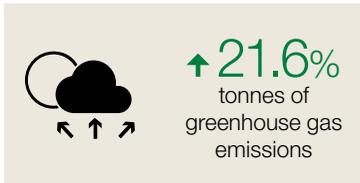
John's commitment extends to his local community, where he is a member of the State Emergency Service and the Auxiliary Fire Service.

On-site John is a senior member of the Curragh ERT, a role he happily volunteers for. 'For me, safety is paramount in everything we do at Curragh and I'm just pleased that I'm able to make a contribution to the team,' said John.

Carbon and energy

Our focus at Curragh this year has been to undertake a significant project to determine the fugitive emissions associated with the coal mining process. This project has involved drilling and gas analysis to determine more precisely what the greenhouse gas emissions are. The outcome of this project will allow Curragh to more accurately report its fugitive emissions in 2012/13.

Once again significant dewatering was required at the Curragh mine as a legacy of the 2010/11 central Queensland floods. The discharge of water was conducted in accordance with the licensing arrangements approved by the Queensland Department of Environment and Heritage Protection. This dewatering program required significant additional energy to be used for non-mining related activities.



Our total direct (Scope 1 and 2) greenhouse gas emissions were 644,384 tonnes of CO₂e, up 21.6 per cent on last year (excluding Premier Coal from the 2011 data). This change largely related to the major expansion project undertaken during the year that included the construction and commissioning of a new coal handling and preparation plant (CHPP).

Our main energy use during the year related primarily to the operation of our draglines, coal handling and preparation plant and diesel-operated equipment at Curragh. Total energy consumption was 4.13 petajoules, up 24.8 per cent on last year (excluding Premier Coal from the 2011 data). The increase in energy was largely related to the construction and commissioning of the new CHPP.

Community

Since 2006 we have been a part of the Mines Medical Consortium, a private sector mining/government partnership to provide a second doctor in Blackwater. This partnership provides for enhanced medical treatment for employees, their families and the local community. This year Curragh expanded its support for local health through sponsorship of the central Queensland Whole of Practice Professional Activities Conference and the Queensland Institute for Medical Research, and support to the Blackwater Hospital.

A new initiative this year for the Brisbane office was the introduction of a matched-giving program. Donations were collected for employee-nominated local charities, with all donations matched by the business. This program resulted in more than \$5,000 donated to organisations such as the 139 Club, Youngcare, Givit, Mental Illness Fellowship of Queensland and the Pony Riding for the Disabled Association as part of the McIntyre Centre.



Wesfarmers Resources team member Brian Gaka, Financial Accountant

Material issues

- Continuing to improve our safety performance in order to reduce the number of workplace injuries incurred by our employees and contractors
- Improving our energy efficiency and reducing greenhouse gas emission intensity in order to reduce the environmental impact of our operations
- Attracting and retaining high quality employees continues to be a challenge for our industry due to labour shortages within the resource sector
- Increasing the number of women who work in the business remains an ongoing challenge which is being addressed through our Women in Resources program

Chemicals, Energy and Fertilisers

About our business

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

We also 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. In August 2011 one of our businesses, enGen, was sold and this section of the report does not include its data. However, material data related to the period of ownership of enGen is contained in the Data Bank on pages 68 and 69.

We have operations around Australia, and our revenue in 2011/12 was \$1,786 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.

The Wesfarmers Board gave final approval to proceed with the expansion of CSBP's ammonium nitrate production facility at Kwinana, Western Australia, in December 2011.

CSBP continued to trial nitrous oxide reduction technology in its nitric acid plants at Kwinana to help reduce greenhouse gas emissions. Catalysts have been installed in both nitric acid plants, with some trials achieving an emissions improvement of up to 85 per cent nitrous oxide abatement.

In late 2009, we announced an investment of almost \$5 million in a regenerative thermal oxidiser (RTO) to allow us to diversify our phosphate rock supply options.

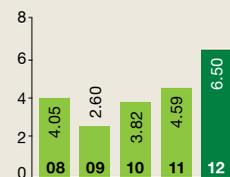
Following operational testing and trials of various blends of odorous phosphate rock, the RTO was commissioned this year, and phosphate rock from Western Sahara is not part of our import program for the coming production year.

Safety performance

Lost time injury frequency rate



6.50

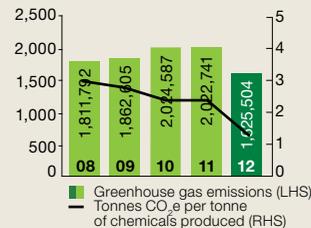


Greenhouse gas emissions

Tonnes CO₂e '000



1,625,504

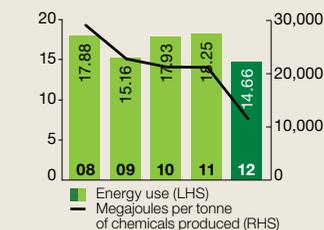


Energy use

Petajoules



14.66

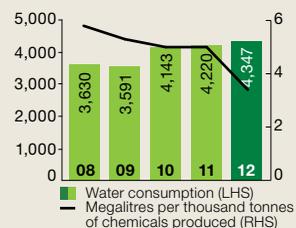


Water consumption

Megalitres



4,347

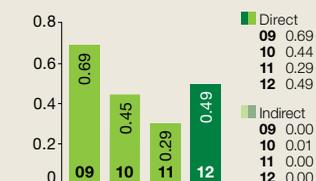


Community contributions

A\$m



0.49



Clontarf Foundation

During the year, WesCEF renewed its partnership with the Clontarf Foundation. Here, student Neil Penny and Kleenheat Communications Coordinator Kirsty Mobilia take a break at Clontarf's Gilmore Academy in Kwinana.



Energy Efficiency Engineer Kevin Le (left) supports the business in understanding energy usage and identifying potential savings through engineering projects.

Reducing greenhouse emissions

CSBP's nitric acid plants at Kwinana contain nitrous oxide reduction technology that reduces greenhouse gas emissions

Improving diversity performance

Environmental Adviser Cheryl-Anne McCann is a Torres Strait Islander woman who WesCEF welcomed into the business in 2012.

Decreasing nutrient emissions

CSBP's nutrient-stripping wetlands reduce nitrogen load in wastewater prior to discharge from site

Kevin Le,
Process Engineer, CSBP
Kwinana, Western Australia

Chemicals, Energy and Fertilisers (continued)

People

As at 30 June 2012, we employed 1,439 people, excluding contractors but including casuals. The ongoing development of our people is one of our key priorities. During the year, we employed four apprentices and sponsored an additional 13 in our businesses.

Following their introduction last year, we continued to run the WesCEF Women Forums (28 per cent of our employees are female) and this year introduced a women's development program that is technologically-based and designed specifically to help women create meaningful career paths. In line with our Aboriginal Engagement and Employment Strategy, we recruited an Aboriginal Development Coordinator and awarded one Aboriginal traineeship.

We continue to focus on leadership development and have progressed 101 managers and supervisors through our leadership development framework.



101
managers and supervisors engaged in leadership development

In 2011/12, we recorded 58 total recordable injuries (TRIs), 23 of which were lost time injuries (LTIs). This compares to 55 TRIs and 16 LTIs last year. Our total recordable injury frequency rate increased from 15.8 to 16.4, and our lost time injury frequency rate increased from 4.59 to 6.50.

We implemented a new safety incident reporting tool, Cintellate, to replace existing systems and provide a consistent incident, action management and inspection/audit tracking tool across all our businesses.

We continued providing our workforce with safety training, with a focus on process safety in the chemicals businesses at Kwinana and Australian Vinyls in Victoria; and occupational, health and safety training in all our businesses.

We provide information to and encourage feedback from our employees through our intranet, internal newsletters and employee briefings.

Environment

We continue to improve our environmental management systems including the review and assessment of our environmental risks.

During 2011/12, we held workshops to identify energy efficiency opportunities (EEO) in the production of nitric acid, ammonium nitrate, sodium cyanide and polyvinyl chloride (PVC) resins.

The EEO workshops mark the beginning of a new five year cycle of formally identifying, assessing and implementing feasible energy efficiency projects to meet the federal EEO legislation. A number of projects were implemented during 2011/12, resulting in energy savings.

Greenhouse emissions

Our 2011/12 Scope 1 and 2 greenhouse gas emissions were 1,493,883 tonnes of carbon dioxide equivalent (CO₂e), a decrease of 20.4 per cent on last year. The major reasons for this decrease were our nitrous oxide reduction program and the sale of enGen. Of our total emissions, 46.4 per cent were generated from nitric acid production, 26.9 per cent from ammonia production and 8.9 per cent from LPG and LNG production. The balance was generated from various other processes associated with our operations.



Nitrous oxide abatement technology

CSBP is achieving a significant reduction in greenhouse gas emissions through ongoing trials of nitrous oxide abatement technology. The technology, which uses specialised catalysts that convert the greenhouse gas nitrous oxide (N₂O) to inert nitrogen gas, was installed in one of the two nitric acid plants at Kwinana in February 2012, following previous trials in 2011. An alternative catalyst, pictured here with Manager Business Performance Chemicals Albert Romano, was installed in the second Kwinana nitric acid plant in June 2012. Some trials of these catalysts have achieved an emissions improvement of up to 85 per cent nitrous oxide abatement.

In September 2012, CSBP was selected as a finalist in the Corporate Business Leading By Example category of the 2012 Western Australian Environment Awards for this initiative.

In addition, Scope 3 emissions associated with our electricity, natural gas, liquid fuel, air travel and waste were 131,621 tonnes CO₂e.

Energy use

Our net energy consumption was 14.66 petajoules, a decrease of 19.7 per cent on last year's consumption. Our energy use is represented by natural gas (92 per cent), electricity (four per cent), and diesel (two per cent), with other energy making up the remainder (two per cent).



↓ 19.7%
energy use decrease
from the previous year



Tim Hawkins
Senior Process
Engineer

Kleenheat Gas Senior Process Engineer Tim Hawkins implements improvement and development projects to help operate Kleenheat's Kwinana Production Facility safely and sustainably. Tim joined the company four years ago and says that having the opportunity to take part in leadership development and ongoing technical training has helped him further his career.

Water use

Our total water consumption was 4,347 megalitres, up three per cent on last year. We continued to use recycled water at CSBP Kwinana, and Australian Vinyls used 159 megalitres of water from its recycled water plant.

Community

We provided support to a range of organisations in 2011/12 through direct financial support or through the donation of goods to the value of \$493,172.



\$493,172
direct community
support

We signed new partnerships with Youth Focus and the Clontarf Foundation, and continued our support of the Salvation Army, and the Asthma Foundation WA.

We also supported our employees' participation in the Chevron City to Surf for Activ and the HBF Freeway Bike Hike for Asthma, and held a 'Wear Purple Day' to raise funds for Breast Cancer Care WA.

Governance

We undertake regular internal auditing to evaluate and continually improve our risk management, control, and governance processes.

Our ammonia, ammonium nitrate, sodium cyanide and PVC resin facilities, as well as our Kleenheat Gas production and Kleenheat Gas operational facilities are classified as Major Hazard Facilities and have, or are in the process of obtaining current approvals to operate. We also manufacture, handle and transport dangerous goods.

In May 2012, Australian Vinyls received certification against the international standard ISO14001 for Environmental Management Systems for its PVC resin production facility at Laverton, Victoria.

During 2011/12, the number of audits in the WesCEF internal audit program was significantly increased. This provides greater assurance of compliance together with opportunities for improvement in business performance across a broad range of processes.

During the year, the emergency response team based at CSBP Kwinana took part in an on-site exercise involving the local Fire and Rescue Service, including a full muster of people on-site. The Kleenheat Gas production facility at Kwinana also exercised its muster capability.

In November 2011, ModWood received improvement notices from Worksafe Victoria regarding dangerous goods signage, risks associated with falling, manual handling and auger use. All improvement notices were complied with.

During the year, Kleenheat Gas received improvement notices from Worksafe Victoria for its Deer Park operations relating to systems of work, LPG tank safety valves, risk control measures, and control of ignition sources. All improvement notices were complied with. In November 2011, Kleenheat Gas received a directive from Workplace Health and Safety in Queensland regarding its Pinkenba site requiring further detail on identified control measures and key safety management systems. The directive was complied with.

During the year, Kleenheat Gas received two remediation notices from the Department of Mines and Petroleum in Western Australia regarding its Busselton and Margaret River sites. The notice for its Busselton site was complied with, and actions to comply with the notice for its Margaret River site are underway. In February 2012, Kleenheat Gas received improvement notices from Worksafe Victoria for its Wandin North operations relating to the review of its fire protection report, internal and external inspection of boilers, pressure vessels and air receivers. All improvement notices were complied with.

During the year, CSBP reported two exceedances of environmental licence limits to the Department of Environment and Conservation.

The first was an elevated stack test result for fluoride and the second was an elevated monthly average load for manganese in waste water. CSBP has not been advised of any regulatory action.

Australian Vinyls reported an elevated stack test result for ethylchloroformate to the Environmental Protection Authority (EPA). Corrective actions were identified and applied and the EPA has indicated it is satisfied with these actions.



Recycled water at a cooling tower, CSBP Kwinana, Western Australia

Material issues

- Continuing to improve workplace safety
- Continuing to improve energy efficiency to reduce greenhouse gas emissions
- Increased consumption of recycled water to reduce scheme water use
- Continuing to develop, engage and retain our employees
- Continuing to contribute to and engage with the communities in which we operate

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, ebusiness, websites and telesales.

With more than 225 outlets and 127 gas distribution points, we trade in Australia as Blackwoods (incorporating Blackwoods Electrical and Bakers Construction and Industrial Supplies), Protector Alsofe, Bullivants, Total Fasteners, and Coregas. In New Zealand we trade as Blackwoods Protector, Packaging House, NZ Safety and Safety Source. Blackwoods also opened its first overseas branch in Indonesia during the reporting period. As at 30 June 2012, we employed 3,666 people.

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 first 'Greener Workplace Range' chapter in the 2012 Blackwoods catalogue that features products which help customers operate more sustainably. We improved the energy efficiency of two of our facilities by retro-fitting lights, sensors and skylights. Our safety projects focused on the high-risk areas of storing goods at height and driving forklifts safely. Over the course of the reporting year, we reduced our printing by 24 per cent¹ (from the 2009 baseline for WIS excluding Coregas), and we progressed workforce diversity strategies to drive growth. We also continued to support The Fred Hollows Foundation.

People Safety

Our safety culture was reinforced with the number of internal safety audits increasing by 41 per cent (to more than 1,000) compared to the previous reporting period, including 70 audits by the Executive Leadership Team.

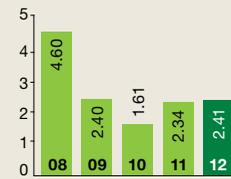
¹ Per million dollars of revenue.

Safety performance*

Lost time injury frequency rate



2.41

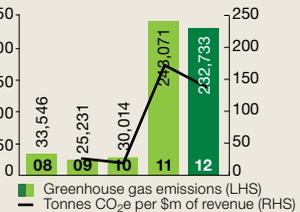


Greenhouse gas emissions*

Tonnes CO₂e*000



232,733

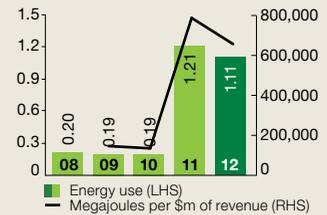


Energy use*

Petajoules



1.11

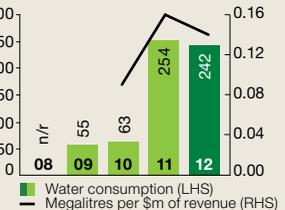


Water consumption*

Megalitres



242

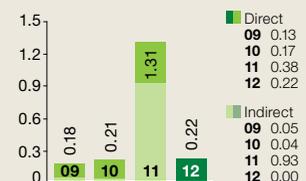


Community contributions*

A\$m



0.22



National Centre of Indigenous Excellence in Redfern

Our Indigenous and Torres Strait Islander Steering Committee met monthly throughout the year, and in April the meeting was held at the National Centre of Indigenous Excellence in Redfern, New South Wales. After discussions with Elders about the Centre and our Indigenous and Torres Strait Islander Strategy, Blackwoods initiated a cricket workshop for Indigenous children run by Mitchell Johnson.



Customers now have the 'Greener Workplace Range' in the 2012 Blackwoods catalogue to help them operate more sustainably. The safety of our employees and visitors is an ongoing priority for all of our businesses. Reducing energy consumed in our buildings and vehicle fleet is increasingly important and we are proud of our community support.

Hybrid vehicles

165 fuel efficient hybrid vehicles are now used by our sales people

Reduced energy use

26 per cent reduction in energy based on throughput at the Canning Vale distribution centre

Greener Workplace Range

520 products in the first chapter of the Greener Workplace Range in the 2012 Blackwoods catalogue

Community support

More than \$30,000 to The Fred Hollows Foundation from sales of the Foresight range of products

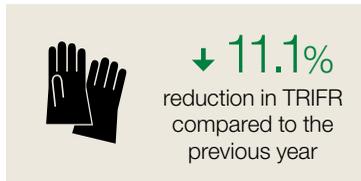
Safety audits

Internal safety audits increased by 41 per cent for the year

Lauren Kuyer,
Team Leader, Blackwoods
Canning Vale,
Western Australia

Industrial and Safety (continued)

Our total recordable injury frequency rate (TRIFR) improved to 24.7 for the year from 27.8 in the previous reporting period, which aggregates the frequency rates for medical treatment injuries (MTIFR) and lost time injuries (LTIFR). LTIFR was 2.41 for the year, which is an increase from 2.34 for the previous year. The leadership team reviews safety incidents, corrective actions, and key safety performance indicators on a monthly basis to ensure that all of our businesses are safe places to work.



During the year, we implemented priority safety initiatives including outcomes from the ForkSafe project that engaged operational team members from select warehouses to roll out updated procedures and training for mobile equipment operators. We revised the safe operating procedure for storing goods at height, retrained key employees and developed weekly and daily inspection programs. We also reviewed the safety risks of employees temporarily working overseas, including notifications of emergencies, driving vehicles and travel insurance. Our emergency response and business continuity processes were reviewed during the reporting period. We also rolled out a national flu vaccination program for employees in Australia.

Training

We continued to provide employees with training and development opportunities. During the reporting period, there were 56 new online courses made available to our employees, bringing the total number of courses available to 138.

In addition, more than 7,000 online training sessions were completed during the year by employees.



We had more than 490 employees participate in instructor-led training courses covering sales, first aid, forklifts, hazard management and safety training. We also ran internal development programs focused on business, project management and commercial skills for 113 high potential employees during the reporting year. We continue to support employees completing Certificate III and IV qualifications in transport and logistics and frontline management.

Diversity

Growth through a diverse workforce remains a priority for our business, with a range of diversity strategies that focus on women (especially in leadership positions), age diversity, and Indigenous people.

During the year, we focused on recruiting Indigenous employees and on improving cultural awareness of team members, including senior management, through implementation of the Aboriginal and Torres Strait Islander Strategy supported by a dedicated steering committee.

We also conducted the second female employee survey to better understand female perspectives in our business. The annual employee survey measured the opinions of employees on a broad range of topics including leadership, teams, business objectives, and our work environment.

To assist people with a disability or who are returning to work after injury, some of our branches worked with CRS Australia, a leading provider of disability employment and assessment services for people with a disability, injury or health condition.

Environment

Reducing our environmental impact in the form of energy use, resource use and waste has been a priority during the reporting period.

The Blackwoods Canning Vale Distribution Centre in Perth was retro-fitted with efficient lighting and daylight sensors, reducing energy consumption by 26 per cent based on throughput. A retrofit of skylights at Total Fasteners in Brisbane reduced electricity consumption by 32 per cent per million dollars of revenue.



Safety in our warehouses

Safe storage of goods in our warehouses, especially goods stored at height in warehouse racking, is critical for the safety of our people and visitors, which is why we have set up a dedicated team to update our processes and training. Another high-risk area for our business is the operation of forklifts. Mobile equipment is a potential risk to pedestrians in the warehouse, and we are reducing our risk in this area by implementing technological solutions that monitor operating licences, speed limits and provide real-time notification of any impacts.

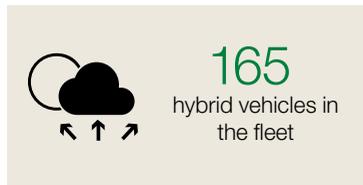
Our businesses have reported a 24 per cent reduction in pages printed from the 2009 baseline for WIS (excluding Coregas)¹. We also introduced cardboard and plastic balers at our distribution centres in Australia to improve recycling rates, as well as commencing implementation of national recycling and waste management contracts to improve our waste to landfill diversion rate.

As part of the Wesfarmers registration under the Australian Packaging Covenant, we have updated our supplier guidelines to include the key requirements of the Covenant, and submitted our first annual report.

Forklift timers were introduced in our Australian Global Sourcing warehouse in Sydney, which reduced our average peak demand by four per cent despite business activity increasing.

For the first time, the 2012 Blackwoods catalogue included a chapter on the 'Greener Workplace Range', which featured 520 products to help customers operate more sustainably. The catalogue was printed on Forest Stewardship Council (FSC) certified paper for the first time. We also used third party certified paper for the Protector Alsafe catalogue, regular marketing publications and internal paper requirements. NZ Safety developed a range of waste management and recycling signs to help its customers improve their recycling.

A further 99 energy efficient hybrid vehicles were introduced into our fleet to reduce fuel consumption and greenhouse gas emissions, which brings the total number of hybrid vehicles in our fleet to 165.



Construction also commenced on our new warehouse in Karratha, Western Australia, which is being built to a five-star industrial Green Star Rating, one of the first buildings of this kind in Australia.

Greenhouse emissions and energy use

During the year, our Scope 1 and 2 greenhouse emissions decreased by 11 per cent to 97,740 tonnes of CO₂e, primarily due to reduced demand from the major customer of our Coregas plant in Port Kembla, NSW. Our total greenhouse gas emissions were 232,733 tonnes of CO₂e, which includes Scope 3 emissions.

Our energy consumption decreased by eight per cent for the reporting period.

Community

During the year, we supported partners and local community groups with a total direct contribution in Australia and New Zealand of more than \$220,000. This amount has been verified by LBG and includes \$11,000 contributed by WIS team members.



Blackwoods contributed to The Fred Hollows Foundation by donating a percentage of sales from the Foresight range of products, which for the reporting period amounted to over \$30,000. In May 2012, five employees visited the Northern Territory to witness the eye and health programs of The Fred Hollows Foundation in Aboriginal communities and one team member participated in the Jawun Secondment Program. We engaged Indigenous suppliers for catering, printing and advertising, and also Indigenous models. Our Aboriginal and Torres Strait Islander Steering Committee met at the National Centre for Indigenous Excellence and initiated a cricket workshop for children with Australian cricketer Mitchell Johnson. Our New Zealand businesses continued to contribute to St John, the Cancer Council, and the Hihi bird breeding program.

Governance

We remain committed to the sustainability of our supply chain, including ethical labour standards and the environmental impacts of manufacturing products. We engaged more than 100 Australian and New Zealand suppliers in our updated supplier survey during the reporting period to reduce risk in ethical sourcing, dangerous goods, safety, trade practices legislation and chain of responsibility requirements.

We continued to work with our international suppliers to improve the sustainability of our supply chain by auditing the manufacturers of our own branded products. We promoted sustainability with our suppliers through the annual Supplier of the Year awards, which recognise suppliers' efforts in this area. The importance of sustainability was promoted to customers through our marketing publications.

Our New Zealand businesses introduced a new employee survey to benchmark themselves from an 'employer of choice' perspective with other companies in New Zealand.



Giovanni Italiano moves a cardboard bale for recycling in a naturally-lit warehouse at Canning Vale, Western Australia

Material issues

As a supplier of industrial and safety products and services, 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



Rob Sutton
Area Sales
Manager
Blackwoods
Electrical Perth

Rob Sutton is an advocate for solar panels. In early 2011, Rob helped source solar panels for a customer, and now Kyocera solar panels are promoted to all customers due to the quality of the panels, which are backed by a 20 year warranty. Since 2011, Rob has helped several customers generate renewable energy with solar panels, including a 20 KW system at St Marys School. Rob is passionate about helping customers to generate renewable energy and has even 'walked the talk' by installing solar panels on his own house.

1. Per million dollars of revenue

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 coalmine

Through our Resources division, Wesfarmers owns a 40 per cent interest in the Bengalla coalmine 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 operations. 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 23.5 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.

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

In September 2011, Wesfarmers sold the Boddington assets of Sotico Pty Ltd to Newmont Boddington Pty Ltd and Saddleback Investments Pty Ltd. These assets comprised 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. The carbon emissions attributable to the softwood logging business until the date of sale are included in the Corporate Office data in this report.

Changes in Wesfarmers Group businesses

In August 2011, Wesfarmers sold Energy Generation Pty Ltd, which trades as enGen, and in December 2011 Wesfarmers Premier Coal Limited, trading as Premier Coal, was sold.

In addition, in January 2012 we sold our 69 per cent holding in Wesfarmers Kleenheat Elpiji Limited, which operates in Bangladesh.

About this report

Information in this report is for the financial year ended 30 June 2012. All wholly owned or operationally-managed businesses are included. Other part-owned businesses such as the Bengalla coalmine in New South Wales, Wespine softwood sawmill in Western Australia, and Queensland Nitrates Pty Ltd in Queensland are grouped in the Other businesses section page 66 of this report and we provide links to relevant websites for readers wishing to find out more about their activities.

On the inside back cover of this report we have included a structure of the Wesfarmers Group. All of our business units operate autonomously, with a very limited number of shared services at a corporate level. The structure of this report reflects that divisional autonomy.

At the end of this report we have also included the Data Bank (pages 68 and 69) which covers a five year period.

External assurance and auditing

The data and statements in this report have been externally audited or assured as follows:

- the principal assurance of the report to the AccountAbility's AA 1000 2008 Assurance Standard was conducted by Net Balance Management Group Pty Ltd (Net Balance). A copy of the independent assurance statement is available at page 70
- the Australian Scope 1 and 2 greenhouse emissions and energy use were audited by Ernst & Young to the requirements of the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* (NGER Act) and we provided a copy of the audit report to the Australian Clean Energy Regulator. The other greenhouse and energy data were assured by Net Balance as described in their assurance statement. Emissions for other countries are calculated according to relevant government standards in those countries.

- the community contributions data were verified by either the London Benchmarking Group (LBG) on this page or Net Balance as specified on page 70.

Net Balance relied upon the NGER Act audit and LBG processes for assurance or verification of those parts of this report.

The report has also been assessed against the provisions of the Global Reporting Initiative (GRI) by that organisation and assessed to be at the B+ level. The GRI statement is available on www.wesfarmers.com.au

Prior to these external assurance processes, an extensive verification check by representatives of our Group Insurance and Group Legal departments was conducted with the business units to ensure that the report is as accurate and complete as possible.

Safety data

As with the other data in this report, safety and workers' compensation data are for the year ended 30 June 2012. 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, whereas the total recordable injury frequency rate (TRIFR) data includes only employees.

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 continually improve. This document is a best-endeavours attempt to report openly and honestly based on our current state of knowledge. Our businesses include relevant additional information on their websites as it becomes available.

During the year, Wesfarmers sold two subsidiaries: Premier Coal in December 2011; and enGen in August 2011. Data covering the ownership period is included in the Data Bank on the following pages.

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 – 2012

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.

As managers of LBG Australia & New Zealand, we can confirm that we have worked with Wesfarmers Ltd* to verify its understanding and application of the LBG model with regard to the wide range of community programs supported.

Our aim has been to ensure that the evaluation principles have been correctly and consistently applied and we are satisfied that this has been achieved. It is important to note that our work has not extended to an independent audit of the data.

We can confirm that Wesfarmers Ltd* has invested \$27,984,920 (exclusive of management costs) in the community in this 2012 reporting year as defined by the LBG methodology.

* LBG verification did not include verification of data from Bunnings and Office Supplies

Verified by Simon J Robinson and Kate Robinson

On behalf of LBG Australia & New Zealand
September 2012

Data Bank

Greenhouse gas emissions (tonnes CO₂e)

Business unit ¹	2008		2009		2010		2011			2012	
	Scope 1 and 2 ²	Scope 3 ³	Scope 1 and 2 ²	Scope 3 ³	Scope 1 and 2 ²	Scope 3 ³	Scope 1 and 2 ²	Scope 3 ³	Total	Scope 1 and 2 ²	Scope 3 ³
Coles	2,938,829	2,978,518	2,183,867	346,989	2,530,856	2,148,630	375,176	2,523,808	2,011,400	390,209	2,401,609
Bunnings	186,525	179,046	169,828	40,792	210,620	177,473	48,711	226,184	185,659	57,241	242,900
Office Supplies	n/r	55,522	54,544	8,818	63,362	55,938	9,062	65,000	57,339	9,528	66,867
Target	230,545	219,858	205,568	34,259	239,827	205,302	39,693	244,995	191,630	39,460	231,090
Kmart	310,391	257,087	262,472	40,925	303,397	252,685	58,983	311,668	259,484	54,218	313,702
Resources ⁴	614,619	707,725	672,426	42,962	715,388	649,374	44,652	694,026	644,384	45,549	689,933
Insurance	12,975	12,236	12,417	988	13,405	9,452	3,337	12,789	9,891	4,026	13,917
WesCEF ^{4,5}	1,811,792	1,862,605	1,929,684	94,903	2,024,587	1,875,740	147,001	2,022,741	1,493,883	131,621	1,625,504
WIS ^{6,7}	33,546	25,231	23,342	6,672	30,014	197,755	45,316	243,071	97,740	134,993	232,733
Corporate	n/r	716	1,251	102	1,353	1,301	3,993	5,294	1,000	1,370	2,370
Group total	6,139,222	6,298,544	5,515,399	617,410	6,132,809	5,573,650	775,924	6,349,576	4,952,410	868,215	5,820,625

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 347,018 tonnes CO₂e in 2011/12 on an equity basis (40% of Bengalla coalmine in New South Wales; 50% of Queensland Nitrates Pty Ltd in Queensland; and 50% of Wespine in Western Australia) based on their NGER Act records for 2011/12.

An estimate of our transport supply chain emissions in Australia and overseas is 650,925 tonnes CO₂e.

1 Business unit data include emissions in all countries they operate in.

2 The Scope 1 and 2 data include 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.

3 The Scope 3 emissions include electricity and gas transmission; liquid and gaseous fuel components; waste; rental vehicles; air travel emissions and some incidental sources.

4 Premier Coal and enGen are not included in the 2012 data. Their total Scope 1, 2 and 3 emissions were 82,847 tonnes CO₂e for FY12 (enGen 42,202 tonnes CO₂e; Premier Coal 40,645 tonnes CO₂e).

5 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 include Coregas.

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

7 The WIS mixture of Scope 1 and 2 and Scope 3 emissions has changed in FY12 as a result of emissions from the Port Kembla Coregas plant being reclassified as Scope 3 from Scope 2 (Coregas does not directly purchase the electricity used).

Waste disposal and recycling (tonnes)

Business unit	2009		2010		2011		2012	
	disposed	recycled	disposed	recycled	disposed	recycled	disposed	recycled
Coles	122,570	125,363	90,961	131,242	100,107	141,022	98,902	151,300
Bunnings	19,898	9,150	17,936	14,488	17,991	9,419	22,061	30,715
Office Supplies	n/r	n/r	1,073	2,257	1,581	2,588	2,314	2,939
Target	6,381	16,955	6,068	17,201	8,342	22,161	7,983	21,359
Kmart	5,235	26,362	6,126	28,387	10,062	34,134	11,038	34,359
Resources	960	2,162	869	2,251	1,083	459	2,801	825
Insurance	n/r	n/r	n/r	n/r	n/r	n/r	168	504
WesCEF ^{1,2}	144,944	1,721	9,954	1,500	4,659	2,245	11,042	5,604
WIS	3,103	659	3,645	543	3,252	591	2,007	546
Corporate	n/r	n/r	n/r	13	63	20	9	19
Group total	303,091	182,372	136,632	197,882	147,140	212,639	158,325	248,170

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 include Coregas, which from 2011 onwards is reported with WIS.

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

Water consumption (megalitres)

Business unit	2008	2009	2010	2011	2012
Coles	1,725	2,170	2,709	2,983	3,858
Bunnings	844	717	691	732	869
Office Supplies	n/r	n/r	52	50	52
Target	n/r	n/r	339	311	306
Kmart	n/r	n/r	775	767	658
Resources ¹	3,654	3,045	3,402	2,707	2,742 ³
Insurance	113	119	66	80	73
WesCEF ²	3,630	3,591	4,143	4,220	4,347 ³
WIS	n/r	55	63	254	242
Corporate	n/r	7	3	4	4
Group total	9,966	9,704	12,243	12,107	13,151

n/r means data was not collected or recorded.

1 The reduced water use for the Resources business unit between 2010 and 2011 was largely due to record rainfall 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 include Coregas, which from 2011 onwards is reported with WIS.

3 Premier Coal and enGen are not included in the 2012 data. In 2011, these businesses used a combined total of 575 megalitres.

Energy consumed (petajoules)

Business unit	2008	2009	2010	2011	2012
Coles	7.02	7.29	7.39	7.27	7.08
Bunnings	0.69	0.73	0.77	0.82	0.87
Office Supplies	0.06	0.17	0.21	0.21	0.22
Target	0.76	0.82	0.84	0.82	0.77
Kmart	1.05	0.99	1.04	1.08	1.06
Resources ¹	3.33	4.31	3.94	4.00	4.13
Insurance	0.08	0.09	0.08	0.08	0.09
WesCEF ^{1,2}	17.88	15.16	17.93	18.25	14.66
WIS ³	0.20	0.19	0.19	1.21	1.11
Corporate	n/r	0.01	0.01	0.01	0.01
Group total	31.07	29.76	32.40	33.75	30.00

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 enGen and Premier Coal (combined FY11 energy use was 4.57 PJ) are not represented here.

During the ownership period in FY12 they used 0.98 PJ.

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 include Coregas.

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

Workers' compensation claims

Business unit	2008	2009	2010	2011	2012
Coles	5,547	5,482	5,474	6,112	5,905
Bunnings	1,068	1,304	1,258	1,080	1,442
Office Supplies	255	240	209	215	187
Target	837	834	757	765	716
Kmart	1,314	1,223	1,077	907	893
Resources	41	63	57	47	27
Insurance	40	33	30	15	25
WesCEF ¹	74	62	61	58	51
WIS	138	134	117	132	133
Corporate	0	3	0	3	1
Group total	9,314	9,378	9,040	9,334	9,380

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 include Coregas.

Lost time injury frequency rate (LTIFR)

Business unit	2008	2009	2010	2011	2012
Coles ¹	17.45	15.55	12.87	16.98	12.99
Bunnings	13.79	14.56	12.53	13.41	13.28
Office Supplies	10.40	12.30	11.95	12.17	10.81
Target	9.34	9.20	7.97	8.14 ²	8.01
Kmart	10.74	11.18	9.02	6.78	9.26
Resources	7.20	2.53	2.14	1.28 ²	1.63
Insurance	3.70	2.22	0.89	0.83	2.71
WesCEF ³	4.05	2.60	3.82	4.59	6.50
WIS	4.60	2.40	1.61	2.34	2.41
Corporate	0	4.85	0	0	0
Group total	9.94	13.06	10.95	12.89	10.90

¹ The Coles data increased in 2011 in part due to a technical change in reporting methodology to ensure consistency across the Group.

² Figure restated due to a reclassification of claims.

³ 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 include Coregas.

Number of hours worked by employees

Business unit	2008	2009	2010	2011	2012
Coles	104,317,176	111,464,731	110,744,686	109,973,384	108,708,374
Bunnings	32,346,368	33,916,817	35,749,310	36,921,064	38,920,964
Office Supplies	5,884,429	6,257,964	6,613,388	6,984,777	7,028,507
Target	20,246,165	20,664,453	20,204,521	21,110,499	19,524,502
Kmart	26,075,503	24,499,000	25,680,268	24,284,994	23,968,612
Resources	2,650,770	3,550,808	3,263,519	3,875,831	4,388,518
Insurance	5,078,144	5,415,648	5,616,469	5,467,197	6,644,424
WesCEF ¹	4,169,727	4,253,030	3,841,739	3,488,097	3,536,418
WIS	5,817,131	5,829,832	5,600,947	6,407,312	6,690,396
Corporate	304,392	412,513	400,975	329,970	373,347
Group total	206,889,805	216,264,796	217,715,822	218,843,125	219,784,062

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 include Coregas.

Total recordable injury frequency rate (TRIFR)¹

Business unit	2010	2011	2012
Coles	45.8	43.9	50.4
Bunnings	35.9	36.6 ²	38.8
Office Supplies	47.2 ²	36.2	35.9
Target	63.1	57.4	54.1
Kmart	94.8	40.8	37.1
Resources	30.3	29.2	16.3
Insurance	3.6	2.5	7.1
WesCEF	17.6	15.8	16.4
WIS	29.1	27.8	24.7
Corporate	0	0	0
Group total	49.3³	40.9	42.7

¹ TRIFR and all injury frequency rate (AIFR) have the same calculation.

² The FY10 data for some business units was prepared using a slightly different basis than the subsequent years, which conform to the relevant Australian Standard.

³ The reported data in FY10 is likely to be higher than the actual position due to the inclusion of some first aid treatment incidences.

Community contributions (\$m)

Business unit	2009			2010			2011			2012 ¹		
	Direct	Indirect	Total	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	19.04	2.88	21.92
Bunnings	3.61	11.92	15.53	2.03	18.06	20.09	3.28	23.09	26.37	2.82	24.97	27.79
Office Supplies	0.49	n/r	0.49	0.51	0	0.51	0.97	0.38	1.35	1.01	0.05	1.06
Target	0.99	1.68	2.67	1.44	1.64	3.08	1.10	2.02	3.12	1.38	2.05	3.43
Kmart	1.02	10.83	11.85	2.35	4.53	6.88	0.74	10.57	11.31	1.15	10.41	11.56
Resources	0.86	n/r	0.86	0.68	0.03	0.71	0.83	0.04	0.87	0.55	0.05	0.60
Insurance	0.84	n/r	0.84	0.96	0	0.96	0.41	0.03	0.44	0.38	0.00	0.38
WesCEF ²	0.69	0	0.69	0.44	0.01	0.45	0.29	0.00	0.29	0.49	0.00	0.49
WIS	0.13	0.05	0.18	0.17	0.04	0.21	0.38	0.93	1.31	0.22	0.00	0.22
Corporate	4.78	0.01	4.79	3.70	0.02	3.72	10.19	0.01	10.20	4.78	0.01	4.79
Group total	25.77	31.85	57.62	19.60	26.18	45.78	33.80	43.77	77.57	31.82	40.42	72.24

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 data in this table does not include management costs as defined by LBG – in 2011/12 these were approximately \$1.85 million for our LBG verified businesses.

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 include Coregas.

Environmental-related expenditure (\$m)

Business Unit	2008	2009	2010	2011	2012
Coles	2.27	3.15	9.00	15.35	67.1
Bunnings	6.84	10.00	4.12	4.67	5.43
Office Supplies	n/r	n/r	0.02	0.08	0.21
Target	0.24	0.23	0.17	0.32	0.23
Kmart	n/r	1.28	1.59	2.16	2.50
Resources ¹	14.20	11.67	32.34	5.53	6.46
Insurance	0.13	0.24	0.21	0.01	0
WesCEF ²	6.54	11.02	5.63	6.40	8.25
WIS	0.04	0.06	0.20	0.20	0.22
Corporate	0.88	0.79	0.64	0.24	0.18
Group total³	31.14	38.44	53.92	34.96	90.58

n/r means data was not collected or recorded.

Of the total expenditure on environmental and related matters, \$7.34 million was required by regulation and \$83.24 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 include Coregas.

³ The large increase in 2012 relates primarily to energy efficiency expenditure.

To the Directors of Wesfarmers Limited:

Wesfarmers Limited (Wesfarmers) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of its 2012 Sustainability Report (the Report). The Report presents Wesfarmers' sustainability performance during the period 1 July 2011 to 30 June 2012. 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 AccountAbility's AA1000 2008 Assurance Standard (AA1000AS). The standard provides a comprehensive way of ensuring that 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 was 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 those 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 Act 2007* (NGER legislation) in Australia was undertaken by another external auditor. 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 external auditor. 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 Bunnings' waste, water and Scope 3 greenhouse gas emissions was undertaken by another external auditor. This work was not replicated and Net Balance's opinion in relation to waste, water and Scope 3 greenhouse gas emissions relies in part on the assurance opinion issued by the external auditor.
- Assurance of detailed community contributions data for all divisions was undertaken by the London Benchmarking Group, with the exception of community contributions data for Home Improvement and Office Supplies, which was reviewed as part of Net Balance's assurance process.

Assurance methodology

The assurance engagement was undertaken between May and October 2012, and involved:

- a materiality review of key sustainability issues using AccountAbility's 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
- review of management representations to better understand how Wesfarmers Limited and one of its divisions, Coles, are addressing key sustainability challenges and how sustainability is integrated within the organisation
- independent engagement with stakeholders of Wesfarmers Limited at a corporate level
- 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

- communication with key personnel responsible for the Report to ascertain their views, understanding and response to material sustainability issues faced by the Wesfarmers Group
- 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, 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

In conducting this assurance engagement, Net Balance has met the requirements of our Independence Policy, available at www.netbalance.com/services/assurance. Net Balance confirms that we are not aware of any issue that could impair our objectivity in relation to this assurance engagement. Net Balance has not had any part in collecting and calculating data, or in preparing Report content covered by the scope of the engagement.

During the reporting period, Net Balance team members that were not involved in the assurance engagement undertook work for some of Wesfarmers' divisions. Net Balance assisted Bunnings with data collection relating to waste, water and Scope 3 greenhouse gas emissions. Where this occurred, the relevant disclosures have been excluded from the scope of this engagement and assured separately by a third party, Clear Environment. Their assurance statement is on the Wesfarmers website. Based on a review of the other unrelated work conducted for Wesfarmers' divisions against the requirements of our Independence Policy, Net Balance and Wesfarmers do not believe that our independence has been impaired.

Net Balance's Independence Policy also identifies that a threat to our independence may arise if in the reporting period non-audit work fees exceed 200% of audit work fees for a client, or if the value of a client's fees is greater than 15% of total Net Balance

revenue for the financial year. In this reporting period, non-audit work undertaken for the Wesfarmers divisions totalled 163% of our audit fee, and the value of fees received from Wesfarmers was less than 15% of total revenue.

Our competency

The Wesfarmers assurance engagement was carried out by an experienced team of professionals led by a Lead Sustainability Assurance Practitioner (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 150 assurance engagements in Australia over the past six years.

Findings and conclusions

Adherence to AA1000 Principles

Inclusivity

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 such as Target and Industrial and Safety's ethical sourcing audits of suppliers, as well as continuing initiatives at Coles ('Tell Coles') and Bunnings' engagement with timber suppliers. In general, stakeholder engagement mechanisms were found to exist at Group and divisional levels; however, the processes of communicating the outcomes of stakeholder engagement could be improved. Examples of reactive engagement were also noted to be present within the business. This kind of engagement may result in the business missing out on opportunities to genuinely engage directly with stakeholders. This could be overcome by ensuring that the Group and each division maps its key stakeholders to ensure that engagement practices are more systematic. Wesfarmers, as a large and diversified group, has supported each division to become operationally autonomous. While this brings many benefits, it should also be recognised that, particularly in the sustainability sphere, efficiencies and best practice can result from knowledge sharing. Wesfarmers is commended for encouraging this inclusive approach, for example, information exchange between retail divisions on best practice for ethical sourcing. Net Balance notes that there are many more opportunities for divisions to collaborate and learn from each other.

Materiality

The Report was found to have appropriately addressed Wesfarmers' key environmental, social and economic material issues in a balanced way. Wesfarmers has this year again reported in line with five key themes which were developed in consultation with the business divisions to reflect the range of impacts that apply to Wesfarmers' businesses. We also understand that the issues covered in the Report partly reflect those identified through the corporate planning process.

In the future, it is recommended that Wesfarmers align the decisions relating to the Report content at both a Group and a divisional level to the corporate planning process. Prioritisation of material topics for reporting should be carried out at the business division level in a consistent manner. To ensure that the key themes used to structure the Report reflect the organisation's material risks and stakeholder information needs, these themes should be reviewed and updated on a regular basis. As an example, themes identified by stakeholders as important (e.g. customer feedback) are not always adequately covered by the current report structure.

Responsiveness

In general, Wesfarmers appears to address the needs, concerns and expectations of its stakeholders in a timely way. This was demonstrated through a range of formal and informal communication mechanisms across the business. Responsibility for developing responses was found to be spread across the Group and business divisions. In several instances it was clear that material issues are considered as part of the regular business planning processes.

The business should also use stakeholder feedback to better inform strategic planning and decision-making processes at both the Group and business division levels. With some aspects of retail operations increasingly being portrayed negatively in the media, clear communication of stakeholder engagement outcomes is particularly important. For example, how Coles deals with its suppliers has been an area receiving significant internal focus partially in response to stakeholder concern. Net Balance notes that there are a number of examples in the Report where divisions have engaged directly with stakeholders on issues of concern.

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.
- The level of accuracy of sustainability performance information was found to be acceptable.
- Data trails selected were 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

Wesfarmers continues to deliver a consolidated view of Group performance within the Sustainability Report. As recognised best practice continues to evolve, it is important for Wesfarmers to consider these changes when preparing for future reporting periods. For example, GRI, (G4) which is currently under development includes consideration of value chain and reporting boundary, which will impact the way that Wesfarmers frames its sustainability report in the future.

Given Wesfarmers' diverse operations, a challenge still exists to foster a Group-wide approach to the holistic integration of sustainability considerations into strategy development and execution. To support the developing approach to sustainability, Wesfarmers should also consider developing implementation and reporting guidelines. These documents 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 risk assessment and corporate planning process. Currently, the materiality processes undertaken by the divisions is separate from their sustainability programs. Ideally, this risk and prioritisation process should shape the sustainability actions and initiatives at each division. The guidelines should also outline clear criteria for reporting consistent metrics which are then aggregated at the Group level.

In the current reporting period, Wesfarmers made good progress towards assurance against the AA1000 principles with selected business divisions and at the Group level. Net Balance undertook interviews and reviewed management representations for Coles and Bunnings as part of this process. This process provided further insight into how sustainability is embedded into divisions' systems and processes. It is recommended that Wesfarmers builds upon this approach in future years to encompass all business divisions.

Net Balance has provided additional suggestions for reporting improvement in the Assurance Report presented to Wesfarmers' management.

On behalf of the assurance team

10 October 2012

Melbourne, Australia



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.

All injury frequency rate (AIFR):

A safety measure calculated in the same way as TRIFR

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-government, 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, sulphur hexafluoride and complex manufactured refrigerant gases which contribute to the retention of heat in the earth's lower atmosphere

Scope 1: direct emissions of greenhouse gases from combustion of fuel, industrial processes, refrigerant gases and coal seam methane

Scope 2: emissions created by others generating electricity used by Wesfarmers

Scope 3: indirect emissions (directly emitted by suppliers to Wesfarmers) for activities such as electricity and gas transmission, waste disposal and air travel

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 recordable 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):

The online reporting system used by Wesfarmers to monitor and report on all greenhouse emissions and energy used and produced, and other sustainability data

Engaging our stakeholders

Page 10 artwork credits

Left painting

Giorgio de Chirico

(Italian, born Greece. 1888-1978)

The Nostalgia of the Infinite

Paris 1912-13? (dated on painting 1911)

Oil on canvas

53 1/4 x 25 1/2" (135.2 x 64.8 cm)

The Museum of Modern Art, New York Purchase

© 2012 Artists Rights Society (ARS), New York / SIAE, Rome

Middle painting

Giorgio de Chirico

(Italian, born Greece. 1888-1978)

The Enigma of a Day

Paris, early 1914

Oil on canvas

6' 1 1/4" x 55" (185.5 x 139.7 cm)

The Museum of Modern Art, New York James Thrall Soby Bequest

© 2012 Artists Rights Society (ARS), New York / SIAE, Rome

Right painting

Giorgio de Chirico

(Italian, born Greece. 1888-1978)

The Song of Love

Paris, June-July 1914

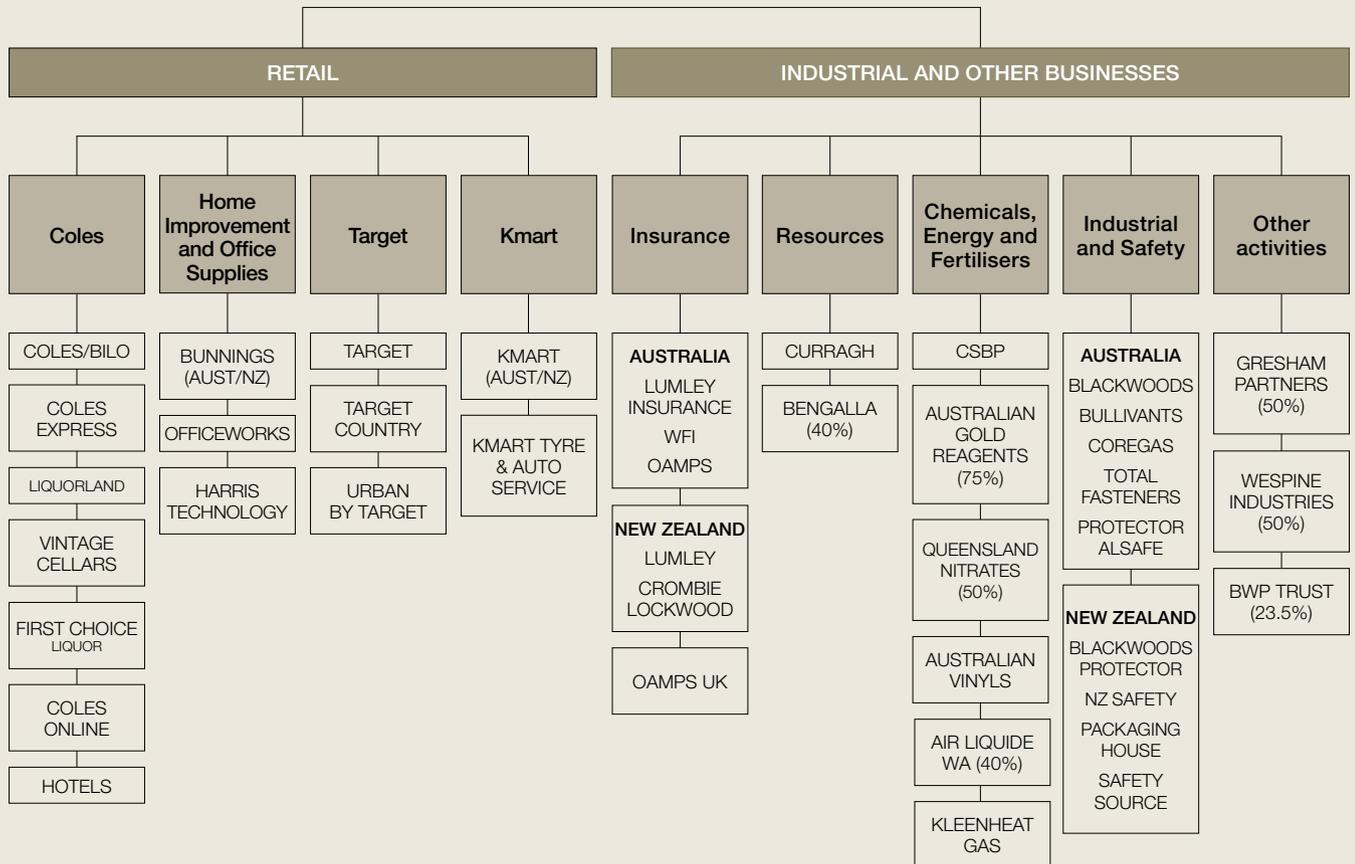
Oil on canvas

28 3/4 x 23 3/8" (73 x 59.1 cm)

The Museum of Modern Art, New York Nelson A. Rockefeller Bequest

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Group structure



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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

2012 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.

What is your interest in this report?

<input type="checkbox"/> Shareholder	<input type="checkbox"/> Employee
<input type="checkbox"/> Wesfarmers contractor/supplier	<input type="checkbox"/> Educator or student
<input type="checkbox"/> Industry advocate	<input type="checkbox"/> Public interest group
<input type="checkbox"/> Other (please specify) _____	

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If so, please provide your contact details below:

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