

IN FOCUS

A quarterly newsletter of stories from across the Wesfarmers Group



A MESSAGE FROM ROB

Since our last edition of *In Focus*, we have seen the emergence of the highly virulent Delta strain of COVID-19, forcing millions of people in Australia into lockdown. This has made life very difficult for many people, including tens of thousands of Wesfarmers team members. I am incredibly proud of how our team have supported each other and our communities throughout this, with empathy and resilience.

Thankfully, there is light at the end of the tunnel and there's real reason for people to have hope for the future. I believe the national plan, endorsed by National Cabinet, is important to guide Australia through the current challenges. Vaccination is our clear path forward, providing greater freedoms to see friends, families and plan for the future.

Wesfarmers has been supporting our permanent team members to get vaccinated by providing access to paid leave as well as vaccine hubs at some of our retail sites, which you can read more about in this newsletter.

We have also committed to paying all permanent and many casual team members affected by lockdowns or who have been required to isolate, until at least the end of December 2021. While this will have an impact on our earnings, we believe this is the right thing to do. It was our team who helped Wesfarmers deliver a strong financial result in the 2021 financial year, and it will be those same people who will drive our future performance.

The restrictions and lockdowns in our two major cities, Melbourne and Sydney, have also had an impact on our earnings, creating significant disruptions to trading. We are well-placed to resume trading when restrictions ease and are pleased to see an easing of restrictions either underway or planned in both states.

While the focus of the world has turned to the acute challenges of right now, here at Wesfarmers we are also planning for the long term. These plans include significant focus on ESG issues, including to accelerate the decarbonisation of our businesses. We have three renewed priorities, which are consistent with our value-creating strategies and will set us up for sustainable, long-term growth. We are accelerating the development of a market-leading data and digital ecosystem, investing in platforms for long-term growth and delivering significant improvements in our divisions.

I hope you enjoy reading about the many ways in which we contribute to our communities.

Stay safe,



— ROB SCOTT
Managing Director



DELIVERING A STRONG FINANCIAL RESULT

Wesfarmers was pleased to report a 16.2 per cent increase in net profit after tax to \$2.4 billion, from continuing operations and excluding significant items, for the past financial year, which was a testament to the dedication of team members and leaders across the Group.

Our directors determined to pay a final, fully-franked ordinary dividend of 90 cents per share, bringing total full-franked ordinary dividends for the full year to \$1.78 per share.

In addition, our directors have recommended a \$2 per share return of capital to our shareholders. This \$2.3 billion return of surplus capital reflects our commitment to efficient capital management and our focus on providing a satisfactory return to shareholders.

Following these distributions, Wesfarmers will still retain considerable balance sheet strength, and the flexibility to manage a range of economic scenarios while also continuing to invest for future growth. Our balance sheet was further

strengthened by the issuance of \$1 billion sustainability-linked bonds, the first of its kind in Australia, which was met with strong demand.

Our net profit was underpinned by a strong performance from Bunnings, Kmart Group and Officeworks. The Chemicals, Energy and Fertilisers division again produced a solid operating performance and the Industrial and Safety division improved the performance of all its business units.

At the Group level, we grew revenue by 10 per cent to \$34 billion with Bunnings revenue up 12.5 per cent to \$17 billion as we continued to adapt to our customers' changing needs. At Kmart Group, revenue was 8.3 per cent higher at \$10 billion.

We have also achieved all critical approvals for the Mt Holland lithium project and with our joint venture partner SQM, we have commenced construction and first production of lithium hydroxide is expected in the second half of the 2024 calendar year.

HELPING OUR TEAM THROUGH THE PANDEMIC

Wesfarmers is supporting our team members and communities during the COVID-19 pandemic by making access to vaccinations easier, as well as committing to pay many of those affected by restrictions and isolation.

All permanent and many casual workers who are required to isolate or who are unable to work due to restrictions, will be paid until at least the end of December 2021.

This will provide much needed certainty to team members, their families and our businesses in the lead up to Christmas. This commitment is expected to require payroll costs of \$2 million to \$4 million per week.

"This is an investment in our workforce and is the right thing to do, reflecting the value we place on each of our team members and the importance of them to the future success of our business," Rob Scott said. "We are focused on the long term and know that this difficult period will pass. Vaccination is our clear path forward."

To make it easier for our teams and trade customers to get vaccinated, Bunnings set up drive-through vaccination clinics across selected Bunnings stores in Sydney.

The clinics are run by an external health provider and use a dedicated area in the carparks of the selected stores. Team members and their families,



as well as some trade customers in the local government areas were able to get vaccinated.

Bunnings also played a part in launching Australia's first drive-through vaccination hub by providing access to the Victorian Government to our former Melton store (pictured).

All permanent team members across Wesfarmers have access to paid vaccination leave as we encourage everyone who can to get vaccinated.

KMART & TARGET APPLAUDED IN FASHION TRANSPARENCY

Kmart and Target have been ranked equal 10th out of 250 of the world's largest fashion brands in the Fashion Transparency Index, for disclosures surrounding social and environmental policies, practices and impacts in their operations and supply chains.

Both brands were also one of the most improved in the world, reflecting the division and broader Group's commitment to sustainable development and transparency.

The Fashion Transparency Index was established five years ago, following the tragic collapse of the Rana Plaza factory in Bangladesh which highlighted the lack of transparency in the supply chains of many retailers.

"This is a result of the great progress we've made in increasing transparency with our customers by making information about our human rights and environmental policies, practices and progress more readily available on our websites," said Tracie Walker, General Manager Corporate Affairs and Sustainability for Kmart Australia, Target Australia and Catch.

Further reflecting Wesfarmers' commitment to respecting and promoting human rights, in September the Group was found to have one of the best modern slavery disclosures among Australia's top companies, according to a recent Monash University report. Companies with the best scores had made managing modern slavery risks a priority, the report said, noting these groups were transparent in how they assessed and addressed the risk of modern slavery practices.

Wesfarmers is committed to eliminating modern slavery in all its forms and is working to continuously improve strategies to identify and mitigate risks. Wesfarmers has assessed the risk of modern slavery in its operations as low because its workforces are predominantly in low-risk countries and maintain robust human resources policies and grievance mechanisms, which create greater transparency of modern slavery issues.



Wesfarmers Arts COLLABORATE2020

COLLABORATE2020, the newest Wesfarmers Collection of Australian Art gift commission, was created over the past two years and features a suite of contemporary vessels in anodised aluminium celebrating works of art held in The Wesfarmers Collection of Australian Art by Mabel Juli, Patrick Mung Mung and Rammev Ramsey.

These stunning pieces celebrate the distinctive motifs, elegance of design and cultural authority of the artists, who are among the most renowned in Western Australia's Kimberley region. The pieces were handcrafted, etched and finished by premier Australian craft studio, JamFactory in Adelaide.

Represented internationally, including in the Musée du Quai Branly in Paris, as well as at many major Australian public collections, the significance of each of these artists to Australian culture is reflected in their celebrated contribution to the art of the Kimberley, and also through their roles as esteemed teachers and leaders of the Gija people of the East Kimberley.

Find out more about COLLABORATE2020 and The Wesfarmers Collection of Australian Art on our new website, accessible through the Wesfarmers website.



PATRICK MUNG MUNG, Purnululu, 2009, ochre on canvas, 120cm x 180cm, The Wesfarmers Collection of Australian Art, Perth



DATA AND DIGITAL \$100M INVESTMENT

One of our strategic priorities is to develop a market-leading data and digital ecosystem. Innovation requires investment and we have committed a further \$100 million to progressing this goal in the next year. This ecosystem will provide retail customers with a more seamless and personalised digital experience across the Wesfarmers retail businesses.

"Our aspiration is to become a leader in data and digital within Australia," Rob Scott said. "We have significant plans for growth, and this involves investment in technology and people."

Wesfarmers has access to one of Australia's richest data sets and our Advanced Analytics Centre is dedicated supporting our divisions through the Group shared data asset as they

pursue their plans to enrich the customer experience. A new managing director, Nicole Sheffield, has been appointed to lead the development of the data and digital ecosystem from November 2021.

Nicole has been involved in e-commerce and digital businesses throughout her career and brings extensive experience linking customer experience and digital strategy.

The ecosystem will be a natural extension of the substantial and ongoing investments in data and digital across the Group.

Digital engagement across all businesses grew in the last year and online sales increased 57 per cent to \$2.4 billion or \$3.3 billion including the Catch marketplace.

SUPPORTING YOUNG PEOPLE IN OUR COMMUNITIES

The Kmart division has deepened its support for The Reach Foundation and Smiling Mind charities to help provide young people with access to skills that will help them thrive in life and fulfill their potential.

About 70 per cent of Kmart's team members are aged under 21 and The Reach Foundation and Smiling Mind delivers crucial support to the wellbeing of young people and their families. Over the past five years, Kmart, along with its generous customers, have raised over \$1 million for causes that support young people, and Kmart has this year donated an additional \$100,000 to each of these organisations.

The Reach Foundation helps about 40,000 young Australians every year to navigate life's challenges, helping create generations of confident, self-aware, and passionate people.

Smiling Mind provides accessible, life-long tools to support healthy minds with a focus on youth-based mindfulness programs through an app. Mindfulness is proved to lead to better attention, memory, regulation of emotions and self-awareness, which can in turn lead to reduced stress, anxiety and depression, better academic skills, social skills and self-esteem.

