



21 October 2021

The Manager
Market Announcements Office
Australian Securities Exchange

Dear Manager,

**CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS TO
WESFARMERS ANNUAL GENERAL MEETING
THURSDAY 21 OCTOBER 2021, 1:00PM PERTH TIME**

In accordance with Listing Rule 3.13.3, attached is a copy of the Chairman's Address and Managing Director's Address to be delivered today at the 2021 Annual General Meeting.

Authorised to be given to the ASX by:

A handwritten signature in blue ink that reads "V. Robinson".

Vicki Robinson
Executive General Manager
Company Secretariat



WESFARMERS 2021 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S ADDRESS

CHAIRMAN'S ADDRESS

Good afternoon everyone and welcome to this meeting. I am Michael Chaney, Chairman of Wesfarmers.

I am advised that we have a quorum present and I now officially open the 40th annual general meeting for Wesfarmers Limited.

Can I start by thanking Dr Richard Walley on his Welcome to Country on behalf of the Noongar people, the traditional owners of the part of Australia from which I am joining you today, and pay my respects to their Elders, past and present.

And thank you to everyone who has joined today's meeting both in person and online.

Life for all of us changed dramatically in early 2020. At all times since the commencement of the COVID-19 pandemic, Wesfarmers has been focused on the health, safety and wellbeing of its team members, customers and the communities in which we operate. We are pleased to be able to hold our 2021 annual general meeting in person, with the appropriate COVID-19 safety measures in place, and also offer those of our shareholders who weren't able to attend in person the ability to participate online.

As you would appreciate, when planning this meeting in advance, we were not able to know what restrictions would apply today, so that constrained us from providing our usual level of hospitality.

I am joining you today from the Perth Convention and Exhibition Centre, along with our Managing Director, Rob Scott and our Company Secretary, Vicki Robinson.

Also joining us today is the Board of Directors and our divisional managing directors. I'd like to start by introducing the Board members with me in person today - Wayne Osborn, Sharon Warburton, who chairs our Audit and Risk Committee, and our newest director, Alan Cransberg who joined the Board earlier this month.

As set out in our 2021 Notice of Meeting, Wayne will retire as a director at the conclusion of this meeting and will not be seeking re-election. I will say a few words about Wayne's significant contribution to Wesfarmers later in the meeting.

Joining us today from various locations around Australia and New Zealand we have the rest of Wesfarmers' independent non-executive directors and I would like to welcome:

- Vanessa Wallace;
- Jennifer Westacott;
- Sir Bill English;
- Mike Roche who chairs our Remuneration Committee;
- Anil Sabharwal; and
- Alison Watkins.

While all these directors are present and listening, to minimise the risk of technical issues, only the directors standing for election or re-election will be speaking at the meeting.

Also joining us in person today are:

- Ian Hansen, Managing Director of Wesfarmers Chemicals, Energy and Fertilisers;
- Tim Bult, Managing Director of Wesfarmers Industrial and Safety; and
- Anthony Gianotti, Chief Financial Officer,

and joining us from other locations within Australia are:

- Michael Schneider, Managing Director of Bunnings Group;
- Ian Bailey, Managing Director of Kmart Group; and
- Sarah Hunter, Managing Director of Officeworks,

along with other members of senior management and employees from across the Wesfarmers Group.

We also have in attendance, Wesfarmers' audit partners from Ernst & Young, Trevor Hammond and Jemma Newton, who are available to answer any questions on the audit and related matters.

And now onto some procedural matters. Many of our shareholders have taken the opportunity to submit their voting instructions and questions through the online voting platform, and we thank them for doing so in advance of this meeting.

As outlined in our Notice of Meeting, shareholders and proxyholders may vote and submit questions during this meeting either in person or using the Lumi AGM online platform.

All resolutions will be decided on a poll. To provide ample opportunity for shareholders and proxyholders, including those participating in this meeting online, to submit their votes, I now open the poll on all resolutions. I will provide a reminder to submit any outstanding votes later in the meeting before the poll is closed.

For those shareholders and proxyholders joining us in person today who are eligible to vote at this meeting, you will have a voting card which has a voting paper printed on one side.

If you are acting as proxy and have been directed how to vote, we ask that you sign and lodge your blue voting card. If you don't, the vote will default to me as proxy and I will vote in accordance with the shareholder's instructions.

If no instructions have been given regarding a resolution, I will vote in favour of that resolution.

When you have completed your vote, please place your voting cards in one of the boxes which will be handed around by Computershare representatives at the conclusion of formal business.

For those shareholders and proxyholders who are participating in this AGM online through the Lumi AGM online platform and who are eligible to vote at this meeting, a voting icon will appear on your device or navigation bar. Selecting this icon will bring up a list of resolutions and present you with voting options. To cast your vote, simply select one of the options for each resolution: FOR, AGAINST or ABSTAIN. There is no need to press submit or click the enter button as your vote will be automatically recorded. You may change your vote during the meeting until I declare the poll closed. Please submit your votes any time from now until I close the poll just before the end of the meeting.

Barry Azzopardi from Computershare will act as the Returning Officer for the purposes of conducting and determining the results of the poll on each resolution, and the results will be announced through the ASX company announcements platform later today and will also be available on the Wesfarmers website.

Lisa Ahwan from Computershare's Perth office is in attendance in Perth to assist with this process. Ernst & Young, the company's auditor, will act as scrutineer.

Consistent with the approach taken at our previous AGMs, we will respond to questions relating to a particular item of business during discussion on that item, unless these questions have already been addressed through earlier remarks. I will also answer general questions at the end of the meeting while voting results are being counted. In the interests of all participants please ensure that your questions are relevant to all shareholders.

A number of shareholders also submitted questions in advance of the meeting. Individual responses have been sent to those shareholders ahead of the meeting. We will also address the key themes raised in my address and in Rob's address.

If you wish to ask a question, you must be a shareholder, or their attorney, proxy or authorised company representative.

This year, attendees will have the option to ask questions both orally and by submitting them in writing through the Lumi AGM online platform.

If your question has already been asked by another shareholder and answered, or otherwise addressed during the meeting, please do not ask it again as we need to give all shareholders the opportunity to be heard.

When I call for questions, if you're in the room, please proceed to the microphone nearest to you, show your green, blue or yellow card and give your name to the attendant who will introduce you. If you are representing an organisation, please state who you represent. You will see that we have six microphone points around the room. In order to enable all shareholders a reasonable opportunity to be heard, if you have a number of questions on a particular item of business please ask them together when you come forward.

If you are a shareholder or proxyholder participating in the AGM online, I encourage you to submit any written questions on any item of business as early as possible during the meeting. If your question relates to a particular item of business, please refer to that item of business when you submit your question.

To minimise repetition and to maximise the number of questions that we can respond to during the meeting, written questions submitted through the Lumi AGM online platform may be moderated, for example by amalgamating into one question or choosing the broadest question which covers questions on the same topic. As our time is limited, it may not be possible to respond to all questions during this meeting. If this is the case, or if there are questions that might be better addressed on an individual basis, we will respond to these after the meeting.

If you are online and wish to ask a question in writing, press or click on the "messaging" icon, which can be found on the navigation bar on your screen. This will open a new screen. There is a section for you to type in your question. Once you finish typing your question, please press the arrow symbol to submit your question.

Following our formal addresses, written questions submitted online, which we will take during the meeting, will be read to us by an external moderator, Ruth Callaghan.

If you are online and wish to ask a question orally, there is a bit of a delay in the broadcast. So, you will need to pause the broadcast on the Lumi online platform and then click on the link under 'Asking audio questions'. A new page will open where you will be prompted to enter your name and the topic of your question. Submit your request, click ready and allow microphone access. Then connect to the meeting. You will then listen to the meeting on this page in real time with no delay while waiting to ask your question. When it's time to ask your question there will be a beep and you will be asked to proceed with your question.

If you are attending the AGM in person and need assistance with how to vote and ask questions during the meeting, please speak to one of the Computershare representatives around the room.

If you are participating in the AGM online, a User Guide is available on the Wesfarmers website setting out instructions on how to submit your vote and ask questions during the meeting. If you are having any issues with the online platform, please refer to the User Guide or call Computershare on the number shown on the slide.

Transcripts of my address and Rob's address are available on our website and the ASX platform. A recording of the meeting will be made available on the Wesfarmers website after the meeting.

As you would be aware from the Notice of Meeting, there are five items of business to be discussed when we move into the formal proceedings; but before that, I'll make some general observations about the last 12 months and the business environment and then Rob Scott will provide us with some reflections on current trading, on our COVID-19 response and on the outlook for the Group.

Well, the 2021 year proved to be as challenging as the previous year, due principally to the ongoing spread of the COVID-19 pandemic and rolling shutdowns across Australia.

It was gratifying that your company was able to come through the year with an increased profit result and a strong balance sheet. That outcome was due, in part, to the type of businesses we own, but also very much due to the great efforts of our management team, to keep those businesses running in the face of the external challenges.

Details of the financial results for 2021 are contained in our Annual Report and I do not propose to repeat all of that here, but in summary, the Group's net profit from continuing operations rose 16.2 per cent to \$2.4 billion. Our ordinary dividend rose 17 per cent to \$1.78; and the company's strong balance sheet has allowed us to propose to shareholders, as we shall consider later today, a return of capital of \$2.00 per share.

This decision by the Board is very much in line with the shareholder-return focus that has characterised Wesfarmers since our public listing 37 years ago: when we have surplus capital, we'll return it to our shareholders because we're confident that they'll be happy to reinvest in the company, if we manage to find good uses of capital in the future.

A highlight of the year was the strong, and in most cases improved, performance in earnings across every division, as we have described in the Annual Report.

I pay tribute here to the efforts of all of our employees, from our CEO, Rob Scott, to each and every team member across the Group. They went above and beyond to bring about such a result, and pleasingly did so without recourse to the Australian Government's JobKeeper program.

During the pandemic, companies like ours have been faced with some difficult choices, including whether to stand down team members during lockdowns if there was no meaningful work or to keep paying them. We were in the fortunate position of having the financial capacity to do the latter.

I must say, we did not find this a difficult decision nor was it influenced by the effect it might have on our annual profit result. We did it because we saw this not as an expense but as an investment; an investment in our people, in maintaining our skills base and in engendering loyalty amongst our team members, all of which would pay dividends in the long term — just like a traditional investment.

We have continued this practice of paying our team members during the current financial year when widespread lockdowns have occurred in the major states. Our CEO, Rob Scott, will update you further on how the lockdowns have affected our trading results in a moment.

As I stated in our annual report, while Wesfarmers' performance over a particular year is important — and it is fair to say that this is the principal focus of market commentators and company analysts — it is frankly not what drives your Board and management team. Rather, we are focused on the long term.

Short-term performance is invariably affected by events outside the company's control and the current pandemic is a case in point. Long-term corporate success often requires foregoing immediate profits in return for growth and delayed earnings — an issue often not appreciated outside the company.

This philosophy has held the company in good stead over the 37 years since we listed on the stock exchange, with our shareholder returns being more than 12 times higher than the returns achieved by the All Ordinaries index, as a whole.

The key to that has been an openness to innovation. When we went public in 1984, around 60 per cent of our profits came from our fertiliser operations. Today, that same excellent business accounts for just two per cent of earnings.

The company has followed a philosophy of 'logical incrementalism' — expanding where there were opportunities to do so, trying new things, going forward where they worked out and retreating where they didn't, moving into new businesses and geographies — all the time with that primary shareholder-return focus.

The company has done this, always knowing the criticality to long-term success of looking after and developing our team members, anticipating the needs of customers, treating suppliers ethically and fairly, investing in the community, taking care of the environment and behaving honestly and with integrity.

It is that growth philosophy that has underlain developments over recent years, including our move into the lithium industry through the acquisition of Kidman Resources in 2019 and the Final Investment Decision earlier this year to support the development of the Mt Holland lithium project.

Likewise, it has informed our very large investment in the data and digital space including the acquisition of Catch, Bunnings' expansion into new product lines with the acquisition of Adelaide Tools and proposed acquisition of Beaumont Tiles, the rationalisation of the Kmart and Target businesses and the disposal of our coal businesses.

In recent years, the risks and opportunities associated with climate change have been front of mind for your Board. Our Annual Report details the proactive approach we are taking to this important issue. We are particularly pleased to be the inaugural issuer of sustainability linked bonds in the Australian debt capital markets, late in the 2021 financial year, with the margin on those bonds linked to our ambitious climate change targets.

Innovation requires investment and, as our Federal Treasurer has quite rightly stressed, the future prosperity of Australia relies on companies like ours making significant investments. We are certainly doing that, with almost \$900 million of capital expenditure in the 2021 financial year and more than that planned this year. In addition, we're making substantial expenditures in data and digital activities to ensure that we are well equipped to compete in the online world.

I take this opportunity on behalf of my fellow directors to thank our outgoing director, Wayne Osborn, for the great contribution he has made to the company over his 11 years on the Board. Wayne joined us after retiring as Managing Director of Alcoa Australia. His broad experience in senior management and board roles showed: through his wise counsel on human resources, management and technical matters, his chairing of the Board's Remuneration Committee, and his always firm but supportive manner. Wayne has been a pleasure for all of us to work with and he will be greatly missed.

We welcome three new faces to the Board in 2021 — adding further diversity in skills and perspectives — Anil Sabharwal with his extensive experience in the technology, data and digital world, Alison Watkins who brings significant management and consumer experience and Alan Cransberg whose wide technical and management expertise in the resources sector will be invaluable, including as we proceed with the development of our lithium assets.

In closing I again pay tribute to the outstanding Wesfarmers management team, led so capably by our Managing Director, Rob Scott. In what has again been a hugely challenging year, they have given their all to the achievement of the company's success.

We think that with Wesfarmers' strong asset base, financial position and its dedicated team members, the future looks bright.

I now invite Rob to deliver his address as Managing Director.

MANAGING DIRECTOR'S ADDRESS

Thank you Chairman.

When we last met a year ago, I didn't expect that today we would still have cities in lockdowns, and that some of our businesses would be unable to open to the public. Despite these challenges, our dedicated teams have found new, safe ways to work, meet our customers' needs and support the communities where we operate.

Fortunately, with increasing levels of community vaccination, we see a path to regaining many of the freedoms that are so critical to our quality of life and prosperity, while also managing the COVID-19 risks, including for those most vulnerable.

Wesfarmers has demonstrated that we'll step up and support the community when times are tough. I'm incredibly proud of the resilience, ingenuity and empathy that was on display across our businesses and thank our teams for their efforts in a demanding year.

A special thanks to our Group leadership team and divisional managing directors, many of whom have been living and working through the extended lockdowns in Melbourne. Without them, Wesfarmers wouldn't have achieved all that we have in the last year.

I'd like to start with our response to COVID-19.

At Wesfarmers, our commitment to providing a COVID-safe environment has enabled our businesses to meet the changing needs of customers and retain the trust of the public.

In the 2021 financial year, we were pleased to extend support to our team members through commitments to pay all those who are permanent and many casuals when there was no meaningful work available. We've extended this commitment until the end of December, by which time we expect lockdowns to be behind us. While this will impact our earnings, as the Chairman said, we know it's the right thing to do and it will be good for our businesses in the long term.

At the same time, we've been at the forefront supporting vaccination efforts across the country – providing paid vaccination leave and encouraging people to get vaccinated as quickly as possible, if they can.

Our teams are getting vaccinated at pace and I expect we will have a fully-vaccinated workforce, in the new year. We will also be requiring new team members joining our businesses to be vaccinated. We understand that some people can't be vaccinated for medical reasons and we will, of course, support them. This is all about creating a safer workplace for our team and customers.

Vaccination clinics at Bunnings have now delivered around 80,000 vaccinations. This is one of many examples of ways our businesses and teams have stepped up to help, and the fantastic outcomes that can be achieved when business and government work together.

This year, was not just a year where Wesfarmers responded to the pandemic.

It was also a year in which we made significant progress with our strategic agenda and laid foundations for future growth. We benefit from taking a long-term approach and I'll talk to some of the highlights in a moment.

We achieved meaningful outcomes in many areas like safety, decarbonisation, ethical sourcing, diversity and wellbeing. Our progress in these areas improves our operating performance, builds deeper trust with the community, and creates platforms for growth.

We continued our efforts to make our workplaces even safer and it was especially pleasing to see an eight per cent improvement in reportable injury frequency during the year.

At Wesfarmers, we are truly committed to advancing reconciliation in Australia. And last financial year, we increased our teams' diversity with the proportion of Aboriginal and Torres Strait Islander team members increasing from 1.9 to 2.8 per cent.

At the end of this month, global leaders will meet to discuss the need to respond to climate change. And I'm very pleased that our retail divisions continued to make significant progress addressing their emissions footprint, adding new targets to achieve net zero Scope 1 and 2 emissions by 2030 and to source 100 per cent of their electricity needs from renewable sources by the end of 2025. In our industrial businesses, where decarbonisation is more challenging, we have the aspiration to achieve net zero emissions by 2050. I'm confident that our efforts to reduce emissions intensity, and to improve disclosure, will encourage our customers and competitors to join us in efforts to further reduce emissions. Group-wide, our disciplined focus is reflected in a nine per cent reduction in reported Scope 1 and 2 emissions for the year – evidencing a decoupling in emissions and business growth and performance.

I would now like to provide some comments on recent trading.

Lockdowns, government-mandated store closures and other restrictions have significantly impacted trading conditions for the Group's retail businesses in recent months. There have been periods during which almost half of our retail stores were either closed or restricted in some way.

At our full-year results in August, we provided trading results for the first eight weeks of the financial year to give some context around the impact of lockdowns. Since then, sales growth has improved in Bunnings, Officeworks and Catch, while results in Kmart and Target have continued to be impacted by temporary store closures.

Overall sales growth remains impacted by these restrictions, but our businesses are well positioned for the resumption of normal trade as restrictions continue to ease.

We have seen strong sales growth across stores in affected areas that have started to re-open, including those in New South Wales last week, demonstrating a level of pent-up customer demand in these areas. Trading performance in states and regions less impacted by restrictions has been resilient through the financial year to date.

Online sales have also remained strong despite some capacity constraints in online distribution channels. It is pleasing to see that the investment and focus directed to these capabilities over recent years has enabled our businesses to continue to serve customers, even during periods of significant disruption. For example, on a year-to-date basis, over half of Officeworks' sales have been online. And Kmart and Bunnings had online penetration of 21 and six per cent respectively.

While additional costs have been incurred as a result of our commitment to pay team members during lockdowns, this important investment in our people is already creating benefits for our retail businesses as teams are re-engaged when stores have re-opened.

Our retail businesses have been effective in managing the disruptions in global supply chains and are well-positioned with inventory for the important Christmas trading period.

In Bunnings, sales results for the year have remained robust in the context of trading restrictions. Sales growth from commercial customers has been strong which, combined with elevated online sales, have partially offset the impact of lower consumer sales growth.

Of the Group's businesses, Kmart and Target have been most impacted by store closures, with many stores either closed or only operating for click and collect orders. Sales via the Catch marketplace have benefited from a shift to online channels during periods of lockdown, and are in line with the elevated levels in the prior corresponding period.

Sales in Officeworks have benefited from strong demand to support customers who are working and learning from home, but the shift in sales mix towards technology and furniture products has continued to impact margins.

The Chemicals, Energy and Fertilisers division has made a solid start to the year. Demand for ammonium nitrate from mining customers has remained robust, and the Kleenheat business has benefited from favourable LPG pricing as a result of broader strength in global energy prices.

Performance in the Industrial and Safety division has continued to improve, with pleasing growth in the Blackwoods and Coregas businesses.

As you would be aware, Wesfarmers has made an all-cash proposal to acquire Australian Pharmaceutical Industries for \$1.55 per share. We continue to progress our proposal with API and, a fortnight ago, announced that we had acquired a 19.3 per cent interest in the company. We remain of the view that Wesfarmers' offer will deliver an attractive premium and certain cash return for API investors and benefit API's community pharmacy partners. We will of course continue to keep the market informed as our proposal progresses.

Turning now to our strategic priorities.

At our Strategy Briefing Day in June, I provided some detail around three areas of renewed strategic focus across the Group, supporting a more ambitious growth agenda.

The first priority is to develop a market-leading data and digital ecosystem, which will better connect our great brands with the public, deliver better value and experiences to customers, and create new growth opportunities.

In the last four years, we have attracted 400 experts in advanced analytics and digital solutions to our team, and we're now building our capabilities for the years ahead. We've committed to spend around \$100 million to develop the data and digital ecosystem this financial year and will provide further details on this at our half-year results in February 2022.

The second priority is to increase our investments in platforms for long-term growth. This follows the repositioning of the portfolio and recent moves that enable us to scale up in areas with good growth prospects and build successful businesses over time. Much of this growth and investment will be organic, although some may come through portfolio moves. Selected recent examples include the Mt Holland lithium project, the Catch marketplace and Bunnings commercial bolt-on acquisitions.

And thirdly, we will accelerate the pace of continuous improvement across the Group, further integrating sustainability into our strategies.

In closing, I want to assure you that in the months ahead, including as vaccination rates increase, and as COVID-19 becomes less defining, Wesfarmers will continue – as it long has – to support our people, our customers, and the community.

We'll continue to invest for the long term, in our existing businesses and where we see new and emerging opportunities. We'll continue to maintain a strong balance sheet to provide the flexibility to withstand a range of economic outcomes. And while the future will continue to present challenges, I am confident that Wesfarmers' best years lie ahead.

I now hand back to you, Chairman.

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