



# 2017 Notice of Meeting

*Delivering value today and tomorrow*



Notice is given that the 36th Annual General Meeting of Wesfarmers Limited will be held at the Perth Convention and Exhibition Centre, Mounts Bay Road, Perth, Western Australia on Thursday, 16 November 2017 at 1:00pm (Perth time).

Registration will open at 11:00am.

**The primary objective of  
Wesfarmers is to provide a satisfactory  
return to its shareholders.**

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# Business of the Meeting

All items of business at the Annual General Meeting (**Meeting**) are ordinary resolutions. Ordinary resolutions require a simple majority of votes cast by shareholders entitled to vote on the resolution.

## 1 Financial Statements and Reports

To receive and consider the financial statements and the reports of the directors and of the auditors for the year ended 30 June 2017.

**Note: There is no requirement for shareholders to approve the financial statements and reports.**

## 2 Election of Directors

To consider and, if thought fit, approve the re-election of two directors, being each of:

- (a) Mr Michael Alfred Chaney AO; and
- (b) Ms Diane Lee Smith-Gander,

who retire by rotation in accordance with Wesfarmers' Constitution and the ASX Listing Rules, and being eligible, offer themselves for re-election.

Each re-election will be voted on as a separate ordinary resolution.

## 3 Adoption of the Remuneration Report

To consider and, if thought fit, approve the Remuneration Report for the year ended 30 June 2017, as set out in the 2017 Annual Report.

**Note: This resolution is advisory only and does not bind Wesfarmers or the directors.**

### Voting exclusion statement

*Wesfarmers will disregard any votes cast on Item 3:*

- *by or on behalf of a member of the key management personnel whose remuneration details are included in the Remuneration Report, or their closely related parties; and*
- *by a person who is a member of the key management personnel as at the date of the Meeting or their closely related parties as proxy,*

*unless the vote is cast as proxy on behalf of a person entitled to vote on this resolution, and that vote has been cast as specified on the Voting Form; or where there is no specified voting direction, the vote is cast by the Chairman of the Meeting as proxy and who has been expressly authorised to vote on this resolution, even though it is connected with the remuneration of key management personnel.*

**By order of the Board**



LINDA KENYON

Company Secretary  
19 September 2017

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# Important Information

## *Members entitled to attend and vote at the Meeting*

The Board has determined that you will be entitled to attend and vote at the Meeting if you are a registered shareholder of Wesfarmers Limited (**Wesfarmers** or **Company**) as at 4:00pm (Perth time) on Tuesday, 14 November 2017.

## *Direct voting*

Direct voting allows you to lodge your vote directly with Wesfarmers before the Meeting and the flexibility to vote without needing to either attend the Meeting or appoint a proxy to attend the Meeting in your place.

By submitting a direct vote, you agree to be bound by the direct voting regulations adopted by the Board. The direct voting regulations are available from the Wesfarmers website at **[www.wesfarmers.com.au](http://www.wesfarmers.com.au)**

## *Proxies*

All members who are entitled to attend and vote at the Meeting have the right to appoint a proxy to attend the Meeting and vote in their place. A proxy need not be a member.

If you wish to appoint a proxy you must complete and return the proxy voting section of the enclosed Voting Form. You can direct your proxy how to vote (i.e. to vote 'for' or 'against', or to 'abstain' from voting on, each resolution) by following the instructions on the Voting Form.

If you appoint the Chairman as your proxy but do not direct the Chairman on how to vote, then by completing and returning the Voting Form you are expressly authorising the Chairman to vote in favour of each item of business, even when an item of business is directly or indirectly connected to the remuneration of a member of the key management personnel of Wesfarmers.

If you are entitled to cast two or more votes, you may appoint two proxies and you may specify the proportion or number of votes that each proxy is appointed to exercise. If your appointment does not specify the proportion or number of your voting rights, each proxy may exercise half your votes (disregarding fractions).

You cannot lodge a direct vote and appoint a proxy for the same voting rights.

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# Important Information

## *Voting and lodgement of proxy voting instructions online*

Wesfarmers encourages you to lodge your direct voting or proxy voting instructions online by:

**Website:** by visiting [www.investorvote.com.au](http://www.investorvote.com.au). To submit your direct voting or proxy voting instructions you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and your allocated Control Number, as shown on your Voting Form; or

**Smartphone:** by using your smartphone to scan the QR code that appears on the Voting Form, and following the instructions provided. To scan the code you need to have already downloaded a free QR code reader app to your smartphone. When scanned, the QR code will take you directly to the mobile voting site.

Please refer to the enclosed Voting Form for more information about submitting direct voting or proxy voting instructions online.

A proxy cannot be appointed electronically if they are appointed under a Power of Attorney or similar authority. The online proxy facility may not be suitable for shareholders who wish to appoint two proxies with different voting directions.

## *Lodging a Voting Form*

You can lodge a direct vote or appoint a proxy either online or by completing and returning the enclosed Voting Form. Please follow the instructions on the Voting Form and ensure you only complete the relevant section.

For your direct vote or proxy to be effective, the completed Voting Form, together with any relevant Power of Attorney, must be received by Computershare Investor Services Pty Limited not less than 48 hours before the time for holding the Meeting (that is, by 1:00pm (Perth time) on Tuesday, 14 November 2017).

You can lodge your completed Voting Form with Computershare either:

**In person:** Share Registry – Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 Australia; or

**By mail:** Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 Australia; or

**By fax:** 1800 783 447 (within Australia) or (+ 61 3) 9473 2555 (outside Australia).

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### ***Body corporate representatives***

A body corporate member or proxy may elect to appoint an individual as its representative, rather than appoint a proxy. Where a body corporate appoints a representative, Wesfarmers requires written proof of the representative's appointment to be lodged with, or presented to, Wesfarmers before the Meeting.

### ***Custodians and nominees***

Custodians and nominees are able to cast a direct vote or lodge a proxy vote online by visiting **[www.intermediaryonline.com](http://www.intermediaryonline.com)**

### ***Questions from shareholders***

Wesfarmers welcomes questions from shareholders who are attending the Meeting in person. In the interests of all present, please confine your questions to matters before the Meeting that are relevant to shareholders as a whole. Wesfarmers staff will be available at the Shareholder Information desk in the foyer on the day of the Meeting, and representatives from each of the Group businesses will be available before and after the Meeting to discuss individual questions from shareholders and customers.

### ***Webcasting***

The Meeting will be webcast on the Wesfarmers website at **[www.wesfarmers.com.au](http://www.wesfarmers.com.au)**

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# Explanatory Notes

## *Item 1 – Financial Statements and Reports*

The Corporations Act requires Wesfarmers' financial statements and reports for the last financial year to be presented to the Annual General Meeting. The financial statements and reports are contained in Wesfarmers' 2017 Annual Report.

The 2017 Annual Report is available from the Wesfarmers website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au)

While no resolution is required in relation to this item, shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

Wesfarmers' auditor, Ernst & Young, will be present at the Meeting and shareholders will have an opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, Wesfarmers' accounting policies and the independence of the auditor.

## *Items 2(a) and 2(b) – Election of Directors*

As required by Wesfarmers' Constitution and the ASX Listing Rules, two directors, Mr Michael Alfred Chaney AO and Ms Diane Lee Smith-Gander retire by rotation and, being eligible, offer themselves for re-election. The Board, with the assistance of the Nomination Committee, has reviewed the performance of the directors standing for re-election and has endorsed their nomination as candidates for re-election.

**The Board recommends the re-election of Mr Michael Alfred Chaney AO and Ms Diane Lee Smith-Gander. Neither of these directors participated in the Board's deliberations with respect to their recommendation for re-election.**

The experience, qualifications and other information about each of the candidates appears on pages 9 and 10.



## MICHAEL CHANEY AO

*BSc, MBA, Hon. LLD W.Aust, FTSE*

**Age:** 67

**Term:** Chairman since November 2015,  
Director since June 2015

**Independent:** Yes

**Skills and experience:** Mr Chaney graduated with Bachelor of Science and Master of Business Administration degrees from The University of Western Australia in 1972 and 1980 respectively. He completed the Advanced Management Program at Harvard Business School in 1992 and has also been awarded an Honorary Doctorate of Laws from The University of Western Australia. After obtaining his Science degree, Mr Chaney worked for eight years as a petroleum geologist in Australia and the USA. He joined the Australian Industry Development Corporation in 1980 as a corporate finance executive and became Manager for Western Australia in 1981. He joined Wesfarmers in 1983 as Company Secretary and Administration Manager, became Finance Director in 1984 and was appointed Managing Director in July 1992. He retired from that position in July 2005. Mr Chaney is currently Chairman of Woodside Petroleum Limited and Chancellor of The University of Western Australia.

### **Directorships of listed entities (last three years):**

- Chairman of Woodside Petroleum Limited (director since November 2005, Chairman since July 2007)

- Chairman of National Australia Bank Limited (director from December 2004, Chairman from September 2005 and retired December 2015)

### **Other directorships/offices (current and recent):**

- Chancellor of The University of Western Australia (since December 2005)
- Director of the Centre for Independent Studies (since October 2000)
- Chairman of Gresham Partners Holdings Limited (from July 2005 and retired May 2015)
- Member of the Commonwealth Science Council (since October 2014)
- Member of the Australia-Germany Advisory Group (since November 2014)
- Member of the Prime Minister's Business Advisory Council (from December 2013 to December 2015)
- Member of the JP Morgan International Council (from October 2003 to October 2014)

### **Wesfarmers committee memberships:**

Chairman of the Nomination Committee.  
Member of the Remuneration Committee.

**The Board (other than Mr Chaney because of his interest) recommends that shareholders vote in favour of Mr Chaney's re-election.**

# Explanatory Notes



**DIANE SMITH-GANDER**

*B.Ec, MBA, Hon.DEc W.Aust (UWA), FAICD, FGIA*

**Age:** 59

**Term:** Director since August 2009

**Independent:** Yes

**Skills and experience:** Ms Smith-Gander holds a Bachelor of Economics degree from The University of Western Australia and a Master of Business Administration from The University of Sydney. She has extensive experience in corporate governance and providing strategic advice to corporations in Australia and overseas. Ms Smith-Gander has over 11 years' experience as a banking executive which culminated in her appointment as the head of Westpac Banking Corporation's Business and Technology Solutions and Services Division. She was previously a Partner with McKinsey & Company in the USA where she led major merger and transformation projects and had exposure to a wide variety of businesses in areas such as financial services, pharmaceuticals and retail. In 2016, Ms Smith-Gander became a senior advisor to McKinsey & Company. Ms Smith-Gander is also a Fellow of the Australian Institute of Company Directors and the Governance Institute of Australia.

#### **Directorships of listed entities (last three years):**

- Director of AGL Energy Limited (since September 2016)
- Chairman of Broadspectrum Limited (formerly Transfield Services Limited) which delisted in June 2016 (director from October 2010, Chairman from October 2013, retired September 2016)

#### **Other directorships/offices (current and recent):**

- Chair of Safe Work Australia (since February 2016)
- Chair of the Asbestos Safety and Eradication Council (since December 2016)
- Board member of Henry Davis York (since July 2016)
- Director of Keystart Loans Group companies (since July 2016)
- Trustee and director of the Committee for Economic Development of Australia (CEDA) (trustee since September 2014, director since November 2015)
- Member of Chief Executive Women (since September 2008)
- Council member of Methodist Ladies' College (since February 2014)
- Adjunct Professor in Corporate Governance at The University of Western Australia (since October 2012)
- Member of The University of Western Australia Business School Advisory Board (since July 2011)
- Member of the Review Panel of The Banking and Finance Oath Limited (resigned May 2017)

#### **Wesfarmers committee memberships:**

Chairman of the Gresham Mandate Review Committee. Member of the Audit and Risk, and Nomination committees.

**The Board (other than Ms Smith-Gander because of her interest) recommends that shareholders vote in favour of Ms Smith-Gander's re-election.**

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### ***Item 3 – Adoption of the Remuneration Report***

The Remuneration Report contained in the 2017 Annual Report is required to be considered by shareholders in accordance with section 250R of the Corporations Act at the Meeting.

The Remuneration Report, which details Wesfarmers' policy on the remuneration of non-executive directors, executive directors and senior executives, is set out on pages 73 to 92 of the 2017 Annual Report and is also available from the Wesfarmers' website at [www.wesfarmers.com.au](http://www.wesfarmers.com.au)

The Board is committed to an executive remuneration framework that is focused on driving a performance culture to reflect the diversified portfolio of businesses. It seeks to link executive pay to the achievement of the Group's strategy and business objectives and, ultimately, to generate satisfactory returns for shareholders. The Remuneration Report explains how Wesfarmers' performance for the 2017 financial year has driven remuneration outcomes for its senior executives.

#### **Highlights**

**Group Managing Director transition:** Having led the Wesfarmers Group for more than 12 years as Group Managing Director, Mr Richard Goyder AO will be retiring at the conclusion of the Meeting. Demonstrating our strong commitment to developing talent internally, Mr Rob Scott was appointed Deputy Chief Executive Officer in February 2017 to allow for a smooth transition of leadership responsibilities and will be appointed as Group Managing Director upon Mr Goyder's retirement.

Other internal promotions into leadership roles include Mr Michael Schneider succeeding Mr John Gillam as Managing Director, Bunnings Group and Mr Anthony Gianotti who will be appointed Group Chief Financial Officer on 10 November 2017 when Mr Terry Bowen steps down. Mr Bowen retired from the Company's Board on 4 September 2017.

**Fixed pay:** The fixed remuneration of the Group Managing Director, Mr Goyder, was not increased for the 2017 financial year and has not changed since October 2011. The Board, upon recommendation from the Remuneration Committee, has continued to exercise restraint in relation to fixed pay increases. In the October 2016 remuneration review, the salaries of the Executive Leadership Team increased on average by 2.9 per cent.

As previously announced to the market Mr Scott's fixed pay was increased to \$2,000,000 per annum on his appointment as Deputy Chief Executive Officer and will increase to \$2,500,000 upon his promotion to Group Managing Director. In line with this reweighting away from fixed pay and towards the equity based Key Executive Equity Performance Plan (**KEEPP**) reward program, other new appointments to senior roles will have lower fixed pay levels than their predecessors. Accordingly, the Board expects the cumulative fixed pay of the executive key management personnel to be lower in the 2018 financial year than it was in the 2017 financial year.

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# Explanatory Notes

**Remuneration outcomes:** The 2017 financial year was a year of transition in relation to remuneration arrangements for our Executive Leadership Team with the launch of the KEEPP for the divisional managing directors in office at the beginning of the 2017 financial year. Our divisional managing directors are the leaders of our four main operating divisions (Managing Director, Coles; Managing Director, Bunnings Group; Managing Director, Wesfarmers Industrials; and Chief Executive Officer, Department Stores).

During the year:

- The divisional managing directors transitioned to the KEEPP, replacing both the annual incentive plan and the Wesfarmers Long Term Incentive Plan (**WLTIP**). They received their initial 2016 KEEPP allocation in November 2016 and their 2017 KEEPP allocation has been determined using their performance against their 2017 scorecard. Details on the key design measures of KEEPP are set out in the Remuneration Report with detailed information provided in section 3.5.
- Other executive key management personnel including the Group Managing Director and the Group Chief Financial Officer participated in our legacy incentive programs.

**Annual incentive:** For the 2017 financial year, the Board, upon recommendation from the Remuneration Committee, increased the weighting of the financial performance targets under the annual incentive for the Group Managing Director from 60:40 financial/strategic to 70:30 and for the Group Chief Financial Officer from 50:50 financial/strategic to 70:30.

Mr Goyder, Mr Bowen and Mr Schneider received greater than target awards under the annual incentive for the 2017 financial year due to strong Group results and, for Mr Schneider specifically, due to strong results for Bunnings Australia and New Zealand.

**WLTIP:** The total shareholder return (**TSR**) performance condition and return on equity (**ROE**) performance condition were tested at the end of the four-year measurement period of the 2013 WLTIP as at 30 June 2017. The Group outperformed the majority of its peers over the vesting period, with regard to compound annual growth in ROE leading to a majority of the awards vesting (56.7 per cent of the potential total award). None of the awards tested against TSR vested.

Over the four-year measurement period of the WLTIP (1 July 2013 to 30 June 2017), Wesfarmers delivered 8.61 per cent compound annual growth in ROE, placing it at the 63rd percentile relative to the S&P/ASX 50 Index and partially meeting the ROE performance condition (with a 75 per cent weighting). The Group delivered a TSR over the four-year period of 27.03 per cent, placing it at the 31st percentile relative to its ASX 50 peers and therefore the TSR performance condition (with a 25 per cent weighting) was not met.

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**2017 KEEPP – annual scorecard:** An annual scorecard (comprising financial and strategic divisional measures agreed between the participant and the Group Managing Director) is used in determining the KEEPP award allocation to be recommended by the Group Managing Director to be made for Wesfarmers divisional managing directors.

Following the end of the 2017 financial year and assessment of the 2017 KEEPP scorecards, Mr Scott achieved a maximum 2017 KEEPP allocation due to the strong results of Wesfarmers Industrials. Mr Russo achieved an above target award as the Department Stores division performed well overall. Mr Durkan faced a challenging trading environment within Coles and achieved a below target outcome.

The 2017 KEEPP cash component for Mr Scott and Mr Russo was paid on 22 August 2017. The 2017 KEEPP awards of Restricted Shares and Performance Shares will be granted at the end of September 2017.

In accordance with the Board's policy and the ASX Listing Rules, shareholder approval will be sought for any future share grants awarded to executive directors under the KEEPP, including any future grants awarded to Mr Scott following his appointment to the Board as Group Managing Director.

Further details on the new plan, KEEPP, and the link between remuneration outcomes and Wesfarmers' performance for the 2017 financial year are set out in the Remuneration Report. The audited remuneration table can be found on page 87 of the 2017 Annual Report.

The vote on the adoption of the Remuneration Report is advisory only and is not binding.

**The Board recommends that shareholders vote in favour of the Remuneration Report.**

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## Venue Information – Perth Convention and Exhibition Centre

Perth Convention and Exhibition Centre (**PCEC**) is located in the heart of Perth city, adjacent to the Swan River. The location provides quick and easy access to and from the PCEC by car, train, bus, taxi and on foot. For more information on PCEC please visit **[www.pcec.com.au](http://www.pcec.com.au)**

### **Walking**

Access into the PCEC on Level 1 is via Mill Street or Mounts Bay Road. Level 2 can be accessed via the Elizabeth Quay Bus Station overpasses.

### **Driving**

Access to the City of Perth Convention Centre Car Park is via Mill Street, Mounts Bay Road and the Riverside Drive off-ramp of the Mitchell Freeway. Access to the Level 1 Plaza area is from Mill Street or Mounts Bay Road.

### **Public transport**

Access to the PCEC via public transport is via the Elizabeth Quay Bus Station or from the Elizabeth Quay Train Station. For more information about public transport options to the PCEC, please visit **[www.transperth.wa.gov.au](http://www.transperth.wa.gov.au)**



