



Wesfarmers Limited

ABN 28 008 984 049

BOARD OF DIRECTORS

CHARTER

Revised: September 2009

WESFARMERS LIMITED

BOARD OF DIRECTORS

CHARTER

This Charter sets out matters governing the composition, functions and responsibilities of the Board of directors and matters affecting directors individually in WESFARMERS LIMITED (“**the company**”).

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1. RELATIONSHIP BETWEEN THE BOARD AND SENIOR EXECUTIVES

1.1 The relationship between senior executives and the Board is a partnership that is crucial to the company's long term success.

1.2 The broad separation of functions and responsibilities between senior executives and the Board are set out in this Charter and should be respected and clearly understood.

The Board gives direction and exercises judgement in setting the company's objectives and overseeing their implementation.

The Chief Executive Officer is responsible to the Board for the day-to-day management of the company.

1.3 The Board will regularly review the separation of functions and responsibilities between senior executives and the Board to ensure that they are appropriate to meet the company's needs and developing best practice standards, by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles").

2. THE BOARD'S RESPONSIBILITIES

The responsibilities of the Board include:

- (a) oversight of the company, including its control and accountability systems;
- (b) appointing and removing the Chief Executive Officer;
- (c) where appropriate, ratifying the appointment and the removal of senior executives;
- (d) providing input into and final approval of senior executives' development of corporate strategy and performance objectives;
- (e) reviewing, ratifying and monitoring systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- (f) monitoring senior executives' performance and implementation of strategy;
- (g) ensuring appropriate resources are available to senior executives;
- (h) approving and monitoring the progress of major capital expenditure, capital management, acquisitions and divestments;
- (i) approving and monitoring financial and other reporting;
- (j) reviewing and approving remuneration of the Chief Executive Officer and senior executives;
- (k) appointing, re-appointing or removing the company's external auditors (on the recommendation of the Audit Committee); and
- (l) monitoring and overseeing the management of shareholder and community relations.

3. COMPOSITION OF THE BOARD

- 3.1 **Background** The Board shall comprise directors with a range of backgrounds and experience.
- 3.2 **Number** For the purpose of efficient working, the preferred number of directors in office at any time is between 8 and 12 although a number outside this range may be acceptable from time to time for particular reasons.
- 3.3 **Independence** The Board shall include a majority of non-executive directors who satisfy the criteria for independence in clause 4.
- 3.4 **Qualifications**
- A. Persons nominated as non-executive directors shall be expected to have qualifications, experience and expertise of benefit to the company and to bring an independent view to the Board's deliberations.
 - B. Persons nominated as executive directors must be of sufficient stature and security of employment to express independent views on any matter.
 - C. All directors nominated for the Board should be able to perform well in a group and have the capacity to contribute to the Board reaching decisions by informed consensus.

4. INDEPENDENCE OF DIRECTORS

- 4.1 In considering whether a director is independent, the Board is to have regard to:
- (a) the relationships affecting the independent status of a director as described in the ASX Principles;
 - (b) any information, facts or circumstances that the Board considers relevant; and
 - (c) such materiality thresholds, standards or guidelines as the Board may adopt from time to time.
- 4.2 If a director is or becomes aware of any information, facts or circumstances which will or may affect that director's independence, the director must immediately disclose all relevant details in writing to the Company Secretary and the Chairman.
- 4.3 The Board will regularly assess the independence of each director in light of disclosures made in accordance with clause 4.2 to ensure that the Board continues to comprise a majority of independent non-executive directors and the company meets developing best practice standards which comply with the ASX Principles.

5. APPOINTMENT OF CHAIRMAN

The Board shall appoint as Chairman one of the non-executive directors who satisfy the criteria for independence in clause 4. The Chairman must retire from that position at the expiration of ten years unless the Board decides otherwise. The appointment of the Chairman shall be formally reviewed at the end of each three year period.

6. ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

6.1 The roles of Chairman and Chief Executive Officer must not be held by the same person.

6.2 The responsibilities of the Chairman are to:

- lead the Board;
- ensure the efficient organisation and conduct of the Board's function;
- brief all directors in relation to issues arising at Board meetings;
- chair general meetings of the company; and
- exercise such specific and express powers as are delegated to the Chairman by the Board from time to time.

6.3 The responsibilities of the Chief Executive Officer are to:

- manage and administer the day-to-day operations of the company;
- supervise senior executives and represent them to the Board; and
- exercise such specific and express powers as are delegated to the Chief Executive Officer by the Board from time to time.

6.4 The Board will regularly review the responsibilities of the Chairman and the Chief Executive Officer to ensure that they are appropriate to meet the company's needs and meet developing best practice standards which comply with the ASX Principles.

7. COMMITTEES OF THE BOARD

7.1 In accordance with the Constitution, the Board may from time to time establish committees to assist it in carrying out its responsibilities and shall adopt Charters setting out matters relevant to the role, composition, rights, responsibilities and administration of those committees. The committees are required to make recommendations to the Board but do not have executive power to bind the company.

7.2 As a minimum, the Board shall appoint the following committees, and shall adopt Charters setting out matters relevant to the role, composition, rights, responsibilities and administration of each of those committees:

- (a) an Audit Committee;
- (b) a Nomination Committee; and
- (c) a Remuneration Committee.

7.3 The Audit Committee must comprise:

- (a) only non-executive directors;
- (b) at least three members;
- (c) a majority of non-executive directors who satisfy the criteria for independence in clause 4;
- (d) members who have an understanding of financial statements and general accounting principles; and
- (e) at least one member who has financial expertise.

The Chairman of the Audit Committee will be appointed by the Board and must be a non-executive director who satisfies the criteria for independence in clause 4 and who is not the Chairman of the Board.

7.4 The Nomination Committee comprises all non-executive directors. The Chairman will be appointed by the Board.

7.5 The Remuneration Committee must comprise:

- (a) only non-executive directors who satisfy the criteria for independence in clause 4; and
- (b) at least three members.

The Chairman of the Remuneration Committee will be appointed by the Board and must be a non-executive director who satisfies the criteria for independence in clause 4 or the Chairman of the Board.

7.6 All non-executive directors shall be entitled to attend meetings of Board committees where there is no conflict of interest.

8. RETIREMENT FROM THE BOARD

8.1 Non-Executive Directors

- (a) All non-executive directors are expected to voluntarily review the director's membership of the Board from time to time taking into account their length of service on the Board; age, qualifications, experience and other commitments (in light of developing best practice standards and the company's then current policies), together with the other criteria considered desirable for composition of a balanced Board and the overall interests of the company.
- (b) A non-executive director is expected to resign if the Nomination Committee recommends the director's resignation in the exercise of its duties and responsibilities to the Board.

- (c) Notwithstanding the company's constitution, if a non-executive director is required to retire by rotation in accordance with the company's constitution or the Australian Securities Exchange Listing Rules, the non-executive director will take into account the views of the other non-executive directors of the company when deciding whether to stand for re-election.

8.2 Executive Directors

An executive director shall tender a resignation from the Board immediately if the director ceases to be employed by the company.

9. **NUMBER OF OUTSIDE DIRECTORSHIPS**

9.1 Non-Executive Directors

- (a) In addition to any review by the Nomination Committee of the time commitment required from directors to properly exercise their powers and discharge their duties as directors and/or members of committees, a non-executive director should continually evaluate the number of boards of companies (and any committees of those boards) on which the non-executive director serves to ensure that each company can be given the time and attention to detail required to properly exercise the director's powers and discharge the director's duties to that company.
- (b) A non-executive director shall notify the Chairman prior to accepting an invitation to become a director of any company (other than Wesfarmers Limited or any related body corporate of Wesfarmers). Prior to accepting such an invitation, the director must have regard to:
- the views and wishes of the Chairman on the director acting simultaneously as a director of Wesfarmers and as a director of another company (whether in competition with Wesfarmers or not);
 - any current policies of the Board on multiple directorships;
 - any current recommendations or policies of the Nomination Committee on multiples directorships; and
 - developing best practice standards on multiple directorships.

9.2 Executive Directors

An executive director shall not accept an invitation to become a director of any company (other than Wesfarmers Limited or any related body corporate of Wesfarmers) without the prior approval of the Board.

10. **INDEPENDENT ADVICE**

Each director may obtain independent professional advice at the company's expense to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a committee.

Directors are entitled to reimbursement of all reasonable costs where a request for reimbursement of the cost of such advice is approved by the Chairman. In the case of a request made by the Chairman, approval is required by the Chairman of the Audit Committee.

11. **CODES OF CONDUCT**

11.1 The Board may from time to time adopt:

- (a) a code of conduct to guide the directors and promote high ethical and professional standards and responsible decision-making; and
- (b) a code of conduct which sets out the minimum acceptable standards of behaviour expected of the directors and employees of the company.

11.2 Directors must comply with all codes of conduct adopted by the Board under clause 11.1.

11.3 As at the date of adoption of this Charter, the Board has:

- (a) adopted the "Code of Conduct" for directors produced by the Australian Institute of Company Directors ("**AICD Code**");
- (b) subject to the law and other express policies of the company, endorsed the guidelines accompanying the AICD Code; and
- (c) adopted the company's "Code of Ethics and Conduct".

12. **DEALING IN SECURITIES**

Directors must comply with the company's Share Trading Policy and rules adopted from time to time by the Board. As at the date of adoption of this Charter, the policies and rules are:

- (a) each director is required to hold, either in their own name or in the name of an entity controlled by the director, one thousand (1,000) ordinary shares in the company from not later than the date two months after the director's appointment and during the period of office of the director;
- (b) Directors will be permitted to trade in securities of Wesfarmers Limited or the Bunnings Warehouse Property Trust at any time subject to compliance with statutory and other relevant regulatory restrictions and after reference to the Company Secretary in accordance with the company's Share Trading Policy;
- (c) The company's Share Trading Policy prohibits directors from trading in the company's securities during "black out" periods, being the periods from books close to the announcement of the full-year or half-year results, other than in exceptional circumstances (such as severe financial hardship) and with the prior approval of the Chairman of the Board and then only if the director is not in

possession of price sensitive information.

- (d) any director intending to buy or sell securities in any company in which the company has a shareholding is required to notify the Company Secretary of the director's intentions before proceeding with the transactions; and
- (e) any director intending to enter into, or who has entered into, a margin lending or other security arrangement affecting the relevant company securities is required to notify the Company Secretary in accordance with the company's Share Trading Policy.

13. ACCESS TO THE COMPANY SECRETARY AND EMPLOYEES

13.1 Each director has a right of access to the Company Secretary at all times.

13.2 Any director may:

- request the attendance at a meeting of the Board of any employee of the company or a related body corporate; and
- subject to the law, access any document, report, material or information in the possession of an employee of the company or a related body corporate or an external adviser of the company.

14. CONFIDENTIALITY

The directors acknowledge that all proceedings of the Board and its committees are strictly confidential and that a director will be expected to resign from the Board if the director breaches this confidentiality.

15. REVIEW OF CHARTER

The Board will regularly review the Charter to ensure that it meets best practice standards, which comply with the ASX Principles and meet the needs of the company and the Board.

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