26 August 2022

The Manager
Market Announcements Office
Australian Securities Exchange

Dear Manager,

2022 ANNUAL REPORT (INCLUDING APPENDIX 4E)

In accordance with the requirements of the ASX Listing Rules, **attached** for release to the market is the 2022 Annual Report (including Appendix 4E).

The following will be released in conjunction with today's announcement:

- Notification of Dividend/Distribution;
- 2022 Full-year results;
- 2022 Full-year results briefing presentation; and
- 2022 Corporate Governance Statement and Appendix 4G

An analyst briefing will be held at 10:00am AWST / 12:00pm AEST following the release of the full-year results announcement and the 2022 Annual Report (including Appendix 4E). This briefing will be webcast and accessible via our website at www.wesfarmers.com.au.

Yours faithfully,

N. Robinson

Vicki Robinson
Executive General Manager
Company Secretariat

This announcement was authorised to be given to the ASX by the Wesfarmers Limited Board.

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2022 Annual Report

Wesfarmers

ABOUT WESFARMERS

From its origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies. With headquarters in Perth, Wesfarmers' diverse businesses in this year's review cover: home improvement, outdoor living and building materials; general merchandise and apparel; office and technology products; health, beauty and wellbeing products; wholesale pharmacy distribution; manufacturing and distribution of chemicals and fertilisers; mine development and construction; industrial and safety product distribution; retail and commercial energy supply; and a data and digital ecosystem.

Wesfarmers is one of Australia's largest private sector employers with almost 120,000 team members and is owned by more than 515,000 shareholders.

ABOUT THIS REPORT

This annual report is a summary of Wesfarmers and its subsidiary companies' operations, activities and financial performance and position as at 30 June 2022. In this report, references to 'Wesfarmers', 'the company', 'the Group', 'we', 'us' and 'our' refer to Wesfarmers Limited (ABN 28 008 984 049), unless otherwise stated.

References in this report to a 'year' are to the financial year ended 30 June 2022 (previous corresponding period 30 June 2021) unless otherwise stated. All dollar figures are Australian dollars (AUD) unless otherwise stated.

References to AASB refer to the Australian Accounting Standards Board and IFRS refers to the International Financial Reporting Standards. There are references to 'IFRS' and 'non-IFRS' financial information in this report. Non-IFRS financial measures are financial measures other than those defined or specified under any relevant accounting standard and may not be directly comparable with other companies' information. Non-IFRS financial measures are used to enhance the comparability of information between reporting periods. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, IFRS financial information and measures. Non-IFRS financial measures are not subject to audit or review.

All references to 'Indigenous' people are intended to include Aboriginal and/or Torres Strait Islander people.

Wesfarmers is committed to reducing the environmental footprint associated with the production of this annual report and printed copies are only posted to shareholders who have elected to receive a printed copy. This report is printed on environmentally responsible paper manufactured under ISO 14001 environmental standards.

APPENDIX 4E

For the year ended 30 June 2022

Results for announcement to the market	**2022**	**2021**
Revenue from ordinary activities	Up 8.5% to $36,838 million	$33,941 million
Net profit for the full-year attributable to members	Down 1.2% to $2,352 million	$2,380 million
Net tangible assets per ordinary share[1]	$2.94	$5.14
Operating cash flow per share[2]	$2.03	$2.99

[1] The calculation of net tangible assets per ordinary share (excluding reserved shares) includes right-of-use assets and lease liabilities.

[2] The calculation of operating cash flow per share has been calculated by dividing the net cash flow from operating activities by the weighted average number of ordinary shares (including reserved shares) on issue during the year.

Dividends	**Amount per security**	**Franked amount per security**
Interim dividend	80 cents	80 cents
Final dividend	100 cents	100 cents
Total FY2022 dividend	**180 cents**	**180 cents**
Previous corresponding period:		
Interim dividend	88 cents	88 cents
Final dividend	90 cents	90 cents
Total FY2021 dividend	**178 cents**	**178 cents**
Record date for determining entitlements to the final dividend	5:00pm (AWST) on 1 September 2022	
Last date for receipt of election notice for the Dividend Investment Plan	5:00pm (AWST) on 2 September 2022	
Date the final dividend is payable	6 October 2022	
Capital management	**Amount per security**	
Capital return (paid on 2 December 2021)	200 cents	

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Acknowledgement of Country

Wesfarmers proudly acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to lands and waterways upon which we depend. We pay our respects to their Elders, past and present.

Recognising its potential to advance social, economic and cultural equity for Aboriginal and Torres Strait Islander Australians, Wesfarmers supports the Uluru Statement from the Heart including the proposal to establish an Aboriginal and Torres Strait Islander Voice.

This year, Wesfarmers was honoured to be invited to produce its first 'Elevate' Reconciliation Action Plan (RAP), reflecting our longstanding commitment to reconciliation. View the Wesfarmers Elevate RAP at **www.wesfarmers.com.au**

Group structure

Bunnings

Bunnings Warehouse | Bunnings | Bunnings Trade | Bunnings Marketplace | TKD Tool Kit Depot | Beaumont Tiles

Kmart Group

Kmart | Target | catch.com.au (From 1 July 2022)

Chemicals, Energy and Fertilisers

CSBP | Covalent Lithium (50%) | QNP (50%) | AGA (75%) | Australian Vinyls | ModWood | Kleenheat | EVOL LNG

Officeworks

officeworks | geeks2u

Industrial and Safety

Blackwoods | NZ Safety Blackwoods | Workwear Group | Coregas

Health

api | Priceline Pharmacy | Clear Skincare | Club Premium | Pharmacist Advice | Soul Pattinson Chemist

OneDigital

OneDigital | OnePass | OneData | catch.com.au (From 1 July 2022)

Other activities

Flybuys (50%) | bwp Trust (24.8%) | Gresham (50%) | Wespine (50%) | Coles (2.8%)

Primary objective

Our primary objective is to deliver a satisfactory return to shareholders.

We believe it is only possible to achieve this over the long term by:

- anticipating the needs of our customers and delivering competitive goods and services
- looking after our team members and providing a safe, fulfilling work environment
- engaging fairly with our suppliers, and sourcing ethically and sustainably
- supporting the communities in which we operate
- taking care of the environment
- acting with integrity and honesty in all of our dealings

Performance highlights

Revenue

$36.8b

↑ 8.5%

Net profit after tax

$2.35b

↓ 2.9%

Excluding significant items

Dividends per share
Fully franked

$1.80

↑ 1.1%

Return on equity (R12)

29.4%

↑ 3.3ppt

Salaries, wages and other benefits

$5.6b

Government taxes and other charges

$1.3b

Safety

↓ 4.2%

Reduction in total recordable injury frequency rate to 9.2, excluding the Health division

Indigenous team members

3.3%

Indigenous employment parity regained, excluding the Health division

Greenhouse gas emissions
Scope 1 & 2

↓ 7.4%

Reduction in Scope 1 and 2 market-based emissions, excluding the Health division

Value-creating strategies

Operating excellence

Strengthening existing businesses through operating excellence and satisfying customer needs.

Entrepreneurial initiative

Securing growth opportunities through entrepreneurial initiative.

Renewing the portfolio

Renewing the portfolio through value-adding transactions.

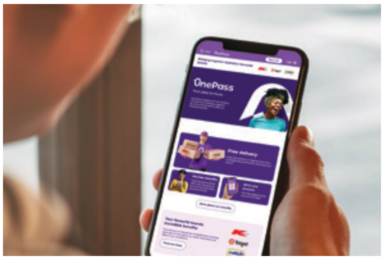
Operating sustainably

Ensuring sustainability through responsible long-term management.

Progress against priorities

Invest in platforms for long-term growth

- Progressed the development of Mt Holland lithium project
- Established a new Health division with API the foundation business
- Exploring capacity expansion and adjacent opportunities within WesCEF
- Continued development of Bunnings commercial business, including through Tool Kit Depot and Beaumont Tiles



Data and digital

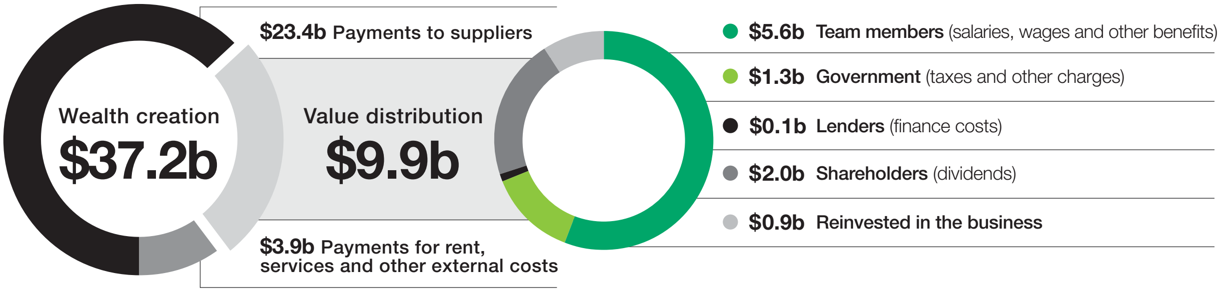
- Established OneDigital, including the shared data platform and the OnePass membership program
- Strengthened e-commerce capabilities and enhanced digital engagement with customers
- Bunnings and Officeworks partnered with Flybuys
- Embedded advanced analytics into business operations

Accelerate pace of continuous improvement

- Integrated sustainability further into divisional strategies
- Increased focus on circular economy, Scope 3 emissions, and launched WesCEF's net zero roadmap
- Reinforced price leadership on everyday items
- Strengthened divisional omnichannel capabilities and expanded online ranges
- Advanced supply chain initiatives

Performance overview

Wealth creation and value distribution



Group performance

Financial results		**2022**	2021
Revenue	$m	**36,838**	33,941
Earnings before interest and tax	$m	**3,633**	3,717
Earnings before interest and tax (after interest on lease liabilities)	$m	**3,416**	3,491
Earnings before interest and tax (after interest on lease liabilities) (excluding significant items)[1]	$m	**3,416**	3,550
Net profit after tax	$m	**2,352**	2,380
Net profit after tax (excluding significant items)[1]	$m	**2,352**	2,421
Basic earnings per share (excluding significant items)[1]	cents	**207.8**	214.1
Cash flow and dividends			
Operating cash flows	$m	**2,301**	3,383
Net capital expenditure	$m	**884**	632
Acquisition of subsidiaries, net of cash acquired	$m	**773**	2
Free cash flows	$m	**1,110**	2,741
Equity dividends paid	$m	**1,927**	2,074
Capital return paid	$m	**2,267**	-
Operating cash flow per share	cents	**203.3**	299.1
Dividends per share	cents	**180.0**	178.0
Balance sheet and gearing			
Total assets	$m	**27,271**	26,214
Net debt[2]	$m	**4,491**	227
Shareholders' equity	$m	**7,981**	9,715
Gearing (net debt to equity)	%	**56.3**	2.3
Sustainability			
Market-based Scope 1 and 2 emissions	$ktCO_2e$	**1,225.7**	1,308.9
Operational waste recovered and diverted from landfill[3]	%	**69.6**	68.1
Aboriginal and Torres Strait Islander team members[3]		**3,601**	2,994
Safety performance[3]	TRIFR	**9.2**	9.6
Gender balance, board and leadership team	% women	**48**	40

1 2021 excludes pre-tax (post-tax) $59 million ($41 million) of restructuring costs in Kmart Group.
2 Excludes lease liabilities.
3 Excluding the Health division.

Wesfarmers delivered solid financial results for the 2022 financial year while continuing to invest in existing operations and establish new businesses, in line with the Group's objective to deliver superior and sustainable long-term returns.

Divisional performance

Bunnings		2022	2021
Revenue	$m	**17,754**	16,871
Earnings before tax	$m	**2,204**	2,185
Segment assets	$m	**8,817**	8,289
Segment liabilities	$m	**6,113**	5,994
Capital employed R12	$m	**2,854**	2,651
Return on capital employed R12	%	**77.2**	82.4
Cash capital expenditure	$m	**349**	445

Kmart Group		2022	2021[1]
Revenue	$m	**9,635**	9,982
Earnings before tax	$m	**418**	693
Segment assets	$m	**6,103**	6,040
Segment liabilities	$m	**4,355**	4,656
Capital employed R12	$m	**1,825**	1,329
Return on capital employed R12	%	**22.9**	52.1
Cash capital expenditure	$m	**150**	185

Chemicals, Energy and Fertilisers		2022	2021
Revenue	$m	**3,041**	2,146
Earnings before tax	$m	**540**	384
Segment assets	$m	**4,403**	2,676
Segment liabilities	$m	**771**	473
Capital employed R12	$m	**2,503**	2,171
Return on capital employed R12	%	**21.6**	17.7
Cash capital expenditure	$m	**455**	137

Officeworks		2022	2021
Revenue	$m	**3,169**	3,029
Earnings before tax	$m	**181**	212
Segment assets	$m	**2,040**	1,892
Segment liabilities	$m	**1,041**	985
Capital employed R12	$m	**1,015**	949
Return on capital employed R12	%	**17.8**	22.3
Cash capital expenditure	$m	**68**	65

Industrial and Safety		2022	2021
Revenue	$m	**1,925**	1,855
Earnings before tax	$m	**92**	70
Segment assets	$m	**1,805**	1,712
Segment liabilities	$m	**599**	583
Capital employed R12	$m	**1,166**	1,126
Return on capital employed R12	%	**7.9**	6.2
Cash capital expenditure	$m	**64**	62

Health		2022
Revenue	$m	**1,240**
Earnings before tax	$m	**(25)**
Segment assets	$m	**2,025**
Segment liabilities	$m	**942**
Cash capital expenditure	$m	**3**

[1] 2021 earnings before tax for Kmart Group excludes $59 million of restructuring costs.

Chairman's message

For the third year in a row, FY2022 proved to be a year of great uncertainty for all companies due to the continuation of the COVID-19 pandemic across the world. In Australia, business operations were disrupted by government-imposed lockdowns, health-related absenteeism, skills shortages and supply chain bottlenecks, particularly in the first half of the financial year.

Wesfarmers' retail operations in particular felt the brunt of the lockdowns during that first half of the year when almost 10 per cent of, or 34,000, store trading days were impacted by closures or restrictions.

It is particularly gratifying that in these circumstances, once again, Wesfarmers managed to produce a solid profit result for the year. The achievement of this result was principally due to two factors: the successful efforts by management to modify their business models to suit the changed times, and the diversified nature of the Wesfarmers Group.

With regard to the first, management in the retail businesses had been working for some years to gear up for the inevitable rise of online trading and was able to accelerate this process to cope with increased online demand from customers, including for click and collect and delivery during times of shutdown. Some team members' roles were modified to accommodate the changed circumstances and the company provided additional support measures, including additional paid leave, to team members impacted by COVID-19.

The benefits of Wesfarmers' conglomerate structure were clearly demonstrated during the year, with profit falls in Kmart Group and Officeworks being compensated by increases in the Chemicals, Energy and Fertilisers, and Industrial and Safety divisions - the former resulting from increased production and commodity price rises. Bunnings achieved comparable profits to those of the previous year and continued to be the principal contributor to the Group's profits and cash flow. Further details on business unit performance is contained in the Managing Director's report and subsequent sections of this annual report.

The Group's net profit after tax in the 2022 financial year was $2.35 billion, compared with $2.38 billion in 2021. The directors determined to pay a final fully-franked dividend of 100 cents per share, bringing the total fully-franked dividends for the year to 180 cents, compared with 178 cents in FY2021.

The company's strong balance sheet enabled the payment of an additional $2.00 per share as a capital return following the approval of shareholders at the Annual General Meeting in October 2021.

While this financial performance and the payment of healthy dividends is important, the main focus of the Board and management is on long-term shareholder returns. That has been the focus since our public listing in 1984, and it is pleasing that we have been successful in that regard, with an investment in Wesfarmers providing a return around 16 times greater than that of the stock market as a whole; but how does this long-term focus manifest itself on a day-to-day basis? How does this differ from what goes on in many other companies?

The first factor is the way we have always expressed our objective or purpose as a listed company: 'To provide a satisfactory return to shareholders'. That has been our focus, as opposed, say, to being Australia's greatest retailer, conglomerate or resource company. We have always believed that having this financial focus minimises the danger of empire building where, for example, a company pays too much for an asset because it 'simply has to have it', or because it 'wants to move from number three to number two' in its industry.

The key to maintaining such a financial focus at a business unit level is to implement systems and practices which reinforce the aim, such as measuring and rewarding team members for capital discipline. For example, the measure 'return on capital' is understood well below senior management levels. Team members understand that approval by the Board of an annual capital budget simply represents an acknowledgement of what might be spent, not permission to make the actual expenditures or approval of the total amount. Each investment has to be justified financially in due course and people are rewarded not by spending the capital budget but by generating superior returns - which may mean not spending it.

In many companies new investments are based on a belief that capital is limited - that investments will be ranked so that only the highest will receive the scarce capital. We have always communicated a different message; namely, that in all but the most dire external circumstances, capital is unlimited - debt and equity providers will be willing to provide it. What is limited are investments which meet our ethical and other guidelines, with returns which exceed our minimum requirements. If a Wesfarmers business manages to find such investments, the required capital will be provided.

As we have emphasised before, this financial focus is not in conflict in any way with a company having due regard to all key stakeholders. If we don't look after our team members, suppliers, customers, our communities and the environment, people won't want to buy our products, work with us, invite us into joint ventures, sell their businesses to us, and so on. It is because our businesses have been so focused on stakeholders that they have developed such strong reputations and produced outstanding long-term shareholder returns. The two go hand-in-hand.

Maintaining a long-term focus can be particularly challenging for boards and management teams in the face of demands for short-term performance that are most prevalent in listed equity markets. No one likes to be described as having run out of steam or ideas, failing because you didn't match competitors or the stock market over the last year, or being an inferior manager. This is where it is important that management is supported by a strong board that appreciates the importance of a long-term focus.

A good example of this in Wesfarmers over the last couple of years has been our investments in the digital space. The focus and progress developing a market-leading 'data and digital ecosystem' has required the investment of hundreds of millions of dollars, most of it going as an expense straight to the bottom line and reducing reported profits. While reported as operating expenses, we consider this as much a long-term investment as traditional capital expenditure.

Of course the achievement of sound long-term returns depends not only on what takes place within our businesses, but also on the external environment too. In this regard we are facing challenging times. Putting aside troubling international political events, Australian businesses are faced with rising inflation and interest rates, and the same or worse skills shortages and supply chain bottlenecks that have plagued us in recent times. In this respect we look to government to make sure the economic settings in Australia encourage productivity, entrepreneurship and growth.

For too long, Australian governments have avoided tackling the hard issues requiring reform. Burdensome regulation renders otherwise viable investment projects harder to justify. Designed last century, our tax system is outdated and not fit-for-purpose for our changing economy: we place too high a reliance on taxing personal effort and on inefficient taxes. Tax reform needs to be comprehensive along the lines of many recommendations in the 2010 Henry Report, very few of which have been adopted. Such reforms would support future prosperity, at a time when this couldn't be more important.

Our labour relations system is also in urgent need of repair. Increasingly, employers are abandoning the higher productivity-achieving enterprise bargaining system in favour of awards. Enterprise agreement processes have become excessively complex and legalistic and the 'better off overall' test has lost its original, intended meaning. This is where the Jobs and Skills Summit, to be held in September 2022, could make a big difference. All parties need to attend that gathering with the common goal of finding reforms and ideas that benefit both employers and employees - the former with increased productivity and the latter with higher real wages.

There is a great opportunity, federally, to achieve real reform in the current term of the new government. It is up to the government to take the initiative in this area and to the Opposition to support it.

In the meantime, your company continues to be in very good shape financially and in respect of the strength of its individual businesses. Your Board is confident that Wesfarmers is well-placed to weather any storms that might arise.

I take this opportunity to thank my fellow directors for their wise counsel and support of management. They are a diverse, talented group. Our collective thanks go to management, led so capably by our CEO, Rob Scott, and to all team members for their great efforts on behalf of the company during what have been very challenging times.

Michael Chaney AO
Chairman

Managing Director's report

It is my pleasure to provide this update on the performance of Wesfarmers in the 2022 financial year.

I am pleased to report a solid financial performance for FY2022, in spite of significant COVID-related operational restrictions and disruptions, especially in the first half. The resilience of the Group and strong performance of our businesses is a testament to our team members, who helped us navigate a challenging operating environment, always focused on doing what we could to support each other, our customers, suppliers and communities.

The first half was the most disruptive period we have experienced since the onset of the pandemic. It included periods where almost half of the Group's stores were subject to trading restrictions or closures. Our trading results improved significantly as restrictions eased, with strong sales and profit growth in the second half.

Despite the significant disruption during the year, Wesfarmers maintained its focus on the long term, investing in our businesses and platforms for future growth. I am confident that our actions this year have laid strong foundations for the Group to continue delivering shareholder returns over the long term.

With our almost 120,000 team members, many millions of customer interactions a week and diverse businesses, the Group has a unique insight into the health and wellbeing of the community. We have seen first-hand the social, economic and health impact of the pandemic and COVID-related restrictions. Reflecting on the last two years, I am proud of the leadership role we played in prioritising health, wellbeing and safety, from both COVID-19, and the broader impact of the pandemic including extended lockdowns and restrictions.

During the year we supported the delivery of over 140,000 vaccinations at Bunnings sites, in collaboration with governments. The Group continued to provide paid pandemic leave to team members and paid all permanent and many casual team members through periods of prolonged lockdown, even when there was no meaningful work for them, and when they were required to isolate. This investment, which totalled approximately $49 million over the year, provided certainty to team members and their families.

Many of our operational responses to COVID-19 are now integrated into our normal processes. These measures align with our longstanding focus on workplace safety which supported a 4.2 per cent improvement in the total recordable injury frequency rate during the year.

I'm proud that we regained Indigenous employment parity during the first half, a year ahead of plan. We also launched our latest Reconciliation Action Plan, which for the first time received 'Elevate' status – the highest level of endorsement from Reconciliation Australia.

Recognising its link to long-term value, we continued to build climate resilience in our businesses. As detailed in our climate disclosures, our divisions achieved a 7.4 per cent reduction in market-based Scope 1 and 2 emissions, excluding the Health division, making good progress towards their net zero Scope 1 and 2 emissions targets. WesCEF announced its roadmap to achieve net zero Scope 1 and 2 emissions by 2050, and Industrial and Safety has recently introduced new net zero Scope 1 and 2 emissions commitments. We also launched our second sustainability-linked bond during the year, evidencing the alignment between our sustainability and capital management strategies.

OUR PERFORMANCE

The Group generated net profit after tax (NPAT) of $2,352 million in the 2022 financial year. Excluding significant items in the prior period, NPAT declined 2.9 per cent.

Trading results improved during the year as COVID-related restrictions eased, and the Group delivered strong NPAT growth of 13.1 per cent for the second half.

Bunnings achieved pleasing revenue and earnings growth, reflecting the resilience of its model and ongoing strong execution of its strategic agenda. During the year, Bunnings expanded its commercial capability and enhanced the shopping experience for instore and online customers, continuing to expand its range, store network and fulfilment capabilities.

Kmart Group was significantly impacted by COVID-related restrictions, including store closures, during the first half. While Kmart and Target's trading performance improved significantly as restrictions eased, with strong earnings growth of 19.4 per cent in the second half, this was more than offset by the negative impact of COVID-related restrictions in the first half. Kmart and Target benefited from recent strategies to reset the store network, and a disciplined focus on productivity and cost control. Good progress was made during the second half to manage inventory levels.

Catch's gross transaction value (GTV) increased 1.6 per cent, with growth in the marketplace offering partially offset by a moderation in the in-stock business. To support our long-term vision for Catch, we are investing in the team, automation, fulfilment and marketing.

WesCEF's revenue increased 41.7 per cent for the year, with record earnings reflecting higher global commodity prices for LPG, fertilisers and ammonia-related products. Pleasingly, our disciplined investments made over time have delivered increased productivity during this period of elevated commodity prices.

Officeworks was significantly impacted by COVID-related disruptions, including temporary store closures and higher costs of doing business. Despite these challenges, the business continued to invest in fulfilment centres and data and digital initiatives, including the partnership with Flybuys.

Industrial and Safety continued to improve, with earnings 31.4 per cent above the prior year. The earnings result was supported by sales growth and increased operational efficiencies.

PORTFOLIO ACTIONS

Wesfarmers' approach to portfolio management allows the Group to allocate capital to opportunities that will deliver satisfactory returns to shareholders over the long term. This forward-looking, dynamic approach recognises that markets and opportunities change over time. In recent years, digitalisation and decarbonisation of the economy have gained momentum, and Wesfarmers' divisions are investing and well positioned to benefit from these trends. During the year, we made significant progress developing new platforms for growth, while retaining our disciplined approach to investment.

Construction continues on the Mt Holland lithium project, with first production of lithium hydroxide expected in the second half of 2024. The project continues to benefit from decarbonisation ambitions which support strong lithium market fundamentals.

We recently established OneDigital, which brings together the Group's digitally native businesses. This includes our membership program OnePass, our shared data asset and, from July 2022, the Catch business. OneDigital is in an investment and development phase, and over time it will generate new revenue and earnings streams for the Group.

On 31 March 2022, Wesfarmers completed the acquisition of Australian Pharmaceutical Industries Ltd (API), which is the foundation business of our new Health division. We see opportunities to strengthen the competitive position of API, and to invest in the growing health, beauty and wellbeing sector.

In November 2021, Bunnings completed the acquisition of Beaumont Tiles, which supports the expansion of Bunnings' commercial offer and specialist brands strategy.

LEADERSHIP TEAM

We were pleased to welcome Nicole Sheffield and Emily Amos to the Leadership Team, leading the OneDigital and Health divisions respectively. These divisions are well positioned to deliver attractive returns to shareholders over the long term and we look forward to Nicole and Emily's valuable contributions to the Group.

At Wesfarmers, we focus on talent development and career mobility. During the year, we were pleased to appoint Ed Bostock as CFO of the new Health division, having led the acquisition of API in his capacity as Managing Director of Business Development. With Ed's move, we appointed Aaron Hood to lead Business Development, having previously served as CFO of WesCEF.

OUTLOOK

While overall economic conditions in Australia are supported by low unemployment and high levels of accumulated household savings, there are some risks on the horizon with elevated inflation and rising interest rates. In the past, Wesfarmers has withstood a range of market conditions by remaining focused on our corporate objective – to deliver a satisfactory return to shareholders over the long term. I am confident that this focus will continue to serve us well in FY2023 and beyond.

We believe the Group is well positioned in the current environment.

We have a fantastic, committed team that thrives on the opportunity to manage businesses for the long term. I am always impressed by the dedication and depth of talent in our teams, and their capacity for entrepreneurialism.

Our balance sheet is strong, supported by recent bond issuances that secured a low cost of debt. We have worked hard to ensure that our balance sheet is able to absorb external shocks while enabling the Group to continue to take advantage of investment opportunities as they arise.

We have a portfolio of diverse, cash-generative businesses with market-leading positions. The essential and diversified nature of our products and services across consumer and commercial markets ensures that we are well positioned to deal with a range of economic scenarios.

Importantly, our businesses are well-equipped to manage inflationary pressures. The Group has a unique capacity to leverage its scale and sourcing capabilities to mitigate the impact of rising costs.

For our retail businesses, we see inflation as an opportunity to profitably grow share while extending our value credentials. As customers become more focused on value, our major retail brands will benefit from their well-known everyday low price credentials.

At our Strategy Briefing Day, I provided an update on our current priorities: investing in platforms for long-term growth, developing a market-leading data and digital ecosystem and accelerating the pace of continuous improvement. While I'm pleased with our progress in the 2022 financial year, which has set us up well for the future, there remains much to be done.

The Group's retail businesses will maintain their focus on meeting changing customer needs and delivering even greater value, quality and experience. Investments in data and digital capabilities are expected to improve our customer value proposition, expand addressable markets and deliver operating efficiencies.

The performance of the Group's industrial businesses remain subject to international commodity prices, foreign exchange rates and seasonal outcomes.

Finally, I would like to extend my thanks to our dedicated team members across the Group for their contributions, as well as the Board for their invaluable support and guidance during yet another challenging year. I would particularly like to acknowledge the FY2022 leadership team of Mike Schneider, Ian Bailey, Ian Hansen, Sarah Hunter, Tim Bult, Nicole Sheffield, Emily Amos, Anthony Gianotti, Jenny Bryant, Naomi Flutter, Maya vanden Driesen, Vicki Robinson and Ed Bostock. You all made an outstanding contribution and I thank you for your support and commitment.

Rob Scott
Managing Director

Leadership Team

1. Rob Scott

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER
WESFARMERS

Rob was appointed Managing Director and Chief Executive Officer of Wesfarmers in November 2017 following his appointment as Deputy Chief Executive Officer in February 2017.

Rob joined Wesfarmers in 1993, before moving into investment banking, where he held various roles in Australia and Asia. He re-joined Wesfarmers in Business Development in 2004, was appointed Managing Director of Wesfarmers Insurance in 2007 and then Finance Director of Coles in 2013. Rob was appointed Managing Director, Financial Services in 2014 and then Managing Director of the Wesfarmers Industrials division from August 2015 to August 2017. Rob is also Chairman of Rowing Australia, a director of the Brisbane 2032 Olympic Organising Committee, Gresham Partners and the Business Council of Australia.

2. Anthony Gianotti

CHIEF FINANCIAL OFFICER
WESFARMERS

Anthony was appointed Chief Financial Officer of Wesfarmers in November 2017.

Anthony joined Wesfarmers in 2004 in Business Development and in 2005 was appointed Manager, Investor Relations and Business Projects. In 2006, he was appointed Head of Business Development and Strategy of Wesfarmers Insurance, then its Finance Director in 2009 and Managing Director in 2013. In August 2015, Anthony was appointed Finance Director of the Wesfarmers Industrials division and its Deputy Managing Director in February 2017. He is also a director of West Australian Opera.

3. Maya vanden Driesen

GROUP GENERAL COUNSEL
WESFARMERS

Maya was appointed Group General Counsel of Wesfarmers in January 2015. Prior to this, Maya held a number of senior roles in the company including Legal Counsel – Litigation, Senior Legal Counsel and General Manager Legal – Litigation. Before joining Wesfarmers, Maya practised law at Parker & Parker and Downings Legal.

Maya is a Graduate of the Australian Institute of Company Directors and sits on the Executive Committee of the GC 100, representing the General Counsel of Australia's top 100 ASX-listed companies within the Association of Corporate Counsel (Australia).

Maya is also a member of Chief Executive Women, the UWA Law School's Advisory Board, Director for the Committee for Perth and joined the Board of the Bell Shakespeare Company in May 2021.

4. Michael Schneider

MANAGING DIRECTOR
BUNNINGS GROUP

Michael was appointed Managing Director of Bunnings Australia and New Zealand in March 2016 and Managing Director of Bunnings Group in May 2017.

Michael joined Bunnings in 2005, and prior to this he held a range of senior operational, commercial and human resource roles across regional and national markets, both in retail and financial services.

Outside of Bunnings, Michael supports a range of not-for-profit and community organisations. He holds board roles with the Corporate Mental Health Alliance of Australia, Melbourne United basketball club and the Global Home Improvement Network. In addition, Michael chairs FightMND and the Love Me Love You Foundation.

5. Ian Bailey

MANAGING DIRECTOR
KMART GROUP

Ian was appointed Managing Director of Kmart in February 2016 and assumed the responsibility for leading the Kmart Group division (encompassing the Kmart, Target and, until 1 July 2022, Catch businesses) in November 2018. Previously, Ian was Kmart's Chief Operating Officer where he was instrumental in Kmart's turnaround.

Ian's national and international experience covers a number of industries including retail, professional services, consulting, technology and healthcare in positions that include general management, sales, business development and project management.

6. Sarah Hunter

MANAGING DIRECTOR
OFFICEWORKS

Sarah was appointed Managing Director of Officeworks in January 2019. Prior to this, Sarah was the Demerger Program Director at Coles, overseeing the successful implementation of the demerger of the business from Wesfarmers in November 2018.

Sarah joined Coles in 2010, and held various senior positions including Financial Controller, State General Manager Victoria, General Manager Workplace Strategy and roles in convenience, liquor and supermarket operations.

Before joining Coles, Sarah worked in the United Kingdom for more than 10 years, holding a number of senior commercial positions in banking and airports including Strategy and Finance Director for Gatwick Airport from 2006 to 2010.

Sarah is a Fellow of the Association of Chartered Certified Accountants, a Fellow of the Financial Services Institute of Australasia, a member of the Australian Institute of Company Directors and a member of Chief Executive Women.

7. Emily Amos

MANAGING DIRECTOR
HEALTH

Emily was appointed Managing Director of Health in April 2022, and leads the development of health-related opportunities following Wesfarmers' acquisition of Australian Pharmaceutical Industries Ltd.

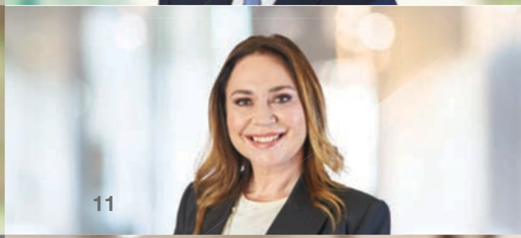
Prior to joining Wesfarmers, Emily's most recent roles include Managing Director of BUPA Health Insurance and Managing Director of BUPA Health Services in Australia and New Zealand.

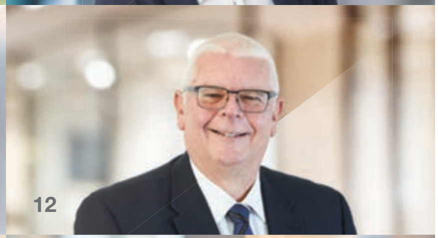
Emily is a former non-executive director of Adore Beauty and has significant retail experience through positions in Australia and the UK, in finance and strategy. Emily is also a member of Chief Executive Women.

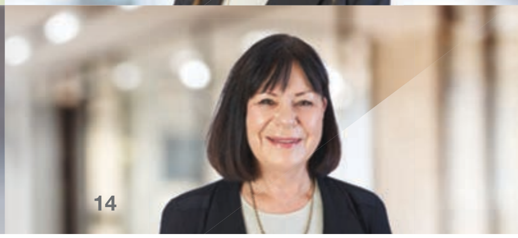
8. Ed Bostock

MANAGING DIRECTOR,
BUSINESS DEVELOPMENT
WESFARMERS

Ed joined Wesfarmers in October 2017 as Managing Director, Business Development, a role he held until April 2022. Before joining Wesfarmers, Ed worked in the private equity industry for more than 16 years, including the last 10 years with global investment firm Kohlberg, Kravis & Roberts. Ed has managed investments across a broad range of industries including healthcare, financial services, technology and media. Ed was appointed Chief Financial Officer, Health on 1 April 2022.







9. Vicki Robinson

EXECUTIVE GENERAL MANAGER, COMPANY SECRETARIAT WESFARMERS

Vicki was appointed Executive General Manager, Company Secretariat in March 2020 and is the Company Secretary of Wesfarmers.

Prior to this, Vicki was General Manager, Legal (Corporate), playing a key role in many of Wesfarmers' key corporate transactions. Vicki joined Wesfarmers in July 2003 as a Legal Counsel with the Corporate Solicitors Office. In 2007, Vicki moved to the role of General Manager for enGen, and returned to the Corporate Solicitors Office in 2009.

Vicki currently chairs the Advisory Board of Curtin University Law School.

10. Tim Bult

MANAGING DIRECTOR WESFARMERS INDUSTRIAL AND SAFETY

Tim was appointed Managing Director of Wesfarmers Industrial and Safety in April 2020.

Having joined Wesfarmers in 1999, Tim worked in commercial and business development roles within the Wesfarmers Energy division, before his appointment as General Manager of Wesfarmers Kleenheat Gas in 2005. In 2006, he was appointed Managing Director of Wesfarmers Energy. He was Executive General Manager, Business Development from July 2009 to August 2015. Tim was appointed Director, Associate Businesses and International Development of Wesfarmers in August 2015 and in 2018 was appointed Project Director for the demerger of Coles. In 2019, he was appointed Director, Associate Businesses and Corporate Projects at Wesfarmers.

11. Nicole Sheffield

MANAGING DIRECTOR ONEDIGITAL

Nicole was appointed Managing Director of OneDigital in November 2021, and leads the strategy and implementation of the Group-wide data and digital ecosystem. This includes the OnePass membership program and OneData, formerly the Advanced Analytics Centre and from 1 July 2022, the Catch business.

Prior to joining Wesfarmers, Nicole held a number of leadership roles. She was the Executive General Manager, Community & Consumer, at Australia Post where she led the Australia Post retail network of 4,400 post offices, all digital channels and the customer contact centre. Previous roles include Chief Digital Officer and Managing Director, Digital Networks at News Corp Australia, overseeing digital strategy, audience and subscription growth, and Chief Executive of NewsLifeMedia, leading the lifestyle publishing division.

Nicole is the President of the Australian Retailers Association Council and a Director of Chief Executive Women.

12. Ian Hansen

MANAGING DIRECTOR WESFARMERS CHEMICALS, ENERGY & FERTILISERS

Ian has led the Wesfarmers Chemicals, Energy & Fertilisers division since July 2016. Prior to this, Ian was the Chief Operating Officer of that business. From October 2007 to July 2010 he was the Managing Director of the Chemicals and Fertilisers division.

During Ian's almost 40 years with Wesfarmers, he has held a wide range of executive, operational and commercial management roles, primarily within the chemical, energy and fertiliser businesses.

In addition to being a director of a number of Wesfarmers joint ventures, Ian is a member of the boards of several industry bodies including the International Fertilizer Association, Chemistry Australia, the Australian Latin American Business Council and previously the Kwinana Industries Council and Australian Institute of Management.

13. Naomi Flutter

EXECUTIVE GENERAL MANAGER, CORPORATE AFFAIRS WESFARMERS

Naomi joined Wesfarmers as Executive General Manager, Corporate Affairs in August 2018.

Prior to this, Naomi worked for Deutsche Bank for 20 years, in roles including head of the Global Transaction Banking division for Australia and New Zealand and head of the Trust and Agency business across Asia.

Naomi currently serves on the Council of the Australian National University where she is the Pro Chancellor and is a member of Chief Executive Women.

14. Jenny Bryant

CHIEF HUMAN RESOURCES OFFICER WESFARMERS

Jenny was appointed Chief Human Resources Officer of Wesfarmers in October 2016. Prior to this, Jenny held the role of Human Resources Director for Coles from 2011 to 2015 and then the role of Business Development Director, Coles.

Her previous work experience encompasses Mars, Vodafone and EMI Music in a number of global roles in operations, sales and marketing and human resources.

Jenny is a Director of the Flybuys joint venture with Coles Group Limited and a member of Chief Executive Women.

15. Aaron Hood

EXECUTIVE GENERAL MANAGER, BUSINESS DEVELOPMENT WESFARMERS

Aaron was appointed interim Executive General Manager, Business Development in July 2022.

Prior to this, Aaron was Chief Financial Officer of Wesfarmers Chemicals Energy & Fertilisers from 2019, having joined Wesfarmers in 2017 as General Manager, Business Development. Aaron started his career with Macquarie Bank in Sydney, before moving into the private equity industry and leading investments for a prominent Australian family office. He invested across a range of industries in Australia and New Zealand with a focus on the retail, manufacturing and mining sectors.

Aaron is a director of Covalent Lithium, representing Wesfarmers' investment in the joint venture company developing the Mt Holland lithium project.

Operating and financial review

At Wesfarmers, our primary objective is to deliver satisfactory returns to shareholders over the long term through active capital allocation, financial discipline and quality management of a diversified portfolio of businesses.

This operating and financial review sets out the Group's objective, strategies and values. It also provides a review of our operational performance for the 2022 financial year and a summary of the Group's risks and outlook. The 2022 financial performance is outlined for each division, together with a summary of its competitive environment, strategies, risks and prospects. This year, the operating and financial review introduces summaries for the Health and Wesfarmers OneDigital divisions.

A key focus of the Group is ensuring that each of our divisions has a strong management team that is accountable for strategy development and execution, as well as day-to-day operational performance. Wesfarmers' model of divisional autonomy drives accountability and focus within the divisions, with access to capital, and specialist support available within corporate and throughout the Group.

During the 2022 financial year, the Group continued to respond to disruptions and uncertainties in the external environment while maintaining its focus on active capital allocation, portfolio management and disciplined working capital management. These consistent areas of focus are directed at supporting the Group's objective and our actions through the 2022 financial year reflect the long-term focus that Wesfarmers brings to investment decisions.

The Group's operations are supported by strong commercial and management capabilities across our operating divisions and through our corporate office functions, together with rigorous Group-wide governance.

I am pleased that we have continued to expand our sustainability disclosures in this annual report and on our website and have further integrated the Group's sustainability and financial reporting. Our ambitions for sustainability-related actions continue to evolve and responsible management remains key to our value-creating strategies, recognising the strong linkages to financial performance over the long term. This is the fifth year Wesfarmers has reported using the Taskforce on Climate-related Financial Disclosures (TCFD) standards and further information is included from page 73 of this annual report.

The review should be read in conjunction with the financial statements, which are presented on pages 129 to 177 of this annual report.

Anthony Gianotti

Chief Financial Officer

The Wesfarmers Way

From our origins in 1914 as a Western Australian farmers' cooperative, Wesfarmers has grown into one of Australia's largest listed companies and private sector employers, with almost 120,000 team members, including approximately 3,600 Indigenous team members, and more than 515,000 shareholders.

Wesfarmers' diverse businesses in this year's review cover: home improvement, outdoor living and building materials; general merchandise and apparel; office and technology products; health, beauty and wellbeing products; wholesale pharmacy distribution; manufacturing and distribution of chemicals and fertilisers; mine development and construction; industrial and safety product distribution; gas processing and distribution; and a data and digital ecosystem. Wesfarmers' businesses predominantly operate in Australia and New Zealand with the portfolio including some of these countries' leading brands.

The Wesfarmers Way guides the company's operating model and sets out our core values and value-creating strategies, which are directed at achieving the Group's primary objective of providing a satisfactory return to shareholders.

OUR PRIMARY OBJECTIVE

To deliver a satisfactory return to shareholders

VALUE-CREATING STRATEGIES

Strengthen existing businesses through operating excellence and satisfying customer needs	Secure growth opportunities through entrepreneurial initiative	Renew the portfolio through value-adding transactions	Ensure sustainability through responsible long-term management

CORE VALUES

Integrity	Openness	Accountability	Entrepreneurial spirit

Our objective

Wesfarmers' primary objective is to provide a satisfactory return to shareholders. The measure used by the Group to assess satisfactory returns is total shareholder return (TSR) over the long term. We measure our performance by comparing Wesfarmers' TSR against that achieved by the broader Australian market.

Performance measures

Growth in TSR is achieved by improving returns from invested capital relative to the cost of that capital and by growing the capital base at a satisfactory rate of return on capital (ROC).

Given TSR performance is influenced by the movement in Wesfarmers' share price, which can be affected by factors outside the control of the company (including market sentiment, business cycles, interest rates and exchange rates), the Group focuses on return on equity (ROE) as a key internal performance indicator.

While ROE is recognised as a fundamental measure of financial performance at a Group level, ROC has been adopted as the principal measure of performance for the mature businesses. ROC focuses divisional businesses on increasing earnings and/or increasing capital productivity by managing existing assets efficiently, as well as making an adequate return on any new capital deployed.

In considering opportunities to drive performance against targets and support long-term value creation, divisional businesses have regard to key operational and customer metrics.

Targets are reviewed annually with reference to the performance of the broader market.

For emerging and digital businesses where ROC is not always appropriate, additional operating metrics and frequent performance reviews are also used to ensure that commercial disciplines are maintained.

Approach to delivering satisfactory returns to shareholders

The Group seeks to:

- enhance the competitive position of existing businesses;
- continue to invest in Group businesses where capital investment opportunities exceed return requirements;
- acquire or divest businesses where doing so delivers an increase in long-term shareholder value; and
- manage the Group's balance sheet to achieve an appropriate risk profile, an optimised cost of capital and flexibility to take advantage of opportunities as they arise.

CASH FLOW GENERATION

- Drive long-term earnings growth
- Manage working capital effectively
- Strong capital expenditure processes
- Invest above the cost of capital
- Maintain financial discipline

In generating cash flow and earnings, the Group seeks to employ excellent management teams that are empowered to drive long-term earnings growth. This is achieved through deploying best practice principles in operational execution and maintaining a long-term focus in regards to strategy and growth.

The Group ensures strong discipline in relation to capital investment decisions and maintains a strong focus on effective working capital management in all of its businesses.

BALANCE SHEET STRENGTH

- Diversity of funding sources
- Optimise funding costs
- Maintain strong credit metrics
- Risk management of maturities

The Group endeavours to achieve a cost of capital advantage while maintaining balance sheet strength and flexibility in order to be able to act when opportunities arise. This includes maintaining access to diverse sources of funding, including bank facilities and global bond markets, and optimising funding costs. The Group maintains strong credit metrics, in line with strong investment grade credit ratings, supported by good cash flow generation and disciplined capital management. Risk is managed by smoothing debt maturities over time, limiting total repayments in any given year.

DELIVERY OF LONG-TERM SHAREHOLDER RETURNS

- Improve returns on invested capital
- Efficient distribution of franking credits to shareholders
- Effective capital management

With a focus on generating strong cash flows and maintaining balance sheet strength, the Group aims to deliver satisfactory returns to shareholders by growing earnings and improving returns on invested capital.

Recognising the value of franking credits to shareholders, Wesfarmers also seeks to distribute these to shareholders.

Depending upon circumstances, capital management decisions may also be taken from time to time where this activity is in shareholders' interests.

Approach to capital allocation

The Group evaluates a broad range of investment opportunities. Importantly, in assessing these opportunities, the Group applies a long-term horizon to investment decisions and incorporates a detailed assessment of sustainability considerations focused on our most material sustainability issues. The Group maintains strong commercial discipline in its approach to evaluating opportunities, with the most important criteria being whether the investment is going to create value for shareholders over time.

EXISTING PORTFOLIO

Deploying capital in its existing portfolio to drive productivity and to build businesses with unique capabilities and platforms in expanding markets.

ADJACENT OPPORTUNITIES

Leveraging existing assets and capabilities to take advantage of adjacent opportunities that provide new sources of long-term growth.

VALUE-ACCRETIVE TRANSACTIONS

Disciplined investments in opportunistic and value-accretive transactions through various ownership models, e.g. minority interest, full control and partnerships.

Our value-creating strategies

Consistent with the Wesfarmers Way, the Group's primary objective to provide a satisfactory return to shareholders is driven by four overarching strategies.

OPERATING EXCELLENCE

Strengthening existing businesses through operating excellence and satisfying customer needs.

Our achievements

- Continued improvements in our customer offers, including reinvesting in value to drive business growth and improving merchandise ranges.
- Prioritised stock availability with decisions to temporarily carry higher levels of stock in some categories in order to mitigate supply chain interruptions.
- Further investment in our omnichannel offer across all retail businesses, and significant expansion of the Group's online presence with $4.0 billion in online sales, including the Catch marketplace, and more than 100 million digital interactions with customers each month.[1]
- Focused on production plant efficiency and maintaining and growing customer relationships in our industrial businesses.
- Continued investment in technology enhancements to deliver operating efficiencies across supply chain and fulfilment.
- Further investment in initiatives to drive improvements in the customer offer with a focus on instore experience, range expansion, technology enhancement and customer personalisation.
- Maintained focus on talent through hiring, and training processes.

Our focus for the coming years

- **Bunnings** will maintain its focus on driving long-term value creation by strengthening the customer offer, creating better experiences for customers and the wider community, expanding data and digital capabilities, growing the store network, accelerating trade growth and broadening commercial markets while maintaining cost discipline.
- **Kmart** will focus on investing for future growth by progressing the development of technology capabilities throughout its operating model, improving the online offer and increasing personalisation, allowing the business to better anticipate customer needs and improve the customer experience.
- **Target** will continue to improve its product offer and digital capabilities to deliver affordable quality with a more personalised experience.
- **WesCEF** will focus on maintaining strong operational performance across existing businesses, supporting Covalent in ensuring successful execution of the Mt Holland lithium project, and investing in innovative technologies and products.
- **Officeworks** will continue to use best practice technology to deliver an improved customer experience and reduce costs, invest in opportunities to grow and expand its market position and make working from home and flexible working easy and engaging for the employer and employee.
- **Industrial and Safety** will continue to work on improving business performance through enhancing the customer value proposition, as well as continued investment in data, digital and its core systems.
- **Health** will focus on the integration of API and opportunities to improve the competitive position of API and its pharmacist partners, including through investment in data and digital capabilities.
- **OneDigital** is focused on providing data and digital capabilities that are complementary and incremental to the retail businesses, as well as generating value for customers and divisions. OneDigital will continue to develop the OnePass membership program and the OneData data asset. Catch will focus on building the infrastructure and capabilities to support its long-term growth aspirations.

[1] Represents monthly average over the last twelve months to 30 June 2022. Includes retail businesses only.

ENTREPRENEURIAL INITIATIVE

Securing growth opportunities through entrepreneurial initiative.

Our achievements

- Evolution of the Advanced Analytics Centre (AAC) into OneData, supporting the divisions to drive customer data insights and provide operating efficiencies.
- Established OneDigital, which will bring together OnePass, OneData and Catch to enable the Group's data and digital growth ambitions, increasing customer lifetime value and accelerating growth in the Group's divisions.
- Investment in the Group's digital capabilities including the re-platforming of Bunnings' website and investments in technology to improve and strengthen Kmart's lowest cost position.
- Expanded use of data analytics to optimise chemical plant performance.
- Continued offer and format innovation across the retail businesses, including Officeworks' launch of Flexiworks.
- Ongoing strategic investment and collaboration with Square Peg.

Our focus for the coming years

- Continue to reinforce entrepreneurial initiative.
- Continue to investigate opportunities to expand production capacity in Chemicals and Energy businesses, including assessment of new technologies.
- Leverage assets and digital expertise across the Wesfarmers Group to broaden multi-channel offerings across the retail businesses.
- Continue to develop OneDigital, including through the expansion of the OnePass membership program.
- Invest in a multi-year digitally enabled store operating model and supply chain at Kmart to transform the instore customer experience and deliver operational efficiencies.
- Align future growth opportunities with our net zero for Scope 1 and 2 emissions targets for our retail businesses by 2030 and WesCEF by 2050.
- Explore climate-related technologies and opportunities across the Group.

RENEWING THE PORTFOLIO

Renewing the portfolio through value-adding transactions.

Our achievements

- Established the Health division, with API forming the foundation business and providing Wesfarmers with exposure to the growing health, beauty and wellbeing sector.
- Completed the acquisition of Beaumont Tiles, to deliver more choice and convenience for Bunnings' specialist trade customers.
- Rebranded and repositioned the Club Catch membership program as OnePass, which will provide members with additional benefits and convenience when shopping across the Group's retail businesses.
- Continued optimisation of store networks across Kmart Group and Bunnings.

Our focus for the coming years

- Continue to progress development of the Mt Holland lithium project and the integration of API.
- Maintain a strong focus and capability to evaluate growth opportunities where long-term shareholder value can be created.
- Consider innovative investment approaches to complement traditional growth models and provide future optionality.
- Maintain a patient, disciplined and broad-scanning approach to investment opportunities.
- Apply rigorous due diligence and post-acquisition integration processes.
- Maintain a strong balance sheet to enable the Group to act opportunistically.
- Consider opportunities to divest assets either in full or in part, where long-term shareholder value can be created.

OPERATING SUSTAINABLY

Ensuring sustainability through responsible long-term management.

Our achievements

- Maintained an appropriately strong and flexible balance sheet to support increased investment in strategic initiatives across the Group, including through the issuance of a EUR600 million (A$938 million) sustainability-linked bond in the European debt capital markets.
- Continued to improve safety performance, with a 4.2 per cent reduction in the Group's total recordable injury frequency rate (TRIFR).
- Maintained a strong focus on the development of leaders and the broader team.
- Continued to promote diversity in our workplaces, including by increasing Indigenous representation in our workforce by 20 per cent from 2,994 team members in June 2021 to 3,601 team members in June 2022, and with progress towards gender balance.
- Managed talent development and succession in collaboration with our businesses to identify and develop succession options, focusing on critical roles and talent.
- Continued to pay team members during prolonged COVID-related lockdowns, even in the event there was no meaningful work for them.
- Continued to support the communities in which we operate, with indirect and direct contributions of $53.7 million made in the 2022 financial year.
- Delivered progress against the Group's Climate Policy, with a 7.4 per cent reduction in market-based Scope 1 and 2 emissions across the Group, excluding the Health division, as well as the announcement of WesCEF's roadmap to net zero Scope 1 and 2 emissions by 2050.
- Maintained strong focus on our divisional ethical sourcing programs to increase supply chain transparency and to identify, report, and remediate instances of behaviour which is not consistent with our policies.

Our focus for the coming years

- Maintaining balance sheet flexibility to allow the Group to withstand a range of economic conditions while continuing to support its operating activities and pursuit of investment opportunities.
- Continue to provide appropriate governance structures to safeguard future value creation.
- Continue to foster a more inclusive work environment which reflects the diversity in our community, including gender identity, race, ethnicity, indigeneity, thought, experience, religious beliefs, education, age, disability, family responsibilities and sexual orientation.
- Invest in improved sustainability reporting systems.
- Seek to achieve gender balance of all teams throughout the Group, with gender balance defined as a minimum of 40 per cent of female and male genders.
- Continue to look after the physical and mental health, safety and development of our people.
- Continue to focus on minimising our environmental footprint, implementing our climate change strategy and progressing towards meeting our net zero emission targets and aspirations.
- Contribute positively to the communities in which we operate.
- Continue to focus on ethical sourcing and modern slavery risk in supply chains, striving to eradicate the exploitation of vulnerable people.
- Build further awareness of the circular economy into all businesses.
- Increase focus on reconciliation and engagement with Indigenous people and maintaining our goal of employment parity.

Our value-creating strategies

Each strategy is underpinned by the Group's well-established strategic planning framework. The key attributes of this approach are maintaining a long-term focus and acting sustainably in the creation of value and management of our businesses.

At a divisional level, detailed strategies are developed specific to the opportunities to improve each of our individual businesses. Divisional strategies are discussed within their respective summaries, starting on page 26 of this annual report. A core attribute of the Wesfarmers operating model is that each of our businesses operates with a high degree of autonomy rather than mandating detailed strategies or implementation plans.

The Group aims to ensure that the following seven key enablers are in place in our businesses, with a goal of driving operating performance to best practice.

OUTSTANDING PEOPLE

Wesfarmers seeks to be an employer of choice. Striving to attract a diverse group of outstanding people and utilising their individual talents is one of the most essential elements in achieving sustainable success. Wesfarmers recognises that while great assets and strategies are important, it is people who drive outcomes.

EMPOWERING CULTURE

Wesfarmers recognises that an empowering culture is essential to engendering accountability for delivering the results agreed upon through the Group's corporate planning framework. Wesfarmers uses stretch targets in objective setting and encourages team members to be proactive in driving long-term value creation in their businesses.

COMMERCIAL EXCELLENCE

Wesfarmers seeks to ensure that it employs strong financial discipline in all of its decisions across the Group. Wesfarmers has a clear bias towards promoting strong commercial capability across its leadership base.

INNOVATION

Wesfarmers strives to develop a culture that encourages innovation, and rewards entrepreneurial initiative and creativity.

ROBUST FINANCIAL CAPACITY

By maintaining a strong balance sheet, the Group aims to provide a competitive cost of, and access to, capital in order to allow the Group to invest in its existing portfolio of businesses and to act when value-creating opportunities arise.

SOCIAL RESPONSIBILITY

Respect for team members, customers and suppliers and a relentless focus on providing safe workplaces are fundamental to the way that Wesfarmers operates. Wesfarmers' social responsibility extends to maintaining high standards of ethical conduct, human rights and community contribution.

SUSTAINABILITY

Wesfarmers seeks to operate its businesses sustainably. This includes a focus on using natural resources responsibly, managing businesses with deep carbon awareness and reducing the Group's impacts on the environment.

Core values

Our core values underpin all of the Group's strategies and ways of working.

Integrity

Acting honestly and ethically in all dealings

Reinforcing a culture of doing what is right

Accountability

Decision-making authority in divisions

Accountability for performance

Protecting and enhancing reputation

Openness

Openness and honesty in reporting, feedback and ideas

Accepting that people make mistakes and seeking to learn from them

Entrepreneurial spirit

Adopt an owner mindset

Encourage teams to identify opportunities and apply commercial and financial acumen to support calculated risk-taking

Encourage teams to take initiative and pursue new and innovative ways of delivering value

Year in review

OVERVIEW

The Group reported a statutory net profit after tax of $2,352 million for the full-year ended 30 June 2022. Excluding significant items in the prior period, NPAT declined 2.9 per cent for the year.

The Group's financial results for the year reflect the material impact of COVID-19 on trading conditions during the first half, which included weeks where almost half of the Group's retail stores were either subject to trading restrictions or closed. In the second half of the year, Wesfarmers delivered strong NPAT growth of 13.1 per cent excluding significant items in the prior period, with trading conditions improving as restrictions eased.

During the year, Wesfarmers established new businesses and continued to invest in its existing operations, developing platforms to support long-term shareholder returns. Consistent with Wesfarmers' objective, the Group has maintained a long-term focus, advancing its sustainability agenda and supporting team members, customers and the community, while managing what continued to be a significantly disrupted operating environment.

The impact of the pandemic over the past two years has highlighted the importance of prioritising health and wellbeing, and the Group maintained its focus on providing a safe environment for customers and team members. Throughout the year, the Group provided a range of support measures, including additional paid leave and financial assistance to team members impacted by COVID-19.

Bunnings and WesCEF delivered pleasing results for the year. Bunnings continued to demonstrate the resilience of its operating model and ability to deliver growth through a range of market conditions. Record earnings in WesCEF reflected elevated global commodity prices and continued strong operating performance. It was also pleasing to report continued improvement in the performance of the Industrial and Safety division.

Relative to the Group's other divisions, Kmart Group was the most materially impacted by trading restrictions in the first half. Results for Kmart Group improved significantly in the second half, with Kmart and Target delivering strong second-half earnings growth of 19.4 per cent, benefiting from actions taken in recent years to optimise the store network. Lower earnings in Officeworks for the year reflected the impact of trading restrictions and the margin impact of sales mix changes, as well as increased investment in supply chain, data and digital capabilities and to support the launch of new products.

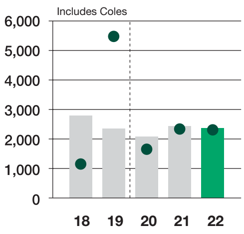
The Group continued to invest in platforms for growth during the year. Wesfarmers established the Health division in March 2022 and continued to progress the development of a market-leading data and digital ecosystem, with the formation of Wesfarmers OneDigital in the second half. Good progress also continued on the construction of the Mt Holland lithium project.

Further detail on divisional financial performances is outlined in pages 26 to 62 of this annual report.

Net profit after tax

(excluding significant items)

$2,352m

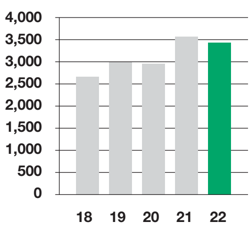


2022	**2,352**
2021	2,421
Post-AASB 16	
2020	2,075
Pre-AASB 16	
2020	2,091
2019	2,339
2018	2,772

Earnings[1]

(excluding discontinued operations and significant items)

$3,416m



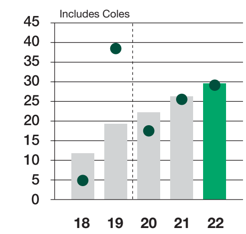
2022	**3,416**
2021	3,550
Post-AASB 16	
2020	2,942
Pre-AASB 16	
2020	2,964
2019	2,974
2018	2,650

[1] EBIT after interest on lease liabilities.

Return on equity (R12)

(excluding significant items)

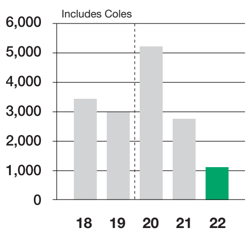
29.4%



2022	**29.4**
2021	26.1
Post-AASB 16	
2020	22.1
Pre-AASB 16	
2020	21.1
2019	19.2
2018	11.7

Free cash flow

$1,110m



2022	**1,110**
2021	2,741
Post-AASB 16	
2020	5,188
Pre-AASB 16	
2020	4,239
2019	2,963
2018	3,422

● **REPORTED (INCLUDING SIGNIFICANT ITEMS)**

2021 excludes post-tax $41 million of restructuring costs in Kmart Group.

2020 excludes post-tax significant items including: $520 million of non-cash impairments, write-offs and provisions in Kmart Group, $298 million non-cash impairment of Industrial and Safety, $203 million gain on the sale of the 10.1 per cent interest in Coles and $154 million revaluation of the retained interest, and a benefit of $83 million from the finalisation of tax positions on prior year disposals.

2019 excludes post-tax significant items including: $2,264 million gain on demerger of Coles, $645 million gain on sale of Bengalla, $244 million gain on sale of Kmart Tyre and Auto Service (KTAS), $120 million gain on sale of Quadrant Energy and $102 million provision for Coles supply chain automation.

2018 excludes post-tax significant items including: $300 million non-cash impairment of Target, $1,275 million relating to discontinued operations which includes the $953 million (£544 million) non-cash impairment of Bunnings United Kingdom and Ireland (BUKI), $70 million (£40 million) store closure provision in BUKI, $375 million (£210 million) loss on sale relating to BUKI and $123 million gain on sale of the Curragh Coal Mine.

OPERATING CASH FLOW

Reported operating cash flows declined 32.0 per cent to $2,301 million. Cash flow results reflected the continued normalisation of net working capital positions in the retail businesses following the abnormally low balances recorded during the 2020 and 2021 financial years, particularly in Bunnings. Operating cash flows were also impacted by increased tax payments on higher tax instalment rates, and significantly higher utilisation of employee leave provisions following periods of travel restriction.

CAPITAL EXPENDITURE

Gross capital expenditure of $1,144 million was 27.7 per cent higher than the prior year, largely due to $304 million of capital expenditure and $34 million of capitalised interest relating to the ongoing development of the Mt Holland lithium project. Proceeds from the sale of property, plant and equipment of $260 million were $4 million below the prior year. The resulting net capital expenditure of $884 million was $252 million, or 39.9 per cent, higher than the prior year.

FREE CASH FLOW

Free cash flows of $1,110 million were 59.5 per cent lower than the prior year, reflecting lower operating cash flows, payment of cash consideration for the acquisitions of API and Beaumont Tiles and increased net capital expenditure. These were partially offset by proceeds from the partial sale of the Group's investment in Coles.

BALANCE SHEET

The Group's closing inventory position reflects stock acquired as part of the API and Beaumont Tiles transactions, normalisation of stock levels in Bunnings following extraordinary sales growth since FY2019, the impact of higher commodity prices for WesCEF and retail unit cost inflation. Kmart's inventory position continues to reflect its strategy to hold additional stock of non-seasonal products to mitigate supply chain variability.

The Group recorded a net financial debt position of $4,296 million as at 30 June 2022, comprising interest-bearing liabilities, excluding lease and liabilities, and net of cross-currency swap assets and cash at bank and on deposit. This compares to a net financial cash position of $109 million as at 30 June 2021.

The increase in net financial debt was largely driven by the distribution of $2.3 billion of surplus cash by way of capital return to shareholders in December 2021, the payment of $1.9 billion of fully-franked dividends, and higher levels of capital expenditure and acquisition investment during the year.

DEBT MANAGEMENT AND FINANCING

In October 2021, a EUR600 million (A$866 million) Euro bond matured and was replaced with the issuance of the Group's first Euro denominated sustainability-linked bond, with interest rates linked to the Group's decarbonisation strategies.

Other finance costs decreased 18.6 per cent to $96 million for the year, reflecting lower average cost of borrowing and higher capitalised interest for the year.

The Group's strong credit ratings remained unchanged during the year, with a rating from Moody's Investors Services of A3 (stable) and a rating of A- (stable) from Standard & Poor's.

Group capital employed

Year ended 30 June[1]	2022 $m	2021 $m
Inventories	**6,084**	4,502
Receivables and prepayments	**2,364**	1,434
Trade and other payables	**(5,362)**	(4,234)
Other	**238**	228
Net working capital	**3,324**	1,930
Property, plant and equipment	**3,621**	3,496
Goodwill and intangibles	**4,651**	3,902
Mine properties	**1,150**	865
Other assets	**1,877**	1,963
Provisions and other liabilities	**(1,815)**	(1,744)
Total capital employed	**12,808**	10,412
Net financial debt[2]	**(4,296)**	109
Net tax balances	**578**	264
Net right-of-use asset/(lease liability)	**(1,109)**	(1,070)
Total net assets	**7,981**	9,715

1 Balances reflect the management balance sheet, which is based on different classification and groupings than the balance sheet in the financial statements.

2 Net financial debt takes account of cross-currency interest swaps and interest rate swap contracts. Excludes lease liabilities.

Cash capital expenditure

Year ended 30 June	2022 $m	2021 $m
Bunnings	349	445
Kmart Group	150	185
WesCEF	455	137
Officeworks	68	65
Industrial and Safety	64	62
Health	3	-
Other	55	2
Gross capital expenditure	**1,144**	896
Sale of property, plant and equipment	(260)	(264)
Net capital expenditure	**884**	632

Year in review

DIVIDENDS

A key component of total shareholder return is the dividends paid to shareholders.

The Group's dividend policy considers available franking credits, current earnings and cash flows, future cash flow requirements and targeted credit metrics. The Board has determined to pay a fully-franked ordinary final dividend of 100 cents per share, taking the full-year ordinary dividend to 180 cents per share. The final dividend will be paid on 6 October 2022.

Given the preference of many shareholders to receive dividends in the form of equity, the directors have decided to continue the operation of the Dividend Investment Plan (the Plan). The allocation price for shares issued under the Plan will be calculated as the average of the daily volume-weighted average price of Wesfarmers shares on each of the 15 consecutive trading days from and including the third trading day after the record date.

The last date for receipt of applications to participate in, or to cease or vary participation in, the Plan, is 2 September 2022. No discount will apply to the allocation price and the Plan will not be underwritten. Shares to be allocated under the Plan will be transferred to participants on 6 October 2022. Given the Group's strong credit metrics, it is intended that any shares to be issued under the Plan will be acquired on-market and transferred to participants.

Fixed financial obligations

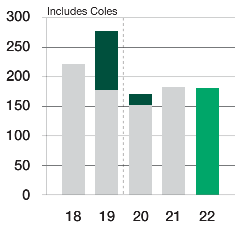
Lease liabilities[1]	$7.1b
Bank facilities & bonds	$4.8b

1 Represents total discounted lease liabilities as at 30 June 2022.

Dividends per share

ORDINARY DIVIDENDS · SPECIAL DIVIDENDS

180cents



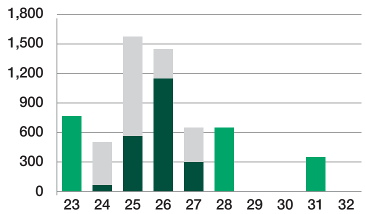
2022	**180**
2021	178
2020[1]	152
2019[2]	178
2018	223

1 Excludes a fully-franked special dividend of 18 cents per share, relating to the distribution of the after-tax profit on the sale of the Group's 10.1 per cent interest in Coles during the period.

2 Excludes a fully-franked special dividend of 100 cents per share.

Debt maturity profile ($m)[1,2]

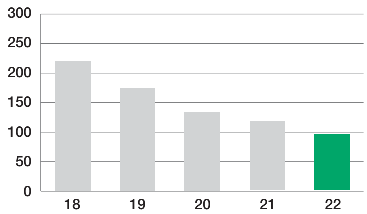
DRAWN BANK FACILITIES · UNDRAWN BANK FACILITIES · CAPITAL MARKET DEBT



1 As at 30 June 2022.

2 Capital market debt is net of cross-currency interest rate swaps.

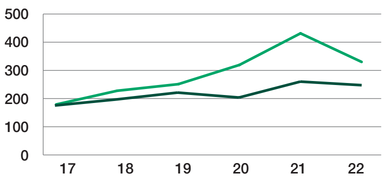
Other finance costs ($m)



TSR[1]: Wesfarmers and ASX 100

(last five years)

WESFARMERS LIMITED TSR INDEX[1]
ASX 100 ACCUMULATION INDEX



1 Assumes 100 per cent dividend reinvestment on the ex-dividend date, and full participation in capital management initiatives (such as rights issues and share buybacks). Excludes value of franking credits. Source: Bloomberg

RISK

Wesfarmers recognises the importance of, and is committed to, the identification, monitoring and optimal management of risks associated with its activities across the Group.

The following information sets out the material Group-wide risks. These are not in any particular order and do not include generic risks such as changes to macro-economic conditions affecting businesses and households in Australia, which would affect all companies with a large domestic presence and which could have an effect on future performance.

Since the 2020 financial year, COVID-19 has impacted the Group in various ways. The Group is managing the continued impacts of COVID-19 as part of usual business operations, and associated risks are being managed by understanding the effect of COVID-19 across all key risk areas.

In line with the prior year, increased information on climate-related risks is provided on pages 73 to 84 of this annual report.

Strategic risks

- Competition
- Strategy execution
- Business model disruption
- Digital disruption
- Changing customer expectations
- Portfolio management
- Climate-related risks

Operational risks

- Technology, cyber security and data-related risks, inclusive of privacy and data optimisation
- Business disruption, loss of major infrastructure and physical security
- Risks inherent in distribution and sale of products, including product safety
- Conduct risk
- Human rights risks, including modern slavery in own operations and supply chain
- Climate-related risks and emissions management
- Risks to the health, safety or wellbeing of team members and customers
- Risks inherent in asset management, including process safety risk
- Environmental and sustainability risks
- Talent attraction, retention and engagement
- Supply chain and inventory management

Regulatory risks

- Compliance with applicable laws, regulations and standards
- Regulatory or legislative change

Financial risks

- Currency and commodity price movements
- Liquidity and access to funding

Further information on risk management, including policies, responsibility and certification, can be found on page 92 of this annual report and in the corporate governance section of the company's website at **www.wesfarmers.com.au/cg**

PROSPECTS

The Group maintains its focus on long-term value creation and continues to invest to strengthen its existing businesses, renew the portfolio and develop new platforms for growth. These actions, together with a strong balance sheet and portfolio of cash-generative businesses with market-leading positions, make Wesfarmers well positioned to deliver satisfactory returns to shareholders over the long term.

The Group's strong balance sheet and financial discipline support ongoing investment in existing operations and provide the capacity to pursue value-accretive opportunities that may arise.

Wesfarmers maintains the flexibility to respond to potential risks and opportunities under a range of economic scenarios. Wesfarmers' businesses are largely engaged in the provision of essential and everyday products to retail and commercial customers, and are well placed to adjust to changes in demand.

The Australian economy is starting from a strong base with low unemployment and high levels of household savings, but the effects of inflation and higher living costs are placing pressure on parts of the economy, including household budgets. The Group continues to actively manage inflation, leveraging its scale and sourcing capabilities to mitigate the impact of cost increases. While general inflation remains elevated, prices for some inputs such as cotton, timber and container shipping have moderated in recent months.

The Group's retail businesses are well positioned as cost of living pressures impact household budgets and value once again becomes increasingly important to customers. The retail businesses will maintain their focus on meeting the changing needs of customers and delivering even greater value, quality and convenience. This will be supported by continued investment in divisional data and digital capabilities, as well as the additional growth and efficiency benefits provided through OneDigital.

The performance of the Group's industrial businesses remains subject to international commodity prices, foreign exchange rates, competitive factors and seasonal outcomes. WesCEF is expected to continue to benefit from elevated commodity prices and will continue to evaluate capacity expansion opportunities for its existing operations, and progress the development of the Mt Holland lithium project.

Wesfarmers will continue to invest in its existing operations and in the development of platforms for long-term growth.

Wesfarmers will continue to manage its businesses with deep carbon awareness, actively considering climate risks when making key business decisions and managing the portfolio. The Group remains focused on delivering progress against net zero and renewable electricity targets detailed on page 78 of this annual report, and and will seek to make disciplined investments to strengthen the climate resilience of its businesses.

The Group will continue to develop and enhance its portfolio, building on its unique capabilities and platforms to take advantage of growth opportunities within existing businesses and to pursue investments that create value for shareholders over the long term.

Bunnings

Year in review

Revenue

$17,754m

2022	**17,754**
2021	16,871
2020	14,999
2019	13,166
2018	12,544

EBT

$2,204m

2022	**2,204**
2021	2,185
2020	1,826
2019	1,626
2018	1,504

Key financial indicators

	Post-AASB 16			Pre-AASB 16		
For the year ended 30 June	**2022**	**2021**	**2020**	**2020**	**2019**	**2018**
Revenue ($m)	**17,754**	16,871	14,999	14,999	13,166	12,544
Earnings before tax ($m)	**2,204**	2,185	1,826	1,852	1,626	1,504
Capital employed R12 ($m)	**2,854**	2,651	3,146	2,997	3,220	3,045
Return on capital employed R12 (%)	**77.2**	82.4	58.0	61.8	50.5	49.4
Cash capital expenditure ($m)	**349**	445	511	511	470	497

Our performance

Revenue for Bunnings increased 5.2 per cent to $17,754 million for the year, with earnings increasing 0.9 per cent to $2,204 million.

Bunnings' strong financial results follow two years of extraordinary growth, with sales and earnings on average increasing more than 10 per cent per annum through the past three years.

Despite the continued impact of COVID-related interruptions and supply chain challenges during the year, the Bunnings team maintained its focus on delivering more value for customers, investing in future growth initiatives, and keeping team members and customers safe.

Total store sales increased 4.2 per cent for the year, with store-on-store sales increasing 4.8 per cent. Sales growth was recorded across all major trading regions, supported by strong growth from commercial customers and solid consumer demand, while cycling elevated levels of DIY activity in the prior year. In the second half, total store sales increased 7.8 per cent.

During the year, Bunnings continued to invest to improve the customer experience instore and through digital channels. Productivity initiatives, new instore technology and layout changes made Bunnings stores easier to shop and enabled team members to spend more time helping customers, while a new web platform and enhanced search function provided improvements for customers shopping online. There was also strong uptake of Flybuys by Bunnings customers, allowing more tailored offers and delivering additional value.

Strong progress was made on the commercial 'Whole of Build' strategy, with new product ranges, enhanced capability of frame and truss, and improved sales support. Bunnings also launched a new fully-transactable e-commerce platform for commercial customers, and made further improvements to the PowerPass app with increasing usage by commercial customers to support ease of shop.

Tool Kit Depot expanded into Western Australia with six stores catering to local demand for professional tools and the acquisition of Beaumont Tiles completed in November 2021.

Outlook

Bunnings continues to be well positioned for a range of market conditions, and will benefit from the diversity of its business, focus on necessity products and strength of its offer across consumer DIY and commercial markets. The demand outlook across consumer and commercial is supported by a solid pipeline of renovation and building activity, as well as incremental DIY growth opportunities as customers continue to focus on maintaining and improving their homes.

Bunnings continues to manage operating complexities from COVID-19 and supply chain disruptions, as well as navigate inflationary pressures, with a clear focus on cost discipline, driving productivity improvements and delivering market-leading value for customers.

Bunnings remains focused on driving long-term growth by building more connected experiences across all channels, deepening its relationship with commercial customers, and evolving its supply chain to support the continued growth of the business.

Michael Schneider
Managing Director
Bunnings Group

Our business

Bunnings is the leading retailer of home improvement and lifestyle products in Australia and New Zealand, and a major supplier to project builders, commercial tradespeople and the housing industry. Bunnings operates a network of 507 locations, including large warehouse stores, smaller format stores, trade centres, specialist stores as well as online.

Bunnings' three pillars remain core to how it delivers for customers; lowest prices, widest range, and best experience. This comes to life through growing the addressable market and the ways that Bunnings connects and serves its customers.

Bunnings employs nearly 53,000 team members across Australia and New Zealand. Over the past 10 years, Bunnings has evolved from a warehouse model offering around 34,000 hardware and home improvement products to an omnichannel business with over 110,000 home, commercial and lifestyle products across its instore, online and marketplace offers.

Bunnings is expanding its brand reach through the opening and expansion of stores, growing specialist retail brands, digital innovation and by deepening its commercial relationships. The focus is on creating value for customers and delivering the best experience, whether online, in-home, instore or on-site, while working to ensure products are sourced ethically and responsibly.

CLIMATE AND ENERGY

Bunnings recognises that business has an important part to play in reducing emissions and addressing climate change. During the year, Bunnings' Scope 1 and 2 market-based emissions reduced by 4.9 per cent, as it progresses towards its targets to achieve 100 per cent renewable electricity by 2025 and net zero Scope 1 and 2 emissions by 2030.

In December 2021, Bunnings entered a long-term contract with CleanCo Queensland Limited to power its Queensland network with renewable electricity. Over 50 per cent of the entire Bunnings network is now powered by renewable electricity. In New Zealand, Bunnings' network is powered by 100 per cent renewable electricity.

Bunnings also continued to increase local generation of renewable power across the network with 12 new solar PV systems rolled out during the year. As of 30 June 2022, 96 solar PV systems have been installed on Bunnings stores across Australia.

Sustainability performance

Safety performance

11.3 TOTAL RECORDABLE INJURY FREQUENCY RATE[1]

2022	**11.3**
2021	11.3
2020	10.3
2019	11.2
2018	11.6

[1] TRIFR measures the number of lost time and medical treatment injuries per million hours worked.

Aboriginal and Torres Strait Islander team members

1,288

2022	**1,288**
2021	1,026
2020	853
2019	687
2018	637

Greenhouse gas emissions

SCOPE 1 & 2

MARKET-BASED[1] LOCATION-BASED[2]

104.9$ktCO_2e$

	Market-based	Location-based
2022	**104.9**	**220.5**
2021	110.3	234.5
2020	n.a.	262.6
2019	n.a.	269.5
2018[3]	n.a.	259.7

[1] Emissions based on GHG Protocol Scope 2 market-based reporting standard.
[2] Scope 1 and 2 data includes emissions for businesses where we have operational control under the National Greenhouse and Energy Reporting Act 2007 (Cth) (NGER Act) and emissions in international operations.
[3] Excluding discontinued operations.

Operational waste

RECOVERED DISPOSED

78.5kt

	Recovered	Disposed
2022	**43.1**	**35.4**
2021	35.2	31.7
2020	32.8	29.0
2019	31.0	27.8
2018	25.7	34.1

Community contributions[1]

DIRECT INDIRECT

$29.8m

	Direct	Indirect
2022	**8.0**	**21.8**
2021	7.6	19.8
2020	9.4	33.5
2019	5.4	44.6
2018	5.0	41.7

[1] Direct community contributions include cash in-kind and time contributions. Indirect community contributions include contributions from team members and customers enabled by our businesses.

Ethical sourcing program

- 1,366 sites in the ethical sourcing program
- 699 sites were monitored this year (51%)[1]
- 35 sites in the program had reportable breaches (3%)[2]

[1] The frequency of monitoring varies depending on prior audit findings and the level of assessed risk.
[2] We work with our suppliers to remedy reportable breaches. In certain very rare circumstances, we may suspend or terminate our arrangements with that supplier.

CIRCULAR ECONOMY

Following a successful trial in selected stores in Victoria, in November 2021 Bunnings introduced a national battery recycling program across its Australian network, to provide customers with an instore recycling solution for household and power tool batteries. The program offers the largest network of power tool battery recycling locations in Australia.

In June 2022, a similar program was launched across Bunnings' New Zealand sites and Tool Kit Depot stores in South Australia and Western Australia. Since these programs commenced, over 65 tonnes of batteries have been collected for recycling in collaboration with Envirostream Australia.

COMMUNITY

Bunnings has a longstanding commitment to supporting the communities in which it operates.

COVID-19 continued to have a significant impact on Bunnings' ability to deliver grassroots community activities as planned, particularly in the first half of the year. While traditional areas of community support such as the community sausage sizzles were unavailable at times, Bunnings continued to find innovative ways to connect with the community and helped community organisations to raise over $29 million through more than 54,000 community activities during the year.

To ensure that groups which had planned sausage sizzles could find other ways to fundraise, donations of $500 gift cards were made to more than 1,600 community groups, representing an investment of over $800,000.

The Australian team supported Share the Dignity's *'It's in the Bag'* campaign for the fifth consecutive year. Over two weeks, more than 92,000 bags of personal hygiene products were collected, including from team members, for women and girls experiencing homelessness and domestic violence.

For the second year, the Bunnings New Zealand team supported the *'I Got Your Back Pack'* campaign, with customers and team members invited to donate toiletries and toys to support families in refuges as a result of domestic violence.

Bunnings' commitment to supporting communities in times of crisis was demonstrated in several ways this year.

In July 2021, Westport on the west coast of New Zealand experienced the area's biggest flood in almost a century. Bunnings assisted relief efforts by providing product donations to help care for affected residents.

Following the jumping castle tragedy at Devonport's Hillcrest Primary School in December 2021, the Bunnings team in Tasmania ran community sausage sizzles at each store, raising and contributing $20,000 in support of the school, families, and local community.

In January 2022, the eruption of an underwater volcano off the coast of Tonga triggered a tsunami across the Pacific. Alongside suppliers, Bunnings donated safety equipment and essential items to the Tongan community.

In response to devastating floods in northern New South Wales and southern Queensland in late February 2022, Bunnings team members came together and ran community sausage sizzles across all stores in Australia. Bunnings helped raise and contribute $500,000 for the GIVIT Storms and Flooding Appeal.

Bunnings supported FightMND for the fourth consecutive year, helping to raise and contribute $1.5 million. Beanies were sold in all Australian stores and trade centres, and via the Bunnings website.

HEALTH AND WELLBEING

At Bunnings, team members are at the heart of the business and their safety and wellbeing remain the highest priority.

Bunnings' key focus is on eliminating fatalities and preventing work-related injuries, illnesses and incidents as well as protecting and promoting the wellbeing of the team.

During the year, the business focused on evolving the safety strategy through enabling leadership and engagement. More than 19,700 team members completed manual handling training, over 380 new leaders completed leading safety training and more than 260 forklift coaches completed forklift coach training.

This financial year, TRIFR remained the same as the previous year. The number of team member injuries recorded during the year decreased by 4.0 per cent, which is attributed to the easing of COVID-19 restrictions.

COVID-19 continued to present a risk to team member health and wellbeing. In March 2022, in partnership with BizHealth, Bunnings team members were offered COVID-19 vaccination booster doses through 75 vaccination hubs at centrally-located stores in Australia. Bunnings also partnered with the Victorian Department of Health to establish 21 vaccination hubs at selected stores across Victoria to encourage community participation in the COVID-19 booster program.

Bunnings also focused on the mental health and wellbeing of their team, and during the year the *Stronger Together* wellbeing campaign continued, with a focus on taking a break and team gatherings to connect and check-in on teammates.

Bunnings continued to contribute to the Corporate Mental Health Alliance as a founding member, to work collaboratively with other businesses towards a common goal of providing a mentally healthy workplace for all.

The focus for the year ahead will be to empower the Bunnings team to be physically and mentally at their best.

Bunnings collaborates with Indigenous artists through exclusive plant pot range

Bunnings aims to support Indigenous communities in several ways, including by helping to build commercially sustainable industries in remote communities, by ranging products that benefit local Indigenous businesses and organisations.

Most recently, Bunnings proudly partnered with their supplier Homewares and the Warlukurlangu Artists Aboriginal Corporation to support Australian Indigenous artists through an exclusive indoor plant pot range. Introduced in September 2021, the range showcases the work of 13 Indigenous artists across 16 plant pots.

Warlukurlangu Artists Aboriginal Corporation is one of the longest running 100 per cent Aboriginal-owned art centres in Australia. As a not-for-profit organisation, proceeds from this pot range directly support Warlukurlangu artists who reside in the remote, central Australian desert communities of Yuendumu and Nyirippi.

Warlukurlangu translates to 'belonging to fire' in Waripiri, the local language, and is named after a fire dreaming site west of Yuendumu. Warlukurlangu artists are renowned for their colourful, acrylic paintings and prints, in Australia and internationally. This range respects the wishes of the artists and their community foremost and has been carefully designed in alignment with the Indigenous Art Code.

Bunnings will continue to offer these pots as part of their core range, available in all stores across the Australian store network and online. Further information on the Indigenous pots range and the artists can be viewed at **https://www.bunnings.com.au/campaign/indigenous-pots**

STRATEGY

Bunnings provides its customers with the widest range of home and lifestyle products and is committed to delivering the best experience, supported by a policy of lowest prices every day. Online and instore, the business is focused on creating more ways to inspire and support customers to build, improve and maintain their homes. For its commercial customers, Bunnings seeks to provide value, service and convenience and turns products and services into solutions that help businesses grow and run better. Bunnings sets out to attract high-quality team members and to provide them with a safe and rewarding working environment.

Strategies	Achievements	Focus for the coming years
More customer value	– Strong investment in maintaining price leadership – More products at lower prices 365 days – not just as promotional buys – Created more value for customers on products that matter most to them – Disciplined focus on lowest cost	– Reinvest in price by simplifying processes and systems to lower costs – Improve customer order fulfilment efficiency – Deliver low prices by lowering the cost of goods – Own-brand products to provide greater value in selected categories
Better customer experiences	– Delivered solutions that made it easier for the team to serve customers – Removed millions of hours of unnecessary task work in stores so teams can spend more time with customers – Further enhancements to PowerPass app, Product Finder app and Picking app – Evolved and improved click and collect, and drive and collect services – Used data more effectively to improve the customer experience	– Better customer experiences and deeper engagement: online, in-home, instore or on-site – Innovate and simplify to improve efficiency and reinvest in service – Leverage data investments to personalise customer experiences – Make instore service even easier and more convenient for customers – Continue to enhance online search and functionality to improve ease of shop
Greater brand reach	– Opened net one new Bunnings store, two trade centres and six Tool Kit Depot stores – Expanded seven stores to improve the local offer – Significantly expanded Bunnings' digital ecosystem – Reinvestment in store network	– Network expansion opportunities across Bunnings, Tool Kit Depot and Beaumont Tiles – Targeted store reinvestment – More personalised digital communications – Expand Frame and Truss offering – Expand Bunnings Marketplace offering
Deeper commercial engagement	– Improved instore experience with new trade area design, self-checkouts and Load'N'Go program – Leveraged Customer Relationship Management (CRM) and analytics to improve service offer through greater customer insights – Evolved PowerPass app to make it easier to use – Acquired Beaumont Tiles, and made range available to Bunnings' commercial customers	– Continue to leverage and enhance core strengths of a total market capability: stores, trade centres, in-field and digital – Launch new solutions for trades, builders and organisations – Strengthen product range and offer within Tool Kit Depot and Beaumont Tiles – Evolve PowerPass membership program to include Beaumont Tiles and provide members greater benefits
More merchandise innovation	– Expanded ranges across many product categories – Further product and project innovation with new products and more instore displays – Expanded online offer – Provided more inspiration, innovation and information to customers	– Rapidly adjust to meet changing lifestyle, technology and generational trends to continuously improve both instore and online offers – Use space better to accommodate new ranges, layouts and product adjacencies – Invest in technology to optimise inventory and supply chain management to improve in-stock position

RISK MITIGATION

Bunnings recognises that taking appropriate business risks is a critical aspect of generating acceptable business returns. In doing so, it seeks to appropriately manage risks to minimise losses and maximise opportunities.

Risks deemed unacceptable in terms of the business' risk appetite are subject to appropriate control and mitigation measures to reduce the negative impact on the business. The level of controls implemented is commensurate with the impact on the business from the risk occurring (taking account of likelihood and consequence).

COVID-19 remains a feature of the operating environment. It is inherent across multiple key risk areas and not separated below. COVID-19 mitigation activities continue to evolve with changing circumstances and in line with public health guidance. Additionally, Bunnings recognises climate change as a key risk (and opportunity) which is discussed elsewhere within this annual report.

Risk	Mitigation
Safety	– Continued focus on critical risks and targeted training and awareness campaigns – Focus on how we move product safely through our supply chains, our warehouses and to the end customer
Talent recruitment and retention	– Strategies directed at creating and maintaining status as an employer of choice – Succession planning, retention and development plans
New and existing competitors	– Relentless focus on strategic pillars of lowest price, widest range and best experience – Ongoing strategies to increase customer centricity and deepen customer engagement
Reputation	– Strong culture of 'doing the right thing' – Focus on responsible sourcing and product standards – Ongoing regulatory compliance training
Supply chain disruptions	– Structured range review processes incorporating alternative sources of supply and extended lead times on orders where necessary – Continued development of domestic supply chain capabilities
Data and IT security	– Strategy built around protection, detection and responding to threats – Use of leading technology to protect against cyber incidents – Strong internal processes to protect and control data access

Kmart Group

Year in review

Revenue

$9,635m

2022	**9,635**
2021	9,982
2020	9,217
2019	8,713
2018	8,837

EBT

$418m

2022	**418**
2021[1]	693
2020[2]	410
2019	550
2018[3]	660

Key financial indicators

	Post-AASB 16			Pre-AASB 16		
For the year ended 30 June	**2022**	**2021[1]**	**2020[2]**	**2020[2]**	**2019[3]**	**2018[3,4]**
Revenue ($m)	**9,635**	9,982	9,217	9,217	8,713	8,837
Earnings before tax ($m)	**418**	693	410	413	550	660
Capital employed R12 ($m)	**1,825**	1,329	2,011	1,978	1,872	2,013
Return on capital employed R12 (%)	**22.9**	52.1	20.4	20.9	29.4	32.8
Cash capital expenditure ($m)	**150**	185	142	142	207	293

1 The 2021 earnings before tax for Kmart Group excludes $59 million of restructuring costs.

2 The 2020 earnings before tax for Kmart Group excludes pre-tax impairment of the Target brand name and other assets of $525 million and restructuring costs and provisions of $110 million, and includes $9 million of payroll remediation costs relating to Target.

3 2019 and 2018 includes KTAS until its divestment in November 2018.

4 The 2018 earnings before tax for Kmart Group excludes the pre-tax non-cash impairment of $306 million for Target.

Our performance

Kmart Group's revenue decreased by 3.5 per cent to $9,635 million for the 2022 financial year. Earnings of $418 million were 39.7 per cent below the prior year, excluding significant items related to Target store closures and conversions in the prior year.

Revenue for Kmart and Target decreased by 3.5 per cent for the year. Excluding significant items in the prior year, earnings declined by 31.7 per cent to $505 million, with strong growth of 19.4 per cent in the second half.

Kmart and Target's trading performance in the first half was significantly impacted by COVID-19 restrictions, with almost 25 per cent of store trading days in the half lost due to government-mandated store closures. Trading conditions improved over the second half of the financial year as COVID-related disruptions subsided, resulting in improved customer traffic to stores, reduced team member absenteeism and improved stock availability.

Kmart's total sales increased 0.5 per cent for the year, with comparable sales decreasing 1.0 per cent. This included growth across all categories in the second half and additional sales from Target store conversions. Target's total sales decreased 15.8 per cent for the year and comparable sales increased 8.6 per cent, driven by continued improvements in the product offer and higher levels of promotional activity.

Earnings growth in the second half reflected strong sales growth and a focus on productivity and cost control, including the benefits of the successful execution of the Target restructuring program and conversion of select Target stores to Kmart. Kmart continued to invest in key strategic initiatives to enhance and personalise its customer offer, digitise its operating model, and develop its data and digital assets, including through the new partnership with OnePass.

Gross transaction value for Catch increased 1.6 per cent to $989 million for the year. Catch's earnings performance for the year reflected continued investment in team, technology, marketing and capabilities to support long-term growth, as well as investment in automation technology and fulfilment capacity, including the opening a second fulfilment centre in Moorebank, NSW.

Outlook

Kmart is uniquely positioned in an inflationary environment to extend its low-price leadership and profitably grow its share of customer wallet. This will be supported by the delivery of strategic initiatives, including leveraging its leading product development capabilities to launch new categories and expand existing categories, accelerating the growth of online, digitising sourcing and supply chain, continuing the rollout of radio frequency identification (RFID) infrastructure to support the digitisation of the store operating model, and better engaging with customers through the use of data and personalisation.

Volatility in global supply chain conditions remains elevated and cost pressures are expected to persist across some raw materials, domestic and international freight and operating expenses. The business will focus on productivity initiatives and will maintain higher levels of inventory in non-seasonal categories to mitigate these risks.

Target will focus on continuing to improve the product offer, particularly in the priority categories of apparel and soft home, growing online and driving productivity initiatives to maintain its reduced cost base and profitability.

Catch transitioned to the new OneDigital division on 1 July 2022. Investment to support long-term growth will continue, with a focus on acquiring and retaining customers, and building strategic capabilities in fulfilment, technology, and data, while leveraging the Wesfarmers Group assets, including the OnePass membership program.

Ian Bailey
Managing Director
Kmart Group

Our business

KMART

Kmart was established in 1969, with the opening of its first store in Burwood, Victoria. Kmart is a leading product development company and trusted brand that operates 324 stores throughout Australia and New Zealand, offering customers a wide range of everyday products at the lowest prices.

Kmart employs around 38,000 team members, who are focused on the Kmart vision of making everyday living brighter for Australian and New Zealand families. Kmart executes this vision by being a great place to shop that is simple to run and providing customers with better products at even lower prices.

TARGET

Target began as a drapery store in 1926 in Geelong, Victoria, and has since grown to become a destination for apparel and soft home products. Target operates 128 stores and employs around 10,000 team members across Australia, with a vision to make great quality products truly affordable for Australian families.

CATCH

Catch is an e-commerce marketplace which commenced operations in 2006 and was acquired by Wesfarmers in August 2019, bringing highly complementary skills in digital retail and fulfilment to Wesfarmers and the Kmart Group. Catch's vision is to be the trusted place where Australians start their shopping journey.

Catch operates an online business model offering branded products on a first-party basis and a third-party online marketplace. Its online operations are supported by a leading technology platform and data capabilities, and fulfilment centres located in Victoria and New South Wales. From 1 July 2022, Catch will move from the Kmart Group and join Wesfarmers OneDigital.

HUMAN RIGHTS AND ETHICAL SOURCING

Kmart Group acknowledges its responsibility to ensure human rights are understood and respected, and to promote environmental sustainability within its supply chain. During the year, 1,172 Kmart Group supplier factories were monitored by third-party ethical sourcing audits.

Work to strengthen the Kmart Group Ethical Sourcing Program continued with a focus on improving ethical sourcing transparency beyond finished goods manufacturers, further up the supply chain into processing facilities, component

Sustainability performance

Safety performance

8.3 TOTAL RECORDABLE INJURY FREQUENCY RATE[1]

2022	**8.3**
2021	9.2
2020	12.8
2019[2]	19.4
2018[2]	19.1

1 TRIFR measures the number of lost time and medical treatment injuries per million hours worked.
2 Does not include Catch injuries and hours.

Aboriginal and Torres Strait Islander team members

1,847

2022	**1,847**
2021	1,512
2020	708
2019	674
2018	714

Greenhouse gas emissions

SCOPE 1 & 2

MARKET-BASED[1] LOCATION-BASED[2]

253.8ktCO$_2$e

	Market-based	Location-based
2022	**253.8**	**281.1**
2021	262.5	292.6
2020	n.a.	303.7
2019[3]	n.a.	318.6
2018[3]	n.a.	330.8

1 Emissions based on GHG Protocol Scope 2 market-based reporting standard.
2 Scope 1 and 2 data includes emissions for businesses where we have operational control under the NGER Act, other known non-reportable Australian-based emissions over which we have control and emissions in international operations.
3 Excluding discontinued operations.

Operational waste

RECOVERED DISPOSED

72.8kt

	Recovered	Disposed
2022	**58.6**	**14.2**
2021	65.5	17.6
2020	61.3	14.8
2019	58.6	16.0
2018	70.9	24.0

Community contributions[1]

DIRECT INDIRECT

$7.1m

	Direct	Indirect
2022	**2.8**	**4.3**
2021	1.2	6.2
2020	1.9	6.5
2019[2]	1.4	6.0
2018[2,3]	1.5	8.4

1 Direct community contributions include cash in-kind and time contributions. Indirect community contributions include contributions from team members and customers enabled by our businesses.
2 Excludes Catch contributions.
3 Includes discontinued operations.

Ethical sourcing program

- 1,379 sites in the ethical sourcing program
- 1,172 sites were monitored this year (85%)[1]
- 193 sites in the program had reportable breaches (14%)[2]

1 The frequency of monitoring varies depending on prior audit findings and the level of assessed risk.
2 We work with our suppliers to remedy reportable breaches. In certain very rare circumstances, we may suspend or terminate our arrangements with that supplier.

manufacturers and suppliers of raw materials. Kmart Group has now met its commitment to identify and publish the location of 100 per cent of processing facilities that produce own-brand clothing, towel and bedding products. These facilities are now publicly disclosed on the Kmart and Target websites. This list will be updated every six months drawing on the latest information shared by suppliers on active facilities.

Recognising their broader transparency efforts, Kmart and Target achieved an equal first ranking in the 2022 Fashion Transparency Index (FTI). The FTI ranks 250 of the world's largest fashion brands and retailers according to information disclosed about social and environmental policies, practices and impacts, in their operations and supply chain.

Nearly 60,000 female workers were enrolled in BSR HER+ training programs across 24 Kmart and Target supplier factories in Bangladesh, India, Indonesia and Vietnam. Kmart Group is now over half way to achieving its public commitment to provide professional skills or health training to at least 100,000 women in its supply chain by December 2025.

HEALTH, SAFETY AND WELLBEING

Kmart Group is committed to improving the health, safety and wellbeing of team members and providing a safe shopping experience for customers.

The management of COVID-19 was underpinned by a strong risk management protocol, including compliance with local requirements, promotion of vaccination, mask use and social distance.

Kmart

Kmart continued to achieve a strong safety result with an 8.5 per cent TRIFR reduction to 9.7 and reduction of new workers compensation claims by 11.9 per cent to 413. Kmart's platform for continuous improvement continued to be guided by its established four pillars of safety, regulatory compliance, wellbeing and injury management.

Kmart has invested resources and time in the development of critical risk management protocols, specifically for the protection of pedestrians from vehicles, objects falling from heights and other threatening situations.

For team members, personal protective equipment standards, safety training including competency and management of plant and equipment remain the highest of priorities. All incidents, including identified hazards, are tracked and a consistent investigation program is in place to ensure that continuous improvement opportunities are identified.

Target

Target achieved a ninth consecutive year of improved safety performance with a 21.3 per cent TRIFR reduction to 4.8 and reduction of new workers' compensation claims by 43 per cent to 49 claims.

The significant improvement in safety performance has been attributed to increased focus on proactive hazard and near miss incident reporting to address and mitigate risks.

Catch

Catch maintained a strong TRIFR result of 2.1 in the year. Catch's implementation of the CatchSAFE Safety Management System (SMS) has ensured a strong focus on continuous improvement and effectiveness of safety standards. The SMS will play a key role in driving the safety strategy into the future.

Catch has continued to invest in technology to improve safety maturity by empowering worker participation, and capturing and actioning 622 hazards and 878 behaviour safety observations.

DIVERSITY AND INCLUSION

Kmart Group recognises a diverse and inclusive place to work and shop will enable its businesses to build strong connections with team members, customers and local communities, while promoting innovation and better business decisions.

Gender balance

Kmart maintains gender balance among leadership roles. Women hold 45 per cent of all leadership roles, an increase of one per cent from last year.

At the end of the 2022 financial year, women represented 49 per cent of store leadership roles, an increase of three per cent and 48 per cent of corporate leadership roles, the same as last year.

Target also maintains gender balance with 55 per cent women in leadership roles, an increase of one per cent from last year. Women represent 53 per cent of store leadership roles, a decrease of one per cent from last year and 56 per cent of corporate leadership roles, an increase of two per cent. In the 2022 financial year, Catch saw women in leadership roles increase from 26 per cent to 33 per cent.

Indigenous employment

Kmart Group maintained its strong focus on Indigenous employment. At Kmart, Indigenous representation increased from 1,215 to 1,549 people and Indigenous people engaged in active employment (worked in the past 30 days) represented 4.4 per cent of the Australian workforce, an increase from 3.5 per cent last year.

At Target, despite store closures across the network limiting net growth in Indigenous team members, Indigenous people engaged in active employment increased from 297 to 298 which now represents 2.9 per cent of the workforce, an increase from 2.4 per cent in the prior year.

Disability and accessibility

Some 390 team members employed at Kmart identify as having a disability within Kmart's human resources information system, an increase from 210 team members last year.

COMMUNITY

Kmart Group continued to work with local communities and charity partners to meet a diverse range of needs for families and team members. In total this year, Kmart contributed around $6,300,000, Target $560,000 and Catch $218,000 to charities and community groups.

Kmart

Over $400,000 was raised for Kmart's charity partners: The Reach Foundation, Smiling Mind and the Graeme Dingle Foundation (NZ) which promotes the wellbeing of young people and their families. Kmart also supported hundreds of grassroots community groups through donations of goods and gift cards, and sponsorship of GAMETIME through the National Basketball League enabled 109,100 students to participate in basketball clinics.

New methods to allow customers to give to The Kmart Wishing Tree Appeal were implemented, as well as the rollout

of sustainable Point of Sale materials for the Appeal instore. Kmart collected over 173,500 gifts and raised more than $330,000 across Australia and New Zealand.

Kmart made a $200,000 donation to the GIVIT Foundation to help communities impacted by floods and storms in New South Wales and Queensland, alongside pallets of goods to numerous charity organisations working on the ground to support flood victims.

Target

Nearly $250,000 has been raised for Target's new charity partner Australian Childhood Foundation (ACF), bringing to focus Target's commitment to supporting women and families. The funds raised by Target and its customers go directly to ACF's 'Bringing Up Great Kids' Program, which focuses on providing education and resources to vulnerable parents to help raise happy and healthy children.

Target also made a significant $100,000 donation alongside pallets of goods to the GIVIT Foundation to help people in New South Wales and Queensland impacted by floods and storms.

Catch

Catch profiled the important work of one community organisation each month and gave customers an opportunity to contribute to that organisation by 'rounding up' with their purchase. Throughout the year, Catch customers contributed more than $218,000 through this scheme.

SUSTAINABLE OPERATIONS

As a large retailer with a significant operational footprint, Kmart Group has a responsibility to minimise the environmental impact of its retail stores and distribution networks.

Energy and emissions

In the 2022 financial year, Kmart Group increased electricity use by 0.4 per cent per-square-metre of its stores' gross footprint. This increase is attributed to warmer weather conditions and a 9.5 per cent increase in store operating hours following reduced COVID-19 restrictions in the prior year. The efficiency of stores' energy use per square metre has improved 1.7 per cent year on year.

During the year, Kmart Group secured a renewable energy contract through to 2030 for 58 stores in Queensland, which represents 18 per cent of the group's total energy requirements, reducing the carbon footprint.

Kmart Group's focus over the next year will be on energy-efficiency activities related to lighting, out-of-hours energy use, building automation and Power Factor Correction. These opportunities will drive efficiency and cost reduction for the stores in conjunction with renewable energy procurement strategies to achieve 100 per cent renewable electricity by 2025 and to net zero Scope 1 and 2 emissions by 2030.

All of Kmart Group's material Scope 3 categories were mapped this year, enabling prioritisation of identified hotspots, and forecasting of emissions and reduction options, to demonstrate future opportunities including through the Kmart Group sustainable materials strategy.

Waste and recycling

Waste diversion from stores and distribution centres across Kmart Group improved from 79 per cent to 80 per cent this financial year. During the period, a waste and recycling dashboard has been developed to allow Kmart Group stores, regions and states to monitor and compare their waste generation, diversion and bin density.

SUSTAINABLE PRODUCTS

Kmart Group is committed to making more sustainable products. This includes designing quality products made from responsibly sourced sustainable materials, which are packaged responsibly and can be reused or recycled at the end of their life.

Sustainable materials

During the year, Target reached a significant milestone meeting its 100 per cent sustainably sourced cotton commitment. This means that all of the cotton sourced for Target own-brand clothing, bedding and towels is now ordered as Better Cotton, organic or recycled. Kmart and Target partnered with environmental not-for-profit organisation, Canopy, to progress the elimination of deforestation from their cellulose (viscose, modal and lyocell) supply chains.

Circular economy

Kmart and Target continue to extend their use of recycled materials across a wide range of product categories, including activewear, outerwear, denim, swimwear, knitwear, footwear and bedding. Kmart Group also continued its participation in the Circular Fashion Partnership, a cross-sector project led by the Global Fashion Agenda, in partnership with Reverse Resources, Bangladesh Garment Manufacturers and Exporters Association and P4G, to develop long-term scalable solutions for capturing and reusing post-production textile waste. As of June 2022, Kmart and Target have 17 factories participating in the project.

Packaging

A new Shanghai-based data officer is supporting the work of the Kmart Group Sustainable Packaging Manager to engage with internal and external stakeholders in the delivery of Kmart Group's Sustainable Packaging Principles and Standards.

With improved data collection systems being developed internally and in consultation with the Australian Packaging Covenant Organisation, approximately 6,000 Packaging Recyclability Evaluation Portal assessments were completed to add to the approximately 2,000 customer facing Australasian Recycling Label approved products.

Women supported in Kmart and Target supply chain

Women represent approximately 60 per cent of workers among Kmart's and Target's suppliers. Yet some female workers in factories do not have access to the basic services they need to ensure health and wellbeing, or the skills training and opportunities to support their professional development.

Kmart Group believes all women deserve the opportunity to have a voice and reach their full potential, both in their work life and home life. That is why Kmart and Target have committed to support health, education or professional skills training for at least 100,000 women in their supply chain by 2025. To achieve this, the businesses have partnered with *BSR HER Project* - a collaborative initiative to empower low-income women working in global supply chains. Bringing together international companies, suppliers, and local NGOs, the *HER Project* drives impact for women and businesses via workplace-based interventions on health, financial inclusion and gender equality.

Currently, Kmart and Target fund the delivery of two BSR HER programs: HER Health and HER Essentials. HER Health aims to improve health and wellbeing outcomes for female factory workers, while the HER Essentials Program is designed to help women who have been disproportionately impacted by the economic and social consequences of COVID-19.

Based on needs analysis and the strength of existing social welfare systems, Kmart and Target have prioritised implementation of the HER Health and Essentials programs with suppliers located in Bangladesh, India, Indonesia and Vietnam. These countries also tend to have factories with large numbers of female workers, which increases the scale of impact.

As at 30 June 2022, almost 60,000 female workers were enrolled in different *HER Project* programs across 24 Kmart and Target supplier factories in Bangladesh, India and Vietnam.

Although it is early days, the initial signs are encouraging. An assessment of the HER Essentials program has reported that it builds confidence in women (including through learning to use technology), supports the explanation of sensitive topics (such as reproductive health), and provides a channel for informal feedback among workers.

KMART - STRATEGY

Kmart provides families with everyday products at the lowest prices and will continue to drive sustainable growth through a focus on making Kmart a great place to shop that is simple to run and delivering better products at even lower prices. The business is focused on continuously improving the customer offer while developing a digitally-enabled operating model to provide customers with a shopping experience that is seamless between channels. Kmart will continue to leverage its market-leading size and scale to offer more everyday products, maintain its price leadership position and pursue its sustainability commitments.

Strategies	Achievements	Focus for the coming years
A great place to shop that is simple to run	– Delivered a new digital infrastructure for Kmart Australia website, enabling enhanced user experience and improved customer conversion – Implemented RFID tags for apparel, delivering higher product availability through digitisation of store tasks – Leveraging the new OnePass membership program, developing more personalised relationships with customers by providing compelling value	– Continued focus on online acceleration to enhance customer experience and reduce fulfilment costs – Expand the application of instore technology (including RFID) to improve operational efficiency and enhance customer experience – Further increase engagement with customers through personalisation
Better products at even lower prices	– Continued lowest price leadership – Leveraged product development capabilities to expand product ranges and enter new categories – Progressed the digitisation of Kmart's supply chain and sourcing operations to deliver operational efficiencies	– Continue to leverage unique competitive advantages to further extend price leadership position and diversify product offerings – Continue to leverage product development capabilities to grow share of wallet and enter new product categories – Continue to digitise the supply chain to deliver shorter lead times, greater accuracy of supply and demand matching, and lower end-to-end costs – Continue to provide customers with products that are sustainably and ethically sourced – Identify opportunities to sell Anko products through new channels

TARGET - STRATEGY

Target's vision is to make great quality products truly affordable for Australian families. Target has accelerated its strategy to be a destination for apparel and soft home, with 'affordable quality' the key differentiator, supported by strong digital capabilities to make the end-to-end customer journey easy and personalised. After successfully repositioning the store network, Target has embedded a simplified operating model.

Strategies	Achievements	Focus for the coming years
Simplify the operating model and stabilise performance following the restructure	– Target is now a smaller, simpler business focused on achieving consistent profitability – Significant improvement in stability of operating model, with lower lease liabilities and a structural reduction in cost base – Strong commercial focus in assessing lease expirations	– Further simplification of end-to-end operating model and business processes, supported by technology investment – Further improvement in sales density of store network
Destination for apparel and soft home, with 'affordable quality' the key differentiator	– Established clear customer value proposition with a focus on quality, value and style – Clear customer, product and channel strategies, targeting 'mum' as the core customer	– Continue to improve product quality, style and range architecture with a focus on apparel and soft home – Continued focus on execution and customer experience to increase customer transactions – Continue to provide customers with products that are sustainably and ethically sourced
Accelerate digital capability and online growth	– Strong growth in online channel, with growing app usage – Continued to improve the website and app customer experience through improved search, navigation, product display content and customer communications – Further developed marketplace offering on Catch as a successful customer channel for Target – Established rich customer data foundation and addressable audience supported by Flybuys and OnePass	– Enhance online fulfilment capabilities to improve the customer experience and reduce costs – Increase apparel participation in online by enhancing product availability and improving the end-to-end customer experience – Leverage sourcing, technology, data, advanced analytics and digital advantages from Kmart Group and OneDigital

KMART AND TARGET - RISK MITIGATION

Kmart and Target understand and recognise that rigorous risk management is essential for corporate stability and for sustaining its competitive market position and long-term performance. Risk identification, assessment and management is an integral part of the annual corporate planning and budgeting processes from which the key material risks and uncertainties are derived. Set out below are the key risks and uncertainties that could have a material impact on Kmart and Target's ability to achieve their stated objectives.

COVID-19 remains a feature of the operating environment. It is inherent across multiple key risk areas and not separated below. COVID-19 mitigation activities continue to evolve with changing circumstances and in line with public health guidance. Additionally, Kmart and Target recognise climate change as a key risk (and opportunity) which is discussed elsewhere within this annual report.

Risk	Mitigation
International and domestic supply chain disruptions	– Increased use of digital technologies to reduce supply chain lead times and increase flexibility – Increased stock weights in some product categories to accommodate volatility in customer demand and global supply chain disruptions – Leverage unique sourcing model to increase diversification of sourcing operations
Cost inflation	– Leveraging scale advantages and unique sourcing model to mitigate cost impacts – Disciplined assessment of cost reduction opportunities including through leveraging technology, data, advanced analytics, digital and sustainability advantages from Kmart Group and OneDigital – Increased focus on optimising and expanding online fulfilment capabilities to facilitate changing customer shopping habits at the lowest cost

KMART AND TARGET - RISK MITIGATION CONT.

Risk	Mitigation
Competitor activity	– Maintaining price leadership position in the market by making use of extensive sourcing ranges, in-house design capabilities and volume-driven efficiencies – Continuing to innovate the store format to improve the customer experience through new layouts and leveraging technology – Analysis of business performance to identify future opportunities and clarify business proposition and purpose
Exchange rate volatility	– Hedging and product and pricing frameworks will be used to effectively manage foreign exchange movements
Sustainability, ethical sourcing, and human rights	– Ongoing improvements to environmental compliance across all factories and a commitment to upholding ethical sourcing standards, which include protecting and respecting human rights – Expansion of the sustainable development program towards a circular economy with a focus on making a positive difference for people and the planet
Data and IT security	– Dedicated team and threat intelligence partnerships responsible for oversight of cyber security and monitoring evolving cyber threats – Regular oversight provided to executive management and the Board to govern cyber security

CATCH - STRATEGY

Catch's vision is to be the trusted destination where Australians start their online shopping journey. Catch will offer customers the leading brands they know and love at competitive prices, with a personalised shopping experience and fast delivery. Catch will continue to broaden the range of categories and brands available in both its in-stock and marketplace offerings, and leverage assets across the Wesfarmers Group.

Strategies	Achievements	Focus for the coming years
Invest in technology platform and fulfilment capability	– Continued focus on providing a market-leading, trusted and secure online shopping experience – Increased fulfilment centre capacity and delivery speed by opening a new 30,000 sqm fulfilment centre in New South Wales – Significantly progressed a 'Fulfilled by Catch' offering, with Kmart secured as a key customer – Enhanced search functionality, improved product recommendations and launched a new Android app	– Maintain customer-centric focus with an emphasis on providing an engaging and rewarding shopping experience – Accelerate investment in marketing the Catch website, mobile apps and customer loyalty programs – Continue development of Catch's data capabilities to support more personalised customer interactions – Launch 'Fulfilled by Catch' for Kmart, and expand offer to other customers – Develop a national fulfilment network
Expand product range	– Broadened range of categories and market-leading brands available for both the retail and marketplace offerings – Grew marketplace sellers to over 2,400	– Invest in marketplace infrastructure to accelerate growth in sellers and products – Curate the first-party range, focusing on the most known and loved brands at competitive prices – Launch more Wesfarmers brands on the marketplace
Accelerate growth in membership program	– Re-branded Club Catch to OnePass	– Further enhance OnePass value proposition – Maintain growth discipline through focus on customer lifetime value versus customer acquisition cost – Leverage OnePass and OneDigital to enhance customer experience and deliver more personalised interactions

CATCH - RISK MITIGATION

Catch's approach to risk management includes monitoring new market entrants and the expansion of existing competitors to scale at a sustainable pace to meet growing demand. The sector in which Catch operates is becoming more competitive as traditional bricks and mortar retailers increase e-commerce investment and existing online competitors invest in growth.

COVID-19 remains a feature of the operating environment. It is inherent across multiple key risk areas and not separated below. COVID-19 mitigation activities continue to evolve with changing circumstances and in line with public health guidance. Additionally, Catch recognises climate change as a key risk (and opportunity) which is discussed elsewhere within this annual report.

Risk	Mitigation
Competitor activity	– Monitoring of competitor activity and consumer trends – Expanding retail and marketplace offerings by utilising Catch's extensive domestic and international supply chains – Accelerating advertising investment leveraging Catch's extensive in-house digital marketing expertise – Continuing to innovate Catch's technology platform to enhance customer engagement and promote repeat purchasing behaviour – Continuing to maintain high standards of product quality and safety – Leveraging Wesfarmers' retail assets to provide a differentiated customer experience
Scaling the Catch team	– Investing in the development of Catch's people capability to deliver on its strategic objectives while maintaining high standards of customer care and service – Recruiting top-tier talent across a range of functions including product sourcing, marketing, and technology
Data and IT security	– Threat intelligence partnerships in place to monitor evolving cyber threats – Dedicated team responsible for operational management and oversight of cyber security – Regular oversight provided to executive management and the Board to govern cyber security

Chemicals, Energy and Fertilisers

Year in review

Revenue

$3,041m

2022	**3,041**
2021	2,146
2020	2,085
2019	2,078
2018	1,830

EBT

$540m

2022	**540**
2021	384
2020	394
2019	438
2018	390

Key financial indicators

	Post-AASB 16			Pre-AASB 16		
For the year ended 30 June	**2022**	**2021**	**2020**	**2020**	**2019**	**2018**
Revenue ($m)	**3,041**	2,146	2,085	2,085	2,078	1,830
Earnings before tax ($m)	**540**	384	394	393	438	390
Capital employed R12 ($m)	**2,503**	2,171	1,942	1,941	1,358	1,407
Return on capital employed R12 (%)	**21.6**	17.7	20.3	20.2	32.6	27.7
Cash capital expenditure ($m)	**455**	137	110	110	58	60

Our performance

Revenue of $3,041 million was up 41.7 per cent and earnings increased 40.6 per cent on the prior year to $540 million, with each business benefiting from higher global commodity prices, particularly for LPG, fertiliser and other ammonia-related products.

Chemicals delivered strong earnings growth on the prior year. Ammonia earnings improved, driven by a favourable global ammonia price, which was partially offset by increased import costs, the pricing lag from the pass-through mechanism in customer contracts and costs associated with the planned ammonia plant shutdown. Ammonium Nitrate (AN) earnings also benefited from elevated global ammonia prices and strong demand from Western Australian mining and agricultural customers. Earnings in the Sodium Cyanide business benefited from higher export sales volumes as demand from international gold mining customers began to normalise following COVID-related disruptions.

Energy earnings grew significantly on the prior year, driven by a higher Saudi Contract Price (Saudi CP), the international benchmark indicator for LPG price, and the continued benefit from the change in sales volume mix towards the domestic LPG market. This was partially offset by higher Western Australian domestic gas costs. The natural gas retailing business continued to grow its residential customer base in Western Australia, which resulted in higher sales volumes for the year.

Fertilisers' earnings increased on the prior year, reflecting stronger global commodity prices. Earnings were partially offset by lower volumes following a record 2021 seasonal offtake, and increased competition as well as demand changes due to the high input price environment for growers. The business managed its working capital position well during the year, delivering solid results. Investment in despatch capacity, improvements to infrastructure across regional locations and the launch of a full-service nitrogen nutritional offer allowed the business to better serve its customers.

The WesCEF result includes the 50 per cent interest in the Mt Holland lithium project. WesCEF's share of capital expenditure for the development of the project was $304 million during the year, excluding capitalised interest.

Outlook

The Chemicals business is expected to continue benefiting from strong global commodity prices. Robust demand for AN from the Western Australian mining sector is anticipated to continue, and demand for sodium cyanide is expected to benefit from an elevated gold price, given global economic uncertainty.

The Energy business is expected to continue benefiting from the strong Saudi CP but is likely to be adversely impacted by higher Western Australian natural gas costs and lower LPG content. The natural gas retailing business remains focused on customer retention and providing market-leading customer service.

In the Fertiliser business, good 2022 seasonal conditions are reflected in positive grower sentiment, albeit high fertiliser input prices may moderate application rates in 2023. The business continues to focus on working capital management and delivering its strategic agenda.

Construction activity at the Mt Holland lithium mine and concentrator and Kwinana refinery continues, and Covalent remains focused on actively managing labour constraints in the local construction industry and COVID-19 impacts on its workforce and supply chains.

Across all businesses, WesCEF expects continued cost pressures associated with international supply chain disruptions and inflation in some input costs.

WesCEF will continue to work on opportunities to better utilise or expand its existing operations through targeted investments.

Ian Hansen
Managing Director
Wesfarmers Chemicals, Energy & Fertilisers

Our business

WesCEF manages nine businesses in Australia across the chemicals, energy and fertiliser sectors with a shared services model that supports the production and distribution assets across the portfolio. The division also supports the Covalent Lithium joint venture in construction and operation of the Mt Holland lithium project.

Chemicals includes:

- CSBP Chemicals, which manufactures and supplies ammonia, AN and industrial chemicals primarily to the Western Australian mining, agricultural and industrial sectors
- Australian Gold Reagents (AGR), CSBP's 75 per cent owned joint venture with Coogee Chemicals, which manufactures and supplies sodium cyanide to the Western Australian and international gold mining sectors
- Queensland Nitrates (QNP), CSBP's 50 per cent joint venture with Dyno Nobel Asia Pacific, which manufactures and supplies AN to the resources sector in the Bowen Basin
- Australian Vinyls, which supplies PVC resin and specialty chemicals to the Australian industrial sector and
- ModWood, which manufactures wood-plastic composite decking and screening products.

Energy includes:

- Kleenheat, which extracts LPG from natural gas and distributes bulk and bottled LPG to the residential and commercial markets in Western Australia and the Northern Territory, and is a retailer of natural gas to residential and commercial markets, and electricity to businesses in Western Australia and
- EVOL LNG, which distributes bulk LNG primarily to the remote power generation market in Western Australia.

CSBP Fertilisers manufactures, imports and distributes nitrogen, phosphate and potassium-based fertilisers for the Western Australian agricultural sector. It also provides technical support and nutritional service offerings for growers through a network of employees and accredited partners in regional Western Australia.

Covalent Lithium, Wesfarmers' 50 per cent joint venture with Chilean based lithium producer, Sociedad Quimica y Minera (SQM), is progressing with the development of the Mt Holland lithium project. Construction continues on the mine with the village and the aerodrome completed. Construction on the concentrator and the Kwinana refinery continues, with first production from the refinery expected in the second half of calendar year 2024.

Sustainability performance

Safety performance

4.2 TOTAL RECORDABLE INJURY FREQUENCY RATE[1]

2022	**4.2**
2021	3.0
2020	3.3
2019	4.2
2018	5.4

[1] TRIFR measures the number of lost time and medical treatment injuries per million hours worked.

Aboriginal and Torres Strait Islander team members

48

2022	**48**
2021	43
2020	33
2019	28
2018	27

Greenhouse gas emissions

SCOPE 1 & 2

MARKET-BASED[1] LOCATION-BASED[2]

795.4 $ktCO_2e$

	Market-based	Location-based
2022	**795.4**	**804.3**
2021	873.9	880.5
2020[3]	n.a.	983.3
2019	n.a.	897.3
2018	n.a.	769.8

[1] Emissions based on GHG Protocol Scope 2 market-based reporting standard.

[2] Scope 1 and 2 data includes emissions for businesses where we have operational control under the NGER Act.

[3] Restated for a correction to NGER submission. The baseline for WesCEF's 2030 target has been adjusted to 955 $ktCO_2e$ to reflect the current global warming potential of relevant greenhouse gasses.

Operational waste

RECOVERED DISPOSED

19.2kt

	Recovered	Disposed
2022	**16.5[1]**	**2.7**
2021	9.1	3.6
2020	17.9[2]	2.1
2019	8.2	2.8
2018	8.0	4.4

[1] Increase due to updated conversion factor for the calculation of waste salt.

[2] Increase in recovered waste was due to one-off excavation and concrete disposal projects undertaken at CSBP Kwinana.

Community contributions[1]

DIRECT INDIRECT

$0.5m

	Direct	Indirect
2022	**0.5**	**0.0**
2021	0.5	0.0
2020	0.6	0.0
2019	0.4	0.0
2018	0.4	0.0

[1] Direct community contributions include cash in-kind and time contributions. Indirect community contributions include contributions from team members and customers enabled by our businesses.

Water usage

4,339ML

2022	**4,339**
2021	4,412
2020	4,740[1]
2019	3,943
2018	3,747

[1] In FY2020 CSBP Kwinana's water consumption increased by 20%, corresponding with higher production in water intensive processes.

TEAM MEMBER WELLBEING AND OPERATING SAFETY

WesCEF continues to embed psychological wellbeing as an accepted and sustainable health and safety principle with its workforce. Employee Mental Health (Building Resilience) training completion is at 93 per cent and supervisor training is at 75 per cent as at 30 June 2022.

WesCEF engaged a professional mentor and leadership coach for an employee online session about finding perspective and resilience through challenging times. More than 580 team members (40 per cent of the WesCEF workforce) joined the session. Survey feedback from the session was received from more than 100 participants, with many commenting it had positively changed their mindset, and given them more confidence and a stronger sense of purpose.

WesCEF's operations include the manufacture of hazardous material and, as such, manage several inherent high potential (HiPo) risks – risks that have the potential to cause serious harm or worse. These risks are, in most cases, unable to be controlled via elimination and therefore need comprehensive controls to suitably mitigate the risk. During the financial year, there were 21 HiPo - no control - incidents, compared to 20 for the same period last year. Of the 21 incidents, 15 relate to dropped objects, which supports continued focus in this area. WesCEF continued to expand its HiPo risk management program, including the rollout of critical control checklists and the development of performance standards that allow individual critical controls to be assessed for effectiveness. This year WesCEF's TRIFR was 4.2.

SUPPORTING COMMUNITIES

WesCEF proudly contributes to the communities in which it operates, funding support for grass roots initiatives with a focus on youth, environment and building long-term partnerships with local Indigenous groups.

WesCEF continued to support science, technology, engineering and mathematics (STEM) education, and environmental initiatives in Kwinana and Rockingham including the Rockingham Regional Environment Centre. Kleenheat partnered with the Kwinana STEM Network, helping local primary school teachers develop their understanding of the STEM curriculum, and continued its long-running community grants program for not-for-profit organisations in Western Australia and the Northern Territory in the areas of connected communities, education, health and wellbeing, environment, and cultural diversity.

ENVIRONMENTAL STEWARDSHIP

WesCEF continued to progress legacy waste contamination investigation activities at the CSBP Kwinana site. In the 2022 financial year, an Ecological Risk Assessment and Remediation Options Assessment was undertaken to better delineate the risk to Cockburn Sound from the Kwinana site and surrounding industry.

WesCEF recognises that climate change presents both risks and opportunities to its businesses, and that each business has a vital role to play in addressing climate change. Long-term resilience requires accelerated mitigation and adaptation strategies. Supporting accelerated mitigation, this year WesCEF introduced a new 2050 net zero Scope 1 and 2 emissions target and an interim target to reduce Scope 1 and 2 emissions by 30 per cent by 2030, relative to a 2020 baseline (see page 78 of this annual report). Since specialist abatement catalyst technology was introduced in its nitric acid ammonium nitrate plants in 2012, WesCEF's Scope 1 and 2 emissions have fallen by approximately 40 per cent.

WesCEF has also committed to additional greenhouse reporting transparency and this year its Scope 3 emissions reporting was expanded to cover all material Scope 3 categories. This will enable WesCEF to better understand its complete carbon footprint and implement reduction strategies in the future.

WesCEF reduced Scope 1 and 2 market-based emissions by 9.0 per cent in the 2022 financial year, with the scheduled ammonia plant shutdown accounting for around one-third of this reduction.

INFORMATION SECURITY AND TECHNOLOGY

WesCEF is committed to ensuring its information systems remain reliable, stable, and guarded against threat, in line with industry standards. WesCEF undertakes continuous improvement initiatives each year to ensure the effectiveness of these systems. No material cyber security incidents occurred during the year. Improvements in operational technology supported plant availability during the year.

DEVELOPMENT, DIVERSITY AND INCLUSION

WesCEF has made positive progress during the year in gender balance and Indigenous team member representation with an increase in representation of women across the workforce from 35.2 to 36.0 per cent, an increase in women in senior manager roles from 17.1 to 22.7 per cent and an increase in team members who identify as Aboriginal or Torres Strait Islander from 3.2 per cent to 3.4 per cent.

WesCEF has maintained focus on improving gender balance through recruitment and pipeline development opportunities for vacation students, cadets, graduates, apprentices and trainees in professions that tend to have lower female representation, including engineering, and digital and data. In the 2022 financial year, 57 per cent of vacation students and 43 per cent of digital and data cadets and graduates were female. The organisation provided employment for 19 new Indigenous team members over the financial year.

Loggerhead turtle rehabilitation program near Perth

A little known but important grass roots rehabilitation program that rescues young, endangered Loggerhead turtles is being supported by CSBP. A leader in chemical, mining and agriculture solutions, CSBP operates its plants along a coastal strip in Kwinana, just south of Perth, where turtle hatchlings are sometimes found and rescued after being washed down from the state's Northwest, by the Leeuwin current.

The company's Community Grants Program funds the Turtle Rehabilitation Program at the Rockingham Regional Environment Centre (RREC), where turtles are cared for and nursed back to health, before being released back into the wild.

Since the rehabilitation program began around 17 years ago, the RREC has successfully rehabilitated about 200 turtles before releasing them back to warmer waters of the Ningaloo Reef, approximately 1,200 kilometres north of CSBP's Kwinana operations.

Recently, two rescued turtles had suffered injuries and were missing their left flipper. The Centre's volunteers nursed them back to health, so that they could be released and survive to breeding age.

Funding from CSBP is essential to support the volunteers who care for the turtles. It has the added benefit of team members learning about the importance of protecting the adjacent marine environment, and understanding how grass roots organisations are vital to in preserving local species.

This program adds to CSBP's support of community programs in Kwinana and Rockingham which dates back more than 50 years, working collaboratively within these communities to develop partnerships that create positive and lasting impacts for generations to come.

STRATEGY

WesCEF's vision is to grow a portfolio of leading, sustainable businesses. WesCEF has a high-quality portfolio of assets and seeks to grow those assets through incremental investment and innovation to meet the needs of its customers. WesCEF also focuses on investment in adjacent opportunities where it can add value through utilising its infrastructure, manufacturing and processing expertise and the capabilities of its people.

Strategies	Achievements	Focus for the coming years
Safe person, safe process, safe place	– New safety campaign 'What's Important Now?' rolled out – Ammonia plant five-yearly major maintenance shutdown safely executed with the plant restarted and operating above expectations – Implementation of checklists to verify critical controls in place for high-risk tasks – COVID-19 workplace controls successfully implemented in high case load environment	– Ongoing focus on team member health and wellbeing – Complete major maintenance program of chemicals plants with no safety incidents occurring – Ongoing commitment to improve safety performance, maintenance planning and corrosion control across assets
Deliver progress against net zero 2050 Scope 1 and 2 emissions target	– Converted net zero aspiration to a target, through committing to net zero Scope 1 and 2 emissions by 2050 as part of a three-phase decarbonisation journey and roadmap (see page 76 of this annual report) – Partnerships initiated with key research institutions and industry leaders to undertake decarbonisation and emissions abatement studies – Commitment to transparent reporting through publication of AN emissions intensity – Continued use and enhancement of abatement catalysts in chemicals manufacturing processes to reduce emissions	– Continue to investigate technologies and opportunities to support achievement of net zero Scope 1 and 2 emissions 2050 target – Collaborate and invest in relationships with key research institutions and industry participants to gain insights on climate-related technology opportunities – Explore a range of climate change-related growth opportunities across WesCEF – Continue progress in reducing emissions intensity and meeting commitments made as part of the recent sustainability-linked financing
Invest for growth	– Continued to support the Mt Holland lithium project – Progressed feasibility studies for potential expansion of ammonia, AN and sodium cyanide production capacity – Repurposed existing LPG storage tank to optimise condensate market opportunity – Launched CSBP Detect Plus, a full-service nitrogen nutritional offer, leveraging agronomic, data science and technology capabilities	– Continue development of the Mt Holland lithium project and consider expansion opportunities for the project – Consider opportunities to leverage existing infrastructure and expand capacity across chemical plants – Assess opportunities for additional fertiliser storage assets in key regional locations – Continue to investigate investment opportunities in existing and adjacent markets including to support WesCEF's decarbonisation roadmap
Enhance our reputation	– Ongoing reviews of high-risk suppliers in line with WesCEF's ethical sourcing framework – Ongoing community partnerships and grants that focus on Indigenous engagement, youth, STEM education, and environmental initiatives	– Ongoing focus on regulatory compliance – Continued investment in cyber security – Continued investment in sustainable water sources and wastewater management – Continued focus on Indigenous procurement and employment – Continue to deliver on local community investment strategies with a focus on youth, STEM education and environmental initiatives
Maintain world-class performance	– Continued strong plant availability following investment in ongoing maintenance and data and analytics in prior years – Strong operational performance and customer service resulting in increased customer demand – Progressed review to better understand the benefits of a new Enterprise Resource Planning solution	– Continued focus on operational excellence, including through improving legacy systems – Maintain market-leading customer service and investigate expanding service offerings

RISK MITIGATION

The business units manage risk as an intrinsic part of their daily operations and are committed to conducting activities in a way that generates sustainable growth while enhancing the reputation of WesCEF. Risks deemed unacceptable are transferred (through contractual arrangements or insurance), mitigated or avoided.

COVID-19 remains a feature of the operating environment. It is inherent across multiple key risk areas and not separated below. COVID-19 mitigation activities continue to evolve with changing circumstances and in line with public health guidance. Additionally, WesCEF recognises climate change as a key risk (and opportunity) which is discussed elsewhere within this annual report.

Risk	Mitigation
– Serious injury, safety or environmental incident	– Continue to invest in improving safety culture and asset maintenance for the safe operation of facilities and distribution of products in a way that minimises any adverse effect on team members, contractors, local communities or the environment
– Sustained competition	– Focus on consistently satisfying the needs of customers and continued investment in initiatives that further improve customer experience or differentiate service or product offering – Effective allocation of resources to optimise existing operations and capitalise on growth opportunities
– Global economic uncertainty and operational impacts	– Focus on employee retention and contractor relationships to ensure workforce availability and business continuity – Proactive contract management, continued investment in diverse supplier relationships and ongoing monitoring of inventory holdings – Ensure commercial agreements account for economic risks where possible to limit inflation or supply chain risks to acceptable levels
– Sustainability and meeting community expectations	– Ongoing investigation of emissions abatement technology and decarbonisation growth opportunities to support delivery of WesCEF's commitment to net zero Scope 1 and 2 emissions by 2050 – Minimise the risk of modern slavery occurring in the businesses or supply chains through a risk-based ethical sourcing framework – Grow workplace diversity with focus on improving gender balance and growing the number of Indigenous team members to reflect the communities in which we operate – Ongoing positive contributions to the communities in which we operate
– Data and IT security	– Continue to focus on enhancing cyber and information security risk controls – Continue to invest in systems and processes to ensure responsible use of data and security of information

Officeworks

Year in review

Revenue

$3,169m

2022	**3,169**
2021	3,029
2020	2,787
2019	2,314
2018	2,142

EBT

$181m

2022	**181**
2021	212
2020	197
2019	167
2018	156

Key financial indicators

	Post-AASB 16			Pre-AASB 16		
For the year ended 30 June	**2022**	**2021**	**2020**	**2020**	**2019**	**2018**
Revenue ($m)	**3,169**	3,029	2,787	2,787	2,314	2,142
Earnings before tax ($m)	**181**	212	197	190	167	156
Capital employed R12 ($m)	**1,015**	949	976	969	980	939
Return on capital employed R12 (%)	**17.8**	22.3	20.2	19.6	17.0	16.6
Cash capital expenditure ($m)	**68**	65	40	40	42	45

Our performance

Officeworks' revenue increased 4.6 per cent for the year to $3,169 million. Earnings of $181 million were 14.6 per cent lower than the prior year.

The safety, health and wellbeing of team members and customers remains a priority for Officeworks, and continued investment in team member safety supported an improvement in TRIFR to 5.8 for the year.

Sales and margin mix for the year was impacted by COVID-related temporary store closures in the first half. Strong growth continued in technology and furniture as customers continued to work and learn from home throughout the year, while lower foot traffic to stores as a result of COVID-19 affected sales in higher-margin categories such as office supplies and 'print and create'.

As COVID-related disruptions eased, trading conditions improved in the second half, with sales growth of 5.5 per cent supported by continued demand growth across technology and furniture categories. This was partially offset by a weaker Back-to-School trading period, which coincided with elevated levels of COVID-19 transmission in the community.

Online penetration, including click and collect, remained elevated during the year, driven by strong online sales during periods of lockdown.

Officeworks' margin and earnings were impacted by changing sales mix during the year, and increased price investment to maintain Officeworks' everyday low price credentials. The earnings result also reflected higher costs of doing business associated with managing COVID-related disruptions, as well as continued investment in data and digital initiatives, including the launch of Flybuys, which enabled Officeworks to double its number of known and marketable customers.

Consistent with its focus on sustainable long-term growth, Officeworks continued to invest to modernise its supply chain, completing the transition to a new Victorian customer fulfilment centre (CFC), and progressing the development of a Western Australian CFC and a Victorian international distribution centre.

In addition, Officeworks upgraded 75 stores, opened two new stores and relocated three stores. As at 30 June 2022, there were 168 Officeworks stores across Australia.

Outlook

Officeworks' everyday low prices, wide range, great service, and well established every-channel offer make it well positioned to support retail and business customers in a range of economic scenarios.

Officeworks maintains its focus on productivity and efficiency programs across stores, the support centre and in the supply chain, to mitigate the impact of cost inflation and COVID-related disruptions.

Officeworks will continue to evolve its core offer and expand its presence in the education, business-to-business and work from home segments. Improvements to the every-channel customer experience will continue, supported by recent investments to better leverage data and digital capabilities and modernise the supply chain.

Sarah Hunter
Managing Director
Officeworks

Our business

Since opening in 1994, Officeworks has grown to a network of 168 stores across Australia, a website and digital app as well as operating the Geeks2U business, generating over $3.1 billion in annual sales.

Officeworks is passionate about helping customers make bigger things happen at home, at school and at work.

The business is Australia's leading retailer of stationery, technology, furniture, art supplies, and learning and development resources as well as an array of services like Print and Create and technical support through Geeks2U.

Its customers include small- and medium-sized businesses, students, schools, households and those working from home. With more than 40,000 products available on the website, business specialists and a national call centre, Officeworks is committed to providing great service to customers and making the customer experience easy and engaging, irrespective of how they choose to shop.

Officeworks is focused on the safety, health, wellbeing, and career progression of more than 9,000 team members. Pleasingly, Aboriginal and Torres Strait Islander employment in Officeworks exceeds employment parity of three per cent of our workforce.

Officeworks is committed to ensuring the long-term sustainability of the business through building and maintaining meaningful connections with the communities in which it operates, fundraising for national partners and local community groups, reducing its impact on the environment, and sourcing products and services responsibly.

HEALTH, SAFETY AND WELLBEING

The safety, health and wellbeing of team members and customers is Officeworks' number one priority. Officeworks' goal is to make sure that everyone arrives home safely after working, shopping or visiting the business, free from any kind of harm or injury.

In the past year, Officeworks has continued to see improvement in its safety performance, with its TRIFR reducing to 5.8. This means that during the past 12 months, 58 team members have lost one or more shifts due to an injury at work. While one injury is one too many, a TRIFR of 5.8 represents a 4.9 per cent improvement when compared to the previous year. Contributing to these results was the introduction of the full InjuryCARE program to New South Wales and Western Australian sites.

Sustainability performance

Safety performance

5.8 TOTAL RECORDABLE INJURY FREQUENCY RATE[1]

2022	**5.8**
2021	6.1
2020	7.9
2019	8.5
2018	10.2

1 TRIFR measures the number of lost time and medical treatment injuries per million hours worked.

Aboriginal and Torres Strait Islander team members

323

2022	**323**
2021	328
2020	190
2019	198
2018	198

Greenhouse gas emissions

SCOPE 1 & 2

MARKET-BASED[1] LOCATION-BASED[2]

30.8ktCO$_2$e

	Market-based	Location-based
2022	**30.8**	**37.2**
2021	34.4	40.1
2020	n.a.	43.2
2019	n.a.	45.8
2018	n.a.	49.1

1 Emissions based on GHG Protocol Scope 2 market-based reporting standard.

2 Scope 1 and 2 data includes emissions for businesses where we have operational control under the NGER Act.

Operational waste

RECOVERED DISPOSED

6.0kt

	Recovered	Disposed
2022	**5.3**	**0.7**
2021	5.8	0.6
2020	5.1	0.8
2019	5.2	1.1
2018	4.4	1.4

Community contributions[1]

DIRECT INDIRECT

$7.3m

	Direct	Indirect
2022	**2.4**	**4.9**
2021	2.1	4.3
2020	2.4	3.1
2019	2.6	1.5
2018	2.4	1.3

1 Direct community contributions include cash in-kind and time contributions. Indirect community contributions include contributions from team members and customers enabled by our businesses.

Ethical sourcing program

- 1,092 sites in the ethical sourcing program
- 496 sites were monitored this year (45%)[1]
- 33 sites in the program had reportable breaches (3%)[2]

1 The frequency of monitoring varies depending on prior audit findings and the level of assessed risk.

2 We work with our suppliers to remedy reportable breaches. In certain very rare circumstances, we may suspend or terminate our arrangements with that supplier.

To further elevate a safety-first culture, Officeworks implemented a safety behaviour program, Switch On. This involved team members from the Leadership Team, store operations and supply chain, and provided resources to help develop and sustain a safety culture of awareness, accountability and courage.

Officeworks' health and wellbeing program, Your Best Life, continued this year and team members were provided tools, resources and initiatives to improve wellbeing. The Moving Mindz 2.0 eight-week wellbeing challenge inspired over 2,400 team members from across the business to participate in the program.

Officeworks continues to foster an environment where safety is viewed beyond the risk of physical harm, building a psychologically safe workplace where its team members feel comfortable to speak-up if they are not okay, from either a physical or mental health perspective. This includes reducing mental health stigma by encouraging everyday conversations of care as well as acknowledging days of significance, such as RUOK? Day.

COMMUNITIES

Officeworks is committed to supporting the communities in which it operates and is passionate about building meaningful connections that help others to overcome challenging circumstances and thrive.

Officeworks' Make a Difference Appeal allows customers to round up the cost of their purchases, contributing financial support to local and regional causes.

Recognising the impacts on communities across Australia from COVID-19, Officeworks partnered with organisations that provide support for children's health and education. Together with its customers, Officeworks raised $1 million to support 14 organisations across the country.

As a leading provider of educational resources for early learning centres, and primary and secondary schools, one of Officeworks' strategic priorities is promoting strong educational outcomes for all Australian students, no matter their circumstances.

Together with its long-term partners, The Australian Literacy and Numeracy Foundation and The Smith Family, Officeworks identifies opportunities and champions causes that support students who need it most.

During the financial year, thanks to the generosity of its team and customers, 9,820 Australian students received sponsorships and education resources funded by the more than $2 million raised through the Wall of Hands and Back to School appeals.

In addition, Officeworks developed new initiatives including hosting The Smith Family's Work Inspiration reach-out sessions to facilitate employment opportunities and partnered with book-sharing organisation 123Read2Me.

ETHICAL SOURCING

Officeworks' approach is guided by the United Nations Guiding Principles on Business and Human Rights (UNGPs), which highlight that all businesses have a responsibility to uphold and respect human rights.

During the year, Officeworks continued to complement its risk-based, audit-centric approach with an outcome-focused program aimed at improving worker wellbeing and engagement within its direct supply chain.

During the first round of worker surveys, a total of 1,258 workers across four factories shared their concerns, which included a lack of trust in internal grievance channels, lack of understanding of how wages are calculated, unequal treatment of workers based on their gender, and dissatisfaction with working hours. Using this information, Officeworks collaborated with factory management to implement actions to address worker concerns and improve overall working conditions. Six months after the first round of surveys, a 17 per cent improvement in worker satisfaction was achieved, evidencing positive change for the 2,269 workers at those factories.

All suppliers of goods and services must adhere to Officeworks' Ethical Sourcing & Modern Slavery Policy, which outlines the minimum standards required to work with Officeworks. To date, Officeworks has mapped over 28,000 products to the primary site of manufacturing, with 1,092 sites involved in its ethical sourcing audit program. Officeworks seeks to work with its suppliers and non-government organisations to remediate and scale impact and promote a coordinated approach to tackling complex modern slavery issues.

ENVIRONMENT

As a sustainability leader, Officeworks recognises its important role in demonstrating action, advocating for change, and driving collaboration across the retail industry as part of the transition to a net zero and circular economy.

Officeworks' approach to reducing emissions and adopting more circular business practices is outlined in its People and Planet Positive commitments, which includes taking meaningful climate action, contributing to a more circular economy, and supporting customers to shop more sustainably.

During the year, Officeworks reduced Scope 1 and 2 market-based emissions by 10.5 per cent, and continued to transition to 100 per cent renewable energy by 2025 through the installation of on-site solar panels and by signing a long-term agreement to procure renewable electricity in Queensland. As part of Officeworks' Restoring Australia two-for-one tree planting initiative, a total of 1.24 million trees have been planted across Australia since launching in 2017, with over 1,800 hectares of land restored.

To contribute further to a circular economy, in February 2022 Officeworks announced its investment in the World's Biggest Garage Sale (WBGS), a Brisbane-based social enterprise, to help scale circular economy solutions across Australia for the retail sector.

In March 2022, Officeworks' commitment to people and the planet was recognised at the Banksia Foundation's 33rd National Banksia Sustainability Awards, with Officeworks winning the Large Business Transformation Award category.

Repair, repurpose or recycle unwanted products

Officeworks recognises that Australians are increasingly looking for ways to dispose responsibly of unwanted goods, including e-waste which is one of the fastest growing waste streams.

As a large retailer of technology products, Officeworks launched its 'Bring it Back' program in 2015, as an easy way for customers to recycle computers, laptops, printers, ink cartridges and other accessories for free. This program has since expanded to collect a wider range of items including batteries, pens and markers, digital storage devices and mobile phones. Since 2015, Bring it Back has diverted over 7,000 tonnes of resources from landfill.

During the 2022 financial year, a total of 1,651 tonnes of unwanted products were collected from customers for recycling, an increase of 12 per cent on the prior year, even though collection was disrupted by COVID-related store closures. This volume includes the equivalent of 4.1 million AA batteries through Officeworks' national battery recycling service, some 2.5 million units more than last year.

To make it easier to recycle pens and markers, Officeworks expanded collection points into classrooms across Australia. Some 273 schools were supplied with collection boxes and educational resources to encourage students to collect and recycle used pens, markers and textas. Combined with instore collections, during the year Officeworks collected the equivalent of 1.3 million units of pens and markers for diversion from landfill to recycling.

While recycling is important, repairing items helps to keep products and materials at their highest value for longer. Officeworks increased its focus on building repair capability, acquiring a 21 per cent stake in Brisbane-based social enterprise, WBGS.

Since establishing the partnership in 2019, the WBGS has collected, repaired, repurposed and resold 289 tonnes of imperfect or damaged furniture from Officeworks' Queensland stores. Working with WBGS, Officeworks plans to expand this program nationally under a new brand, Circonomy, supporting growing circular economy ambition through more repair and refurbishment of furniture and other items.

STRATEGY

Officeworks is committed to helping make bigger things happen for its customers, team members, the community, and its other stakeholders. Officeworks will continue to drive growth and productivity by executing its strategy, centred around five key areas.

Strategies	Achievements	Focus for the coming years
Our team We are skilled, committed and healthy	– Improved safety performance, with a TRIFR of 5.8 – Investment in the physical and mental wellbeing of the team – Participation rate of Aboriginal and Torres Strait Islander team members at 3.6 per cent	– Continue to invest in team member safety, health and wellbeing – Strengthen position as an employer of choice – Continue to invest in diversity and belonging programs
Customer experience We make things easy and engaging	– Enhanced online shopping experience through improvements to website and mobile app – Refreshed the brand and created more inspiring experiences online and instore that engage customers – Invested in data and digital capabilities to provide more timely, personalised and engaging communications to customers	– Create more personalised and relevant customer experiences and offers – Leverage ongoing investment in better knowing and understanding our customers – Drive improved customer experience through the Officeworks data and analytics platform
Growing our business We are ambitious in driving growth	– Expanded ranges, for example art, craft, education, technology and cleaning and hygiene – Expanded ranges of own-brand products – Launched Classroom Essentials offer for schools – Continued to make working-from-home easy and engaging for both the employer and employee, including launching Flexiworks	– Continue to invest across every channel (including stores and online) to improve the customer experience – Continue to improve the range to meet changing customer needs – Further growth in the education and business-to-business segments – Accelerate the rollout of the Flexiworks platform to support the work-from-home segment and flexible working arrangements for employers and employees
Operational excellence We strive to do things better	– Increased operational capability, capacity and productivity in customer fulfilment centres, including completing the transition to a new Victorian customer fulfilment centre – Completed the replacement of print and copy self serve machines in stores – Implemented new customer call technology to stores – Implemented click and collect process improvements – Renegotiation of enterprise-wide technology agreements	– Introduce new handheld technology to store team members, enabling process improvements – Invest in inventory planning and stock management to improve availability and speed of delivery – Continue to simplify and modernise IT systems, architecture and infrastructure – Continued investment in modernising supply chain, including transitioning to new customer fulfilment centre in Western Australia and additional international distribution centre capacity in Victoria
Connecting with our communities We are a part of where we live	– Reduced Scope 1 and 2 market-based emissions by 10.5 per cent and installed PV solar on seven stores – Diverted 88 per cent of all operational waste from landfill – Supported 9,820 disadvantaged Australian students with the support of customers and national partners	– Continue to invest in renewable energy to support transition to 100 per cent renewable electricity by 2025 – Expand circular economy solutions through investment in Circonomy – Deepen connections in the communities where we live and work through local, state, and national programs

RISK MITIGATION

Officeworks recognises that taking appropriate business risks is a critical aspect of generating acceptable business returns. We encourage our team to understand risk as it relates to their role, and in doing so we maximise their ability to identify and leverage opportunities.

COVID-19 remains a feature of the operating environment. It is inherent across multiple key risk areas and not separated below. COVID-19 mitigation activities continue to evolve with changing circumstances and in line with public health guidance. Additionally, Officeworks recognises climate change as a key risk (and opportunity) which is discussed elsewhere within this annual report.

Risk	Mitigation
Supply chain disruptions	– Proactively manage inventory position and relationships with suppliers to accommodate disruptions to global supply chains – Continue to modernise domestic supply chain facilities
Changing customer behaviours	– Regular reviews of product range to ensure that it meets the evolving preferences of Officeworks' customers – Leverage ongoing investment in data analytics capability to deepen understanding of customer needs, identify emerging trends and monitor the competitive landscape – Ongoing investment in the every-channel business model to deliver easy and engaging experiences for customers
Data and systems security	– Dedicated internal capability focused on IT systems and data security – Cyber risk controls embedded and regularly tested, and continue to be updated in light of evolving threats – Security awareness training program to keep all team members educated and informed
Ethical sourcing and sustainability	– Five-year sustainability strategy (People and Planet Positive Plan 2025) to identify and mitigate sustainability risks and opportunities – Responsible sourcing policies supported by investment in detailed compliance programs

Industrial and Safety

Year in review

Revenue

$1,925m

2022	**1,925**
2021	1,855
2020	1,745
2019	1,752
2018	1,750

EBT

$92m

2022	**92**
2021	70
2020[1]	39
2019	86
2018	118

Key financial indicators

	Post-AASB 16			Pre-AASB 16		
For the year ended 30 June	**2022**	**2021**	**2020[1]**	**2020[1]**	**2019**	**2018**
Revenue ($m)	**1,925**	1,855	1,745	1,745	1,752	1,750
Earnings before tax ($m)	**92**	70	39	40	86	118
Capital employed R12 ($m)	**1,166**	1,126	1,448	1,447	1,475	1,409
Return on capital employed R12 (%)	**7.9**	6.2	2.7	2.8	5.8	8.4
Cash capital expenditure ($m)	**64**	62	59	59	83	50

[1] The 2020 earnings before tax for Industrial and Safety excludes pre-tax impairments of $310 million, and includes $15 million of payroll remediation costs.

Our performance

Industrial and Safety revenue of $1,925 million was 3.8 per cent above the prior year. Earnings of $92 million were 31.4 per cent above the prior year.

Blackwoods' revenue increased on the prior year, underpinned by continued growth from strategic customers, particularly from customers in the mining and manufacturing sectors and in Western Australia and Queensland, as well as solid demand in New Zealand. This was partially offset by weakness in demand in New South Wales and Victoria, as well as the impact of elevated demand for critical products (respiratory, cleaning and hygiene products) in the prior year. Blackwoods' earnings growth was driven by higher sales and partially offset by the continued investment in customer service and digital capabilities and the impact of COVID-related disruptions.

Workwear Group's revenue reflected the divestment of the UK business in the second half of the prior year, while earnings increased with stronger sales from the industrial workwear brands, including KingGee and Hard Yakka, and the benefit of improved operating efficiencies including the simplification of the uniforms business that was implemented in the prior year.

Coregas' revenues and earnings increased due to higher demand from industrial and healthcare customers. The business also benefited from the acquisition of a gas and welding products business in July 2021.

Safety and injury management remains a core focus and the TRIFR improved to 3.5 for the year.

Outlook

The Industrial and Safety businesses are focused on driving improvements in performance and profitability, strengthening the customer value proposition and executing new growth opportunities.

The businesses continue to actively manage ongoing disruptions relating to global supply chains, labour availability challenges in some states and territories, and the inflationary environment.

Blackwoods will continue to focus on improvements to its customer value proposition and core operational capabilities, including across systems and in data and digital.

Workwear Group remains focused on driving growth in its industrial brands and uniforms business, improving operational excellence and strengthening its digital offer.

Coregas is expected to benefit from continued strong demand in the healthcare and industrial segments, despite ongoing competitive pressure and rising input and distribution costs.

On 1 August 2022, the Industrial and Safety division completed the sale of the Greencap consulting business to WSP Global Inc., a global professional services firm. The earnings impact of the sale is expected to be minor and will be recognised in the 2023 financial year. Industrial and Safety has retained Greencap's digital contractor management solutions business, Cm3.

Tim Bult
Managing Director
Wesfarmers Industrial and Safety

Our business

The Industrial and Safety portfolio of businesses services customers across diverse industries such as mining, manufacturing, construction, retail, food and beverage, utilities, transport, facilities maintenance, health and government. The businesses also service a wide range of customer groups including large corporate enterprises, government organisations and small- to medium-sized businesses.

Industrial and Safety currently operates three main businesses: Blackwoods, Workwear Group and Coregas. On 1 August 2022, Industrial and Safety completed the sale of the Greencap consulting business to WSP Global Inc.

Blackwoods is the largest business in terms of revenue and is a distributor of tools, workplace safety and personal protective equipment, workwear, electrical and industrial supplies. It services a wide variety of customers of different sizes across Australia and New Zealand through an extensive supply chain, branch network and online platforms.

Workwear Group is Australia's largest provider of industrial and corporate workwear, featuring iconic Australian brands Hard Yakka and King Gee. Workwear Group also supplies bespoke and catalogue uniforms to leading airlines, financial services providers, retailers and other large corporates through its NNT and Workwear Group Uniforms brand, as well as specialised garments to defence and emergency services customers in Australia and New Zealand.

Coregas is a supplier of industrial, specialty and medical gases in Australia and New Zealand, serving customers of all sizes through multiple sales channels and distribution networks.

HEALTH, SAFETY AND WELLBEING

Health, safety and wellbeing continue to be top of mind at Industrial and Safety, with each business unit progressing initiatives to mitigate fatal risk, prevent injuries, and support team member physical and psychological wellbeing.

With the ongoing challenges of adapting to COVID-19 and the associated impacts on team members, the division invested in strengthening its mental health and wellbeing programs. In addition to training 30 mental health first aiders, Blackwoods grew its Health and Happiness community, Coregas improved its safety interaction program, Greencap delivered psychological health and wellbeing workshops, NZ Safety Blackwoods launched its FeelSAFE program with psychological, physical and financial support for team members,

Sustainability performance

Safety performance

3.5 TOTAL RECORDABLE INJURY FREQUENCY RATE[1]

2022	**3.5**
2021	4.3
2020	4.8
2019	6.9
2018	6.6

[1] TRIFR measures the number of lost time and medical treatment injuries per million hours worked.

Aboriginal and Torres Strait Islander team members

92

2022	**92**
2021	83
2020	72
2019	77
2018	69

Greenhouse gas emissions

SCOPE 1 & 2

MARKET-BASED[1] LOCATION-BASED[2]

26.4ktCO_2e

	Market-based	Location-based
2022	**26.4**	**26.4**
2021	27.4	27.4
2020	n.a.	27.1
2019	n.a.	25.9
2018	n.a.	26.0

[1] Emissions based on GHG Protocol Scope 2 market-based reporting standard.

[2] Scope 1 and 2 data includes emissions for businesses where we have operational control under the NGER Act and emissions in international operations.

Operational waste

RECOVERED DISPOSED

1.9kt

	Recovered	Disposed
2022[1]	**0.8**	**1.1**
2021[2]	0.6	0.9

[1] Industrial and Safety continued to improve its methodology with the addition of NZ Safety Blackwoods.

[2] Due to improved methodology, the years prior to FY2021 are not comparable. 2021 now includes a significant portion of actual weight versus industry-standard estimates used in prior years.

Community contributions[1]

DIRECT INDIRECT

$0.8m

	Direct	Indirect
2022	**0.8**	**0.0**
2021	0.9	0.2
2020	1.0	0.0
2019	1.2	0.0
2018	0.6	0.1

[1] Direct community contributions include cash in-kind and time contributions. Indirect community contributions include contributions from team members and customers enabled by our businesses.

Ethical sourcing program

- 500 sites in the ethical sourcing program
- 266 sites were monitored this year (53%)[1]
- 44 sites in the program had reportable breaches (9%)[2]

[1] The frequency of monitoring varies depending on prior audit findings and the level of assessed risk.

[2] We work with our suppliers to remedy reportable breaches. In certain very rare circumstances, we may suspend or terminate our arrangements with that supplier.

and Workwear Group prepared mental health leader training for launch in 2023. These initiatives are tracking well, with positive engagement and feedback from team members. The division's focus on mental health and wellbeing programs will be maintained in the coming years.

DIVERSITY AND INCLUSION

Industrial and Safety embraces diversity and strives to create inclusive work environments, with particular attention to gender balance, and the engagement and employment of Indigenous people.

Gender representation in leadership roles has remained stable at approximately 30 per cent female. During the year, Greencap produced blogs and videos and used LinkedIn Learning to educate its teams on the impacts of gender bias and how to support and empower women at work.

Indigenous team members account for three per cent of the division's Australian workforce and Indigenous supplier spend totalled more than $7.1 million for the year. Blackwoods released its financial year 2022 to 2024 Aboriginal and Torres Strait Islander Strategy and Plan outlining actions, expectations and measures in support of the Wesfarmers Reconciliation Action Plan.

The onboarding of three additional First Nations-owned recruitment partners bolstered the pool of candidates at Blackwoods, along with increased overall opportunity due to labour shortages.

ETHICAL SOURCING AND MODERN SLAVERY

The division is committed to establishing strong and respectful relationships with suppliers and ensuring ethical sourcing practices for direct suppliers, own-brand, and customer-branded product manufacturers. This includes sourcing products in a responsible manner while working with suppliers to improve their social and environmental practices.

Each business manages its own risk-based ethical sourcing policy and strategy and rolled out training throughout the year to support its team members, suppliers and customers with better managing and identifying ethical sourcing risks. Using a risk-based approach, services such as cleaning providers, labour hire and branded merchandising goods are being reviewed and assessed.

The Industrial and Safety division has also joined other Wesfarmers divisions to trial 'Your Voice', a brand-agnostic direct worker helpline set up by Quality Inspection Management (QIMA) across manufacturers in Bangladesh, India, Indonesia and Vietnam. The anonymous helpline allows workers to confidentially raise concerns direct to QIMA and Industrial and Safety businesses. If the concerns are classified as serious or reportable, Industrial and Safety investigates and assists with any required remediation.

CLIMATE CHANGE RESILIENCE

Industrial and Safety acknowledges the important part it can play in addressing climate change and reducing carbon emissions. Industrial and Safety introduced new Scope 1 and 2 emissions targets during the year, detailed on page 78 of this annual report.

Blackwoods has mapped its LED footprint with the view to formalise a future fit-out strategy aligned to innovation and LED performance. A solar PV system will be installed at the Melbourne distribution centre in the 2023 financial year and once complete, all Blackwoods distribution centres will leverage solar power.

Coregas continued its involvement in a range of hydrogen-based projects, which includes Australia's largest hydrogen project, the Hydrogen Energy Supply Chain (HESC) gasification plant in the Latrobe Valley, Victoria. As part of this, Coregas assisted loading the world's first liquid hydrogen ship – Suiso Frontier – in Victoria for transport to Japan.

Within New Zealand, fuel reduction and waste are two key areas of focus, given the high level of existing renewable generation sources. NZ Safety Blackwoods is transitioning its fleet to hybrid vehicles. To date, 47 hybrid vehicles have been received – 45 per cent of the business' total fleet.

Workwear Group upgraded the LED lighting at its Melbourne Airport distribution centre and applied heat resistant roof sealant to its Welshpool distribution centre. The seal has resulted in significant heat reduction within the warehouse and has reduced the use of air-conditioning and overhead fans.

PRODUCT SAFETY

Industrial and Safety commits to providing customers with safe products by continuing to improve standards, controls and processes in high-risk product safety areas, especially for own-brand products. As a technical services business, Greencap focuses on delivering high-quality client service.

The division maintained zero own-brand product recalls, supported by critical paths within the sourcing and new product development workflow for factory and product level compliance.

Blackwoods launched its revised Supplier Assurance and Risk Management Program – an improvement opportunity identified in the approach to due diligence of national and international brands. The initiative aims to better understand suppliers' performance across a range of operational activities. To date, 67 suppliers have been engaged as part of a phased rollout plan.

NZ Safety Blackwoods introduced a quality issue reporting framework which allows the business to effectively record, track and escalate issues. It conducted regular risk assessments and inspections for all goods manufactured directly to maintain quality, safety, and compliance.

Workwear Group ensured suppliers remain compliant to the Quality Assurance Inspections Program, with in-country teams maintaining regular communication with suppliers. Where possible, in-country Quality Control (QC) teams delivered training at factories so quality standards are not compromised.

Blackwoods grows partnership with Geared Up Culcha

Blackwoods has a long-standing relationship with Geared Up Culcha Pty Ltd (Geared Up Culcha), an Indigenous, Supply Nation certified provider of work wear, promotional merchandise, signage and personal protective equipment (PPE).

For over ten years, Geared Up Culcha has supplied the Blackwoods team with promotional merchandise and polo shirts bearing unique Aboriginal art, which have become treasured items among all team members.

Our relationship was strengthened in 2021 when Blackwoods acquired a 49 per cent interest in south-east Queensland-based Geared Up Culcha, helping to position the business for growth and to access new markets.

This year, Geared Up Culcha has expanded its customer reach through its 'Bricks and Clicks' portal, and by becoming a bigger supplier to Blackwoods.

Geared Up Culcha's offer has always included state-of-the-art embroidery and embellishment, along with valuable linkages to First Nations designers and artists. With recent growth, Geared Up Culcha will be relocating to a larger warehouse and production complex, providing more space for additional products and an enhanced office and display room.

For Blackwoods, the collaboration gives customers access to a wider range of products and services from a trusted Supply Nation certified supplier, through their existing supplier relationship.

Geared Up Culcha owner Paul Dodd said he is proud of the partnership which also provides meaningful, genuine opportunities to give back to the community.

"Blackwoods is now our second largest client, giving us the capacity to expand our products and services nationally. The partnership is helping to take us from a very good business to a great business!", Mr Dodd said.

STRATEGY

Industrial and Safety continues to focus on performance improvement activities to enhance growth initiatives including investment in digital capabilities. Across Blackwoods and Workwear Group, this includes focusing on data, ERP systems, e-commerce, product and service capabilities and cost improvement initiatives aimed at deepening customer relationships while improving operating efficiencies. Coregas is focused on expanding in key sectors including mining and healthcare, enhancing its product offer and renewable opportunities.

Strategies	Achievements	Focus for the coming years
Implementation of a market-leading offer in the Australian and New Zealand industrial distribution market	– Strengthened relationships with strategic customers – Integrated supply program delivering end-to-end procurement solution – Increased digital engagement and improved customer experience across the digital offerings – ERP deployment completed in the eastern and southern operations and nationally for the finance function	– Enhance customer value proposition through unbeatable range, reliability, expertise and ease of doing business – Product range enhancement, including strengthening safety category – Leveraging scale from operations and improving operating efficiencies with enhanced capability – Expansion of technical capabilities and service solutions – Completing the implementation of the ERP system and streamlining operating processes through data and digital initiatives – Ongoing trade store refresh program in New Zealand
Digital transformation of Workwear Group and targeting growth from uniforms and industrial brands	– Strong growth from industrial brands due to product innovation, improved service levels and brand desirability – Completion of cost improvement initiatives and simplification of the uniforms business model – Opened new distribution channels, including international for the KingGee and Hard Yakka brands – Targeted focus on winning and retaining uniforms contracts	– Investment in digital transformation including online re-platforming to further enhance the customer offer and simplify the business – Realising new business opportunities for uniforms through targeted focus on profitable contracts – Accelerating growth from industrial and corporate brands – Enhancing service levels through logistical excellence and investment in planning systems
Grow Coregas market share	– Continued revenue growth and increased market share – Geographic expansion within Australia and New Zealand – Healthcare expansion with the entry into new health segments – Increasing activity in hydrogen projects	– Key customer growth, including major mining customers, healthcare and in the Trade N Go Gas offer – Further expanding product offers such as specialty gases – Continue to explore renewable opportunities and leverage expertise in the hydrogen supply chain
Expand the online capabilities of Cm3	– Continued investment in Cm3 to improve the offer	– Position Cm3 as the leading contractor management platform in Australia and New Zealand

RISK MITIGATION

As a supplier of industrial, safety and workwear products, the business is exposed to the performance of customers' industry sectors, new and existing competitor activity and trends, as well as macro-economic factors such as capital investment, employment, exchange rates and interest rates.

COVID-19 remains a feature of the operating environment. It is inherent across multiple key risk areas and not separated below. COVID-19 mitigation activities continue to evolve with changing circumstances and in line with public health guidance. Additionally, Industrial and Safety recognises climate change as a key risk (and opportunity) which is discussed elsewhere within this annual report.

Risk	Mitigation
Supply chain disruptions and labour availability	– Implementation of strategies such as supplier engagement and sourcing visibility, enhanced customer engagement and exploration of alternative sourcing options – Enhance recruitment capabilities and team member value proposition – Investment in planning systems to further optimise stock availability
Subdued profitable growth and margin pressure, particularly as a result of the inflationary environment	– Enhance Blackwoods' customer value proposition through unbeatable range, reliability, expertise and ease of doing business – Target new growth opportunities, strengthen brand positioning and enhance service level excellence in Workwear Group – Continue to develop new distribution channels for Coregas, expand large customer segments by leveraging Blackwoods' relationships and diversify product offering – Grow the Cm3 digital offer – Enhance pricing and contract management, including cost tracking activities, across all Industrial and Safety businesses, as well as focus on initiatives that improve the cost to serve model
Growth of new and existing competitors, including digital market entrants	– Build data and digital capabilities to deepen customer relationships and improve operating efficiencies – Continue to optimise range, price and supply chains
Safety or environmental incidents	– Continue to focus on quality control systems and ensuring compliance with regulatory requirements and standards – Fully operational safety program including regular monitoring and the continuation of the safety culture – Active safety engagement by senior management – Regular review of appropriate emergency response and crisis management plans, including in the event of environmental incidents
Data and IT security	– Developing cyber-resilient workforce through increased training – Continue to focus on enhancing security monitoring systems

Health

Year in review

Revenue

$1,240m

EBT

$(25)m

Key financial indicators

For the year ended 30 June 2022	
Revenue ($m)	**1,240**
Earnings before tax ($m)	**(25)**

Our performance

Health revenue was $1,240 million for the period 31 March 2022 to 30 June 2022. Excluding non-cash expenses relating to assets recognised as part of the acquisition of API, impairments and one-off expenses associated with the exit of the consumer brands manufacturing operations in New Zealand, earnings were $11 million for the period.

The Pharmacy Distribution business delivered a pleasing sales result for the ownership period, benefitting from continued demand for COVID-19 treatments and rapid antigen tests, as well as strong new customer acquisition.

Priceline revenue was supported by strong sales in all major health categories due to elevated cold, flu and COVID-19 cases during the period. Strong sales across health products were partially offset by weakness in beauty categories. Ongoing global supply shortages continued to impact product availability in some categories.

Pharmacy Distribution and Priceline earnings were impacted by costs associated with the ongoing transition to the new Marsden Park distribution centre (DC), which commenced in February 2022. The new DC is highly automated and supported by modern pick and pack technology.

Results for Clear Skincare were affected by elevated cases of COVID-19 in the community, which led to reduced customer traffic to clinics and impacted clinician availability as a result of elevated absenteeism and isolation requirements.

As at 30 June 2022, the Health division included 89 Priceline stores, 376 Priceline pharmacy franchise stores and 95 Clear Skincare Clinics.

The Health division is working to adopt policies that align with Wesfarmers' approach to sustainability. While these are progressively implemented, additional disclosures about the Health business and its material sustainability issues will be included in 2023 Annual Report.

Outlook

The Health division is well positioned to deliver long-term growth and will continue to focus on integration activities and pursuing opportunities to strengthen the competitive position of API and its pharmacist partners.

Investment to accelerate the transformation of the business and support long-term growth will be focused on improving underlying performance in the core business as well as e-commerce capabilities, expanding DC capacity and optimising the Priceline and Clear Skincare networks.

The new Marsden Park DC is on track to be operating at full capacity by the end of the 2022 calendar year. While efficiency benefits from the new automated facility are expected from the second half of the 2023 financial year, some additional transition costs will be incurred while both the existing and new DCs are operating in parallel.

The Health division will recognise approximately $13 million per annum in non-cash amortisation expenses over the next three years relating to assets recognised as part of Wesfarmers' acquisition of API, followed by declining annual acquisition-related amortisation expenses until to the 2033 financial year.

Emily Amos
Managing Director
Health

Wesfarmers OneDigital

Wesfarmers OneDigital was established in April 2022 and brings together Wesfarmers' digitally native businesses, including the OnePass membership program, the Group shared data asset, OneData, and Catch, which moved into the division from Kmart Group on 1 July 2022.

Our business

OneDigital will power the Group's data and digital growth ambitions and provide customers with a more seamless, rewarding and valuable omnichannel experience across the retail businesses. OneDigital will provide incremental benefits to the existing retail divisions and customers through the insights available via the shared data asset, and by leveraging the benefits of the membership program.

The OnePass program provides members with additional benefits and convenience when shopping with the Group's retail businesses. In early 2022, the Club Catch membership program was rebranded and repositioned as OnePass. Kmart, Target and Catch are currently part of the OnePass program, with Bunnings and Officeworks partnerships and additional benefits to be added.

OneData, formerly the Advanced Analytics Centre, manages the Wesfarmers shared data asset, providing a single view of the customer and enabling the divisions to deliver a more compelling offer to customers. OneData also provides data analytics support to OnePass and Catch.

OneDigital is uniquely placed to leverage the Group's trusted retail brands, and its near-term priority is to deliver the OnePass customer proposition roadmap, scale the membership base and unlock the latent value embedded in OneData.

Outlook

OneDigital will build on the momentum from the 2022 financial year as it continues to focus on supporting the Group's data and digital growth ambitions, increasing customer lifetime value and accelerating growth in the Group's divisions.

Over the 2023 financial year, OnePass will focus on delivering a broader set of benefits to members when shopping across Wesfarmers' retail brands. Partnerships with Bunnings and Officeworks are expected to launch in the 2023 financial year, and development of a mobile app is currently underway to support a convenient and seamless customer experience.

Underpinning the customer roadmap for OnePass will be customer analytics provided by OneData. OneData remains focused on providing insights to support the divisions to improve how they develop compelling offers, services and products that are relevant to each of their customers.

Catch, which transitioned to OneDigital at the start of the 2023 financial year, will continue on its journey to scale from a deal of the day focused business to a broad-based marketplace. The key areas of focus for Catch include improving the performance of its in-stock range and continuing to expand the marketplace, as well as launching 'Fulfilled by Catch', which will provide fulfilment services for other Wesfarmers brands and marketplace sellers.

OneDigital is uniquely placed to deliver incremental value to the divisions through access to a deeper understanding of customers than could be achieved standalone. An operating loss of approximately $100 million for OneDigital (excluding Catch) is expected during the 2023 financial year, with the division expected to generate new revenue streams for the Group over the long term.

Nicole Sheffield
Managing Director
OneDigital

Other activities

Wesfarmers is an investor in Flybuys, the BWP Trust, Gresham Partners and Wespine Industries, and retains a minority interest in Coles.

FLYBUYS

Wesfarmers owns a 50 per cent shareholding in leading loyalty and data company Flybuys, with Coles holding the other 50 per cent. Formerly part of Coles, following the demerger of Coles in November 2018, the Flybuys business was set up as an independent, stand-alone business.

As at 30 June 2022, there were 6.7 million active households in the Flybuys loyalty scheme. For more information on Flybuys, please visit **www.flybuys.com.au**

BWP TRUST

Wesfarmers' investment in the BWP Trust (the Trust) contributed earnings of $121 million for the financial year, an increase of $56 million on last year.

The Trust was established in 1998 with a focus on large format retailing properties and, in particular, properties leased to Bunnings. BWP Management Limited, the responsible entity for the Trust, is a wholly-owned subsidiary of Wesfarmers Limited. Units in the Trust are listed on the Australian Securities Exchange and Wesfarmers holds, through a wholly-owned subsidiary, 24.8 per cent of the total units issued by the Trust as at 30 June 2022.

The Trust's portfolio as at 30 June 2022 consisted of a total of 73 properties. For more information on the Trust, please visit **www.bwptrust.com.au**

GRESHAM PARTNERS

Wesfarmers has a 50 per cent shareholding in Gresham Partners Group Limited, the holding company for the Gresham Partners operations. Gresham Partners is a leading independent financial services business with activities in corporate advisory, funds management, property, and capital solutions.

For more information on Gresham Partners, please visit **www.gresham.com.au**

WESPINE INDUSTRIES

The 50 per cent-owned Wespine Industries (Wespine) operates a plantation softwood sawmill in Dardanup, Western Australia. Wespine manufactures structural timber used in the construction industry along with landscaping, packaging and other timber products. Wespine also has an import wholesale operation under the brand Staxa.

The level of demand for sawn timber products during the year was unprecedented. The demand is largely attributable to home buyer incentives offered by state and federal governments in response to the COVID-19 pandemic. Underlying interest in timber for construction as an alternative to more carbon-intensive building materials is also growing. The combination of strong demand and Wespine production now being supplemented by import volumes resulted in record timber sales of $145 million, up 30.6 per cent on the prior year.

Safety continues to be a focus for management with initiatives relating to both risk identification and reduction resulting in further strong safety performance during the period.

For more information on Wespine, please visit **www.wespine.com.au**

COLES

Coles is a leading Australian retailer which sells everyday products including fresh food, groceries, household goods, liquor, fuel and financial services via its national store networks and online platforms.

The Group holds a minority interest in Coles through a wholly-owned subsidiary, Wesfarmers Retail Holdings Pty Ltd.

For more information on Coles' performance during the year, please visit **www.colesgroup.com.au**

Sustainability

Sustainability is core to the Wesfarmers Way. Our primary objective, value-creating strategies, and values embed care for people and planet, across the Group.

We understand that long-term success requires us to look after our team members, anticipate the needs of our customers, treat our suppliers ethically and fairly, invest in our local communities, take care of the environment, and behave with honesty and integrity. These well-established pillars underscore all of our work, from business management and strategy through to capital allocation, knowing that actions aligned with these pillars create long-term sustainable value for all stakeholders.

This section of the annual report includes information about those sustainability issues that we and our stakeholders have identified most material. Most importantly, our approach to the management of these issues is focused on driving positive, sustainable long-term outcomes.

Our climate disclosures detail how Wesfarmers' businesses are contributing to global decarbonisation efforts, supporting the transition to net zero. This year, we remained focused on eliminating and remediating modern slavery and increased the transparency of our supply chain and ethical sourcing work. While we report progress in safety and inclusion, this work remains ongoing. Data and cyber security and circular economy are material issues for our divisions, with continuing rapid growth in the digital economy and increased focus on resource scarcity. Our approach to governance and corporate conduct is detailed in the Corporate Governance Overview in this annual report.

Wesfarmers' sustainability disclosures are prepared in accordance with the Global Reporting Initiative (GRI) and linked to the United Nations Sustainable Development Goals. A complete set of our sustainability disclosures, including performance data which excludes the Health division unless otherwise stated, is on the Wesfarmers website at **www.wesfarmers.com.au/sustainability**

2022 HIGHLIGHTS

7.4%

reduction in market-based Scope 1 and 2 emissions, excluding the Health division

3.3%

Indigenous employment parity regained

1,724

Suppliers monitored in the ethical sourcing program

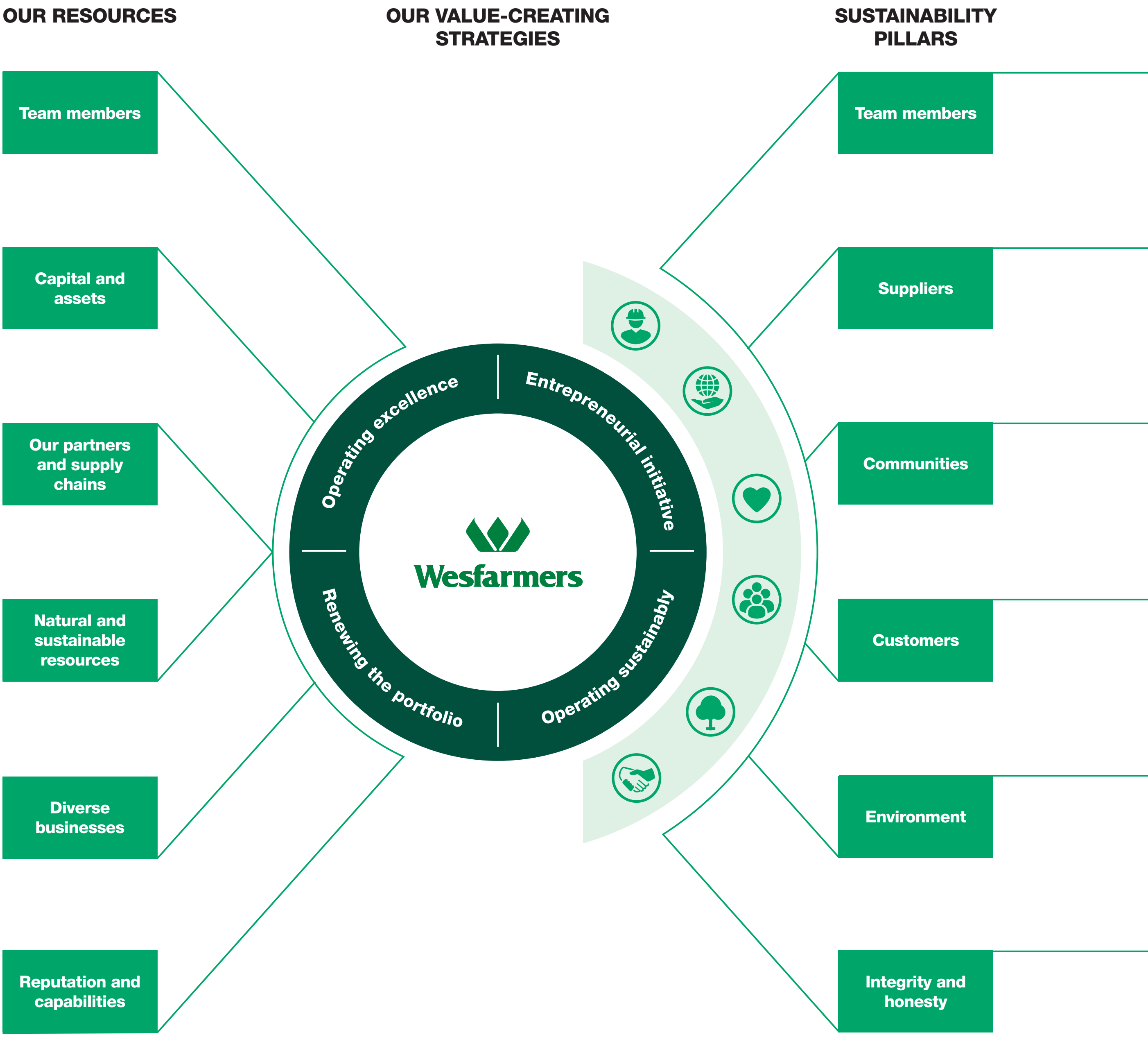
4.2%

reduction in TRIFR

How our approach creates value for Wesfarmers stakeholders

Sustainability has long been integrated into Wesfarmers' approach to capital allocation, and the oversight and management of our businesses. Diverse resources, including our team members, capital, partners and businesses, are invested and managed, consistent with our value-creating strategies, to support our primary objective, to deliver satisfactory returns to shareholders.

Each year, we determine our most material sustainability issues, with input from internal and external stakeholders. We monitor these issues closely and our approach embeds them into decision-making, creating sustainable long-term value. More detail is included in the following pages. Next year, we expect to include the new Health division in Group sustainability disclosures.



APPROACH	MATERIAL ISSUES	SELECTED FY2022 OUTCOMES	
Looking after our team members and providing a safe and fulfilling work environment We support gender balance, and employment parity for Indigenous team members because diverse teams perform better. Safe and fulfilling workplaces strengthen business productivity and performance and team member retention and engagement.	People development, diversity and inclusion Advancing reconciliation Health, safety and wellbeing	**9.2** TRIFR representing a 4.2% improvement on FY2021	**3,601** or 3.3% of Australian team members identify as Indigenous Australians, with employment parity regained in late 2021
Engaging fairly with our suppliers and sourcing ethically and sustainably By sourcing products and services in a responsible, sustainable way, we strengthen critical supplier relationships and support workers in our supply chain. Customers value our ethical approach.	Ethical sourcing and human rights	**4,355** supplier sites in the ethical sourcing program with 2,651 or 61% monitored during the year	**98%** of reportable breaches were or are being remediated, improving conditions for workers in our supply chain
Supporting the communities in which we operate By being connected to and invested in our local communities, we help them to succeed. Connected and creative communities are more agile, inclusive and innovative.	Economic and community contribution	**$53.7m** in direct and indirect contributions to community organisations, principally in Australia and New Zealand	**45,000** visitors to *Ever Present: First Peoples Art of Australia* during its presentation at the Art Gallery of Western Australia
Anticipating the needs of our customers and delivering competitive goods and services Our businesses perform better when providing customers with affordable, safe and reliable products and services. By investing to ensure products and services are safe, Wesfarmers builds confidence among customers which strengthens its businesses.	Product quality, safety and standards Data and cyber security	**100m+** digital interactions with customers each month with operations maintained during COVID-related lockdown	**OnePass** established to provide members with additional benefits and convenience when shopping with our retail businesses
Taking care of the environment Being nature and climate-aware builds resilience and creates opportunities for our businesses. Managing resources responsibly resonates with our team members and customers, reduces our environmental impact and enhances our reputation.	Circular economy Climate resilience	**7.4%** reduction in Scope 1 and 2 market-based emissions relative to FY2021, excluding the Health division	**69.6%** of operational waste recovered and diverted from landfill
Acting with integrity and honesty in all our dealings Board oversight of sustainability risks and opportunities and robust governance promote accountability, transparency and achievement of sustainable outcomes across the Group.	Governance, corporate conduct and ethics	**Remuneration** for senior executives included consideration of financial performance and other matters including safety and other sustainability issues	**ESG data** with new, additional metrics monitored to support governance and reported to increase transparency

Looking after our team members and providing a safe, fulfilling work environment

PEOPLE DEVELOPMENT, DIVERSITY AND INCLUSION

Integrity and openness are core values of Wesfarmers – central to who we are and how we work. An open and inclusive work culture helps to attract and retain an outstanding workforce with diverse strengths and experiences, and to maintain workplaces where everyone feels welcome, respected and safe. This is critical as we execute our value-creating strategies and strengthen our businesses, renew our portfolio and ensure sustainability through long-term management.

An inclusive culture helps to ensure we attract diverse team members, which helps to ensure we have the best insight into the evolving needs and expectations of customers and stakeholders. For Wesfarmers, diversity extends to all people and perspectives. We promote gender balance across the Group, including in senior management. We also focus on the employment of Aboriginal and Torres Strait people, and this year we regained employment parity.

We are committed to providing opportunities for our almost 120,000[1] team members (as at 30 June 2022) to enhance their performance at work, and encourage a learning culture to help advance careers.

Our Code of Conduct sets out our commitment to treating everyone with respect, valuing diversity and providing a safe work environment.

Training and development

Wesfarmers' businesses have primary responsibility for training and developing their team members. This includes job-specific and career development training for full-time, part-time and casual team members.

Training programs develop team members' technical skills, product knowledge, and customer service, teamwork and leadership capabilities. Data and digital skills have been important in recent years as our businesses have evolved. Where possible, we have continued to invest in technology to support flexible working from home and remote training and development, and we have increased training for leaders and team members on wellbeing and mental health.

Wesfarmers partners with each business to develop its executive leaders and connects all general managers with Wesfarmers' primary objective, values, leadership model and strategic focus areas, through training that promotes collaboration.

Female representation across the Group

	2022	2021
Total workforce	**57%**	57%
Wesfarmers non-executive directors	**44%**	38%
Wesfarmers Leadership Team[1]	**50%**	42%
Senior executive positions	**35%**	35%
All management and professional positions	**39%**	37%

[1] Including the Health division.

Diversity and inclusion

We recognise, recruit and support many facets and combinations of diversity across Wesfarmers, consistent with our broader community.

For Wesfarmers to derive benefits of this diversity, our team members must understand the benefits of inclusion and act with inclusivity. To support this ambition, Wesfarmers is a member of various expert diversity and inclusion research organisations. Wesfarmers shares best practice and research from these organisations across the Group.

Gender balance

At Wesfarmers, we believe gender balance ensures that there are equitable opportunities for individuals notwithstanding their gender. This includes ensuring equitable access to employment, compensation benefits, and development opportunities across the organisation. On any team, we strive for a minimum 40 per cent female and 40 per cent male, with the remaining 20 per cent being of any gender or gender diverse. The Wesfarmers Board will maintain a composition of not less than 30 per cent female.

The Wesfarmers Leadership Team is balanced with 50 per cent female and 50 per cent male members, as is the total Wesfarmers workforce, comprising 57 per cent female and 43 per cent male team members.

There are opportunities to strengthen gender balance in senior executive positions, with 65 per cent of senior executive roles held by male team members. During the year, balance among management and professional roles improved with 39 per cent of positions held by female team members, an increase from 37 per cent 12 months earlier.

ADVANCING RECONCILIATION

Wesfarmers is committed to increasing the number of Aboriginal and Torres Strait Islander people in our workforce and to supporting the careers of Aboriginal and Torres Strait Islander team members. Wesfarmers also supports partnerships with Aboriginal and Torres Strait Islander suppliers, including as they innovate and scale. Wesfarmers remains focused on developing the cultural competency of our businesses, to help ensure that Aboriginal and Torres Strait Islander people feel welcome in our businesses as team members, customers, suppliers and visitors.

This year we were pleased to launch our eighth Reconciliation Action Plan (RAP) and our first Elevate RAP – the highest RAP level.

We were pleased to reach our goal of employment parity for Aboriginal and Torres Strait Islander people with at least three per cent of our Australian workforce identifying as Aboriginal or Torres Strait Islander team members, a year earlier than targeted.

We were proud to support 19 Indigenous team members to enable them to participate in the inaugural Wesfarmers Indigenous Leadership Program. This ground-breaking program supports Aboriginal and Torres Strait Islander leaders across Wesfarmers, and is delivered in partnership with the Australian Indigenous Leadership Centre. All graduates receive a Certificate IV in Indigenous Leadership.

As Aboriginal and Torres Strait Islander businesses grow, their economic activity benefits local Aboriginal and Torres Strait Islander communities and the wider Australian economy. This year, we were pleased to increase our spend with certified Supply Nation Aboriginal and Torres Strait Islander businesses to $46.2 million, an increase of 25 per cent compared to last year.

We were pleased to award grants under our Building Outstanding Aboriginal and Torres Strait Islander Business (BOAB) Fund. Through Bunnings, we provided funding and mentoring to the native title group, Circular Head Aboriginal Corporation, to develop a partnership and pilot with a supplier of seaweed liquid fertiliser. Through Bunnings, we also supported Wik Timber to explore certification of hardwood timber on native title land.

During the year, we continued to support the Clontarf Foundation, which we have done since 2001. We currently employ more than 375 Aboriginal and Torres Strait Islander men who are Clontarf alumni and students.

Wesfarmers has supported Aboriginal and Torres Strait Islander arts and culture for more than four decades. This year, a highlight was the Australian premiere of West Australian Opera commission *Koolbardi wer Wardong*, Australia's first Indigenous language opera, created as a Wesfarmers Arts Commission by celebrated Nyoongar musician and songwriter Gina Williams AM and Guy Ghouse.

HEALTH, SAFETY AND WELLBEING

The physical and psychological health, safety and wellbeing of our team members is a critical business issue.

For more than two years, we have committed to providing a COVID-safe environment for our team members and customers, putting in place strict protocols – in line with or exceeding government directives. Some of these protocols remain in place. We implemented COVID-19 testing regimes and encouraged team member vaccination. Our businesses implemented strategies and workforce planning or rostering practices to minimise COVID-19 risks and the impact of COVID-related absences, helping to ensure continued operations.

In addition to existing mental health support initiatives, we partnered with Beyond Blue to implement a resilience and mental health coaching program called NewAccess across the Group.

While we continue to build our safety maturity, we are encouraged by the improvement in safety performance and reduction in workplace injuries and incidents across the Group.

This year our Group TRIFR was 9.2 compared to 9.6 last year. On a like-for-like basis, Wesfarmers had 1,436 workers' compensation claims this year compared to 1,514 last year.

From May 2020, NSW workers' compensation provisions require all team members who test positive for COVID-19 to register a claim. Total claims, including COVID-related claims in NSW, were 8,654.

Aboriginal and Torres Strait Islander team members[1]

3.3%

2022	**3,601**
2021	2,994
2020	1,858
2019	1,666[1]
2018	1,647[2]

[1] Restated to account for casual team members who have worked in the last 30 days (previously 90 days).

[2] Excludes Coles.

Safety performance

9.2 TOTAL RECORDABLE INJURY FREQUENCY RATE (TRIFR)[1]

2022	**9.2**
2021	9.6
2020	10.4
2019	13.5
2018	24.1[2]

[1] TRIFR measures the number of lost time and medical treatment injuries per million hours worked.

[2] Includes discontinued operations, including Coles.

Engaging fairly with our suppliers and sourcing ethically and sustainably

ETHICAL SOURCING AND HUMAN RIGHTS

For Wesfarmers, it is essential that we engage fairly with suppliers, source ethically and sustainably and respect and promote human rights. We are committed to ethical sourcing and have reported transparently on human rights for almost a decade.

Our aim is to ensure that human rights are understood throughout our operations and supply chain, and that our team members and workers in our supply chain work in safe, fair workplaces, where their rights are respected.

We recognise that modern slavery is a complex problem, exacerbated by COVID-19, and best tackled through collaborative action by like-minded organisations.

Our Approach to Human Rights details Wesfarmers most salient human rights issues. The Wesfarmers Ethical Sourcing and Modern Slavery Policy sets out minimum standards to ensure the Group sources products and services in accordance with legal obligations and community expectations, while working with suppliers to improve their social and environment practices. It seeks to prevent, mitigate and where appropriate, remedy instances of modern slavery in our operations and supply chains.

Among other matters, our minimum standards prohibit forced and bonded labour, require adherence to laws governing working ages and hours, seek to ensure safe and healthy working conditions and transparent record keeping, and recognise the rights to freedom of association, collective bargaining and grievance mechanisms. The policy also details minimum standards for the management of modern slavery risks.

Our reporting

This year, we evolved our ethical sourcing reporting, to extend beyond absolute metrics and include additional context, showing relative performance of our ethical sourcing programs, year-on-year and within our broader supply chain. We also better identify the impact of our programs including where reportable breaches have been remediated. These changes reflect recommendations from a review conducted during the year by an independent global supply chain consulting firm.

Our supply chain

Across the Group, we have relationships with nearly 26,000 suppliers.

Our businesses directly source products for resale from about 12,000 third-party suppliers in more than 40 countries. Our major product sourcing locations include Australia, Bangladesh, China, Europe, India and Indonesia.

Our supply chains are often complex with multiple tiers, sometimes across multiple countries, supplying diverse products to our divisions. We do not own the sites and factories where products are manufactured, but engage suppliers to manufacture own-brand goods for us and other suppliers.

Across the Group, we also manage about 14,000 service providers. These include suppliers of shipping and logistics, maintenance and repair, cleaning and waste removal, property and security, and training and consulting services.

Our ethical sourcing programs

Our divisions take a risk-based approach to assess and mitigate human rights risks in their operations and supply chains, each implementing their own ethical sourcing programs, in line with leading international practice.

Across the Group, all suppliers complete mandatory pre-qualification and, depending on their assessed risk level, on-going monitoring, as detailed below.

Our divisions also monitor emerging human rights issues and identify opportunities where we can influence the actions of our suppliers to mitigate risks, including through collaborations with other organisations.

Supply chain transparency

Detailed supply chain mapping, including beyond direct or tier one suppliers, helps to mitigate ethical sourcing risks and leverages our scale and partnerships to deepen awareness and respect for human rights.

Each division has mapped its tier one suppliers to determine which suppliers to include in the ethical sourcing program. This process includes consideration of information about the supplier, our spend with the supplier, the type of product being sourced (including assessed risks and whether it is 'own-brand') and country of origin.

To expand our level of transparency, some divisional ethical sourcing teams are investigating value chains to tier two and even tier three suppliers and, in some cases, progressing the public disclosure of tier two suppliers in our supply chain.

Supplier due diligence and monitoring

This year, our divisional ethical sourcing programs monitored 2,651 sites and 1,724 suppliers (recognising that a supplier may source through many sites), from a total 4,355 sites and 2,744 suppliers. Accordingly, around 61 per cent of sites and 63 per cent of suppliers in the program were monitored in the 2022 financial year. Monitoring seeks to ensure compliance with the Wesfarmers Ethical Sourcing and Modern Slavery Policy.

Monitoring activities include self-assessment questionnaires, supplier endorsement processes, supplier visits, independent and extensive third-party audits, and reports through grievance mechanisms. The frequency of monitoring varies from three to 24 months, depending on prior audit findings and the level of assessed risk.

Where monitoring identifies instances of non-conformance with our standards, these are classified as minor, major or reportable breaches (with reportable breaches similar to critical breaches, previously reported).

The reportable breach classification is based on the Wesfarmers Ethical Sourcing and Modern Slavery Policy and the Sedex Members Ethical Trade Audit (SMETA) methodology. It captures any imminent threat to a worker's safety which presents a risk to life, evidence of fraud, coercion, deception or interference, or certain repeat findings which have not been addressed over time.

This year, the main reportable breaches were:

- Health, safety and hygiene violations (39 per cent of reportable breaches)
- Excessive working hours (21 per cent of reportable breaches)

Ethical sourcing program

- 4,355 sites in the ethical sourcing program
- 2,651 sites monitored this year (61%)[1]
- 307 sites in the program had reportable breaches (7%)[2]

1 The frequency of monitoring varies from three to 24 months, depending on prior audit findings and the level of assessed risk.

2 We work with our suppliers to remedy reportable breaches. In certain very rare circumstances, we may suspend or terminate our arrangements with that supplier.

- Non-compliance with minimum wages (eight per cent of reportable breaches)
- Inadequate management systems
- Employment of children and young workers, and
- Environmental violations.

Further details can be found in the Wesfarmers Modern Slavery Statement. The Wesfarmers 2022 Modern Slavery Statement will be released in late 2022.

Remediation

Consistent with our policies, the UNGPs and International Labour Organisation (ILO) conventions, we aim to have effective grievance mechanisms available for workers in our supply chains, to confidentially raise concerns including business-related human rights risks.

This year, Wesfarmers businesses supported grievance mechanisms covering approximately 750,000 workers across 1,400 sites.

When a non-conformance is identified, whether through monitoring or grievance mechanisms, our response depends on the severity of harm (or potential harm). It may include immediate rectification or making good any harm experienced by an individual, and work to prevent future harm.

All sites with non-conformances, whether minor, major or reportable breaches, are subject to ongoing due diligence monitoring. The type of non-conformance also determines the follow-up. This year, 42 per cent of reportable breaches have been remediated and 56 per cent are being remediated. This year, we exited seven factory sites (two per cent) where remediation of a reportable breach could not be achieved.

It is very rare for divisions to exit a site or supplier for non-conformances including reportable breaches. Instead, we engage closely to support remediation, often in collaboration with other customers to the supplier through a corrective action plan.

Training

Training of our team members is a key strategy to increase alignment with our minimum standards and reduce the risk of non-conformances. This year, more than 5,000 hours of training were delivered on human rights (as established by the Universal Declaration of Human Rights and other international instruments), ethical sourcing risks and mitigation strategies, and ethical buying practices. Training was also provided to selected supply chain partners throughout the year.

Worker helpline provides additional grievance mechanism to hear directly from workers

In 2021, Bunnings, Blackwoods, Officeworks and Workwear Group launched the 'Your Voice, Worker Helpline', to enable dialogue with workers and support the remediation of reported grievances. The helpline is designed to safeguard the rights and wellbeing of any person who raises a concern.

The helpline complements the Group's ethical sourcing programs as it assists with the validation of risk assessments and provides visibility of issues beyond the regular audit cadence. It also supports the provision of more immediate, specific remedies before issues escalate.

The helpline has been implemented in more than 190 sites in China, Indonesia, Taiwan and Vietnam covering more than 43,000 workers in our supply chain. It aligns with the UNGPs Effectiveness Criteria for Operational Grievance Mechanisms:

- Independent management by a consultancy with dedicated in-country teams available 24 hours every day to confidentially respond to workers in their own language, via phone call, email or messaging services
- Implemented at sites using small group in-person training sessions or virtual webinars
- Multilingual marketing materials including pictorial descriptions to ensure that the service is accessible to workers with low literacy or migrant workers
- Training and resources for suppliers and factory management teams to explain the service and detail the investigation process if a report is lodged

All reports received are investigated and appropriate remediation is provided in the shortest possible timeframe. The investigation process keeps all parties informed of steps taken to address concerns.

Since December 2021, 12 workers have contacted the 'Your Voice, Worker Helpline'. Of these, five confirmed grievances have been remediated, between the worker and the supplier. Seven general enquiries about worker rights were received, although these are not classified as grievances.

In addition, this year more than 5,600 factory workers from nine Bunnings manufacturing sites were trained in the grievance mechanism.

Supporting the communities in which we operate

ECONOMIC AND COMMUNITY CONTRIBUTION

Wesfarmers has long supported the local communities where we operate, knowing this helps to support our success over the long term.

With successful businesses, we have the opportunity to make substantial contributions to community organisations that enable a strong, cohesive and inclusive society. Our team members are central to our approach, and we work in partnership with organisations that deliver positive social outcomes in the areas where we live and operate.

During the year, the Group employed almost 120,000 team members who received $5.6 billion in salaries, wages, and benefits.

We continued to pay our full-time, part-time and many casual team members including when stores were closed and there was no meaningful work for them to do or when they were required to isolate. During the 2022 financial year, we invested approximately $49 million in pandemic support, providing certainty to team members and their families.

During the year, $37.2 billion in economic activity was generated through $23.4 billion paid to suppliers, $5.6 billion paid to our team members, $3.9 billion paid in rent, services, and external costs, and $1.3 billion paid in taxes and other government charges.

The Group contributed $53.7 million to community organisations in Australia and New Zealand. That included almost $22.6 million in direct social investment, and $31.1 million in contributions from customers and team members, including approximately $18 million from community sausage sizzles at Bunnings stores. Often, these contributions support community recovery efforts following natural disasters.

Wesfarmers Corporate supports community organisations working in medical research and wellbeing, education and the arts. Across these three areas, we include support for organisations that are Indigenous-led, or that have significant Indigenous programs. During the year, Wesfarmers Corporate contributed more than $8.1 million to around 35 community partners.

Works of art from the collection of the National Gallery Australia and Wesfarmers Collection of Australian Art in the exhibition *Ever Present: First Peoples Art of Australia* on exhibition at National Gallery Singapore, 2022. Photo by: Joseph Nair, Memphis West Pictures.

Wesfarmers Arts

Wesfarmers has been a leading supporter of the arts sector for more than four decades. Our partnerships with diverse premier arts and cultural organisations in Western Australia and nationally reflect our belief in the vital contribution the arts make to vibrant communities in which creativity, social cohesion and innovation thrive.

In 2022, we continued to support our arts partners as they were impacted by COVID-19, providing significant, targeted support to keep artists employed when performances were suspended and galleries were closed.

During the year, we presented the exhibition *Ever Present: First Peoples Art of Australia* at the Art Gallery of Western Australia (AGWA). This landmark exhibition charts the evolution of First Nations art in Australia, and draws from the National Gallery of Australia and The Wesfarmers Collection of Australian Art. Following its exhibition at AGWA, *Ever Present* is touring internationally. The exhibition is the largest exhibition of First Nations art ever to travel to Asia.

Additionally, we contributed Founding Partner support towards the inaugural Yajilarra (Let us Dream) Festival of Indigenous art and culture, held in July 2021 on Bunuba Country at Danggu Geikie Gorge, Fitzroy Crossing. Organised by the Bunuba Traditional Owners, this new festival celebrates Bunuba language and culture to engage young people with ancestral knowledge.

Community contributions[1]

DIRECT INDIRECT

$53.7m

	DIRECT	INDIRECT
2022	**22.6**	**31.1**
2021	24.8	30.5
2020	25.0	43.1
2019	19.9	52.2
2018[2]	86.6	60.9

[1] Direct community contributions include cash, in-kind and time contributions. Indirect community contributions include contributions from team members and customers enabled by our businesses.

[2] Includes discontinued operations, including Coles.

Anticipating the needs of our customers and delivering competitive goods and services

PRODUCT QUALITY, SAFETY AND STANDARDS

By ensuring that products are safe and reliable, and that they comply with all relevant standards before they are sold, we build trusting and lasting relationships with customers.

To ensure these standards are met, we work closely with our suppliers, undertaking product testing, quality checks and compliance due diligence.

Wesfarmers' divisions collaborate to share best practice product quality and safety learnings through a quarterly Product Safety Forum.

Wesfarmers also participates in the Australian Competition and Consumer Commission (ACCC) Product Safety Consultative Committee, to discuss and share product safety issues and challenges.

Compliance with Australian and New Zealand product safety consumer law is taken very seriously. For those products that we design and procure directly from suppliers under our own-brand, we ensure that:

- The products comply with product safety standards, mandatory standards and relevant Australian and New Zealand consumer law requirements
- We comply with policies which describe when and how we recall goods, and compensate customers for loss caused by goods if they have a safety defect
- We promptly withdraw and recall products that may have a safety defect
- We report product safety incidents in compliance with law, and
- We proactively manage any potential product safety issues.

Where a product is found to be faulty and there is a risk it may cause injury, our divisions conduct recalls in line with ACCC guidance.

DATA AND CYBER SECURITY

With the establishment of Wesfarmers OneDigital, our businesses are continuing to accelerate their investment in data and digital capabilities. In this context, we are committed to being a trusted and responsible custodian of the data we hold on behalf of customers.

Our data, digital and cyber strategies are underpinned by Wesfarmers' core values of integrity, accountability and openness which support our culture of doing what is right and our transparent approach.

Expectations regarding the collection, use and protection of data continue to evolve at pace. We recognise the importance of retaining community confidence and strive to adhere to legal and regulatory standards. We listen carefully to community expectations regarding data from customers, team members and other stakeholders.

During the year, Wesfarmers continued to grow and strengthen its data privacy and cyber security teams and capabilities, to protect data and mitigate the risk of data breaches including through cyber attacks.

The Group also designed and prototyped an active defence concept to improve threat intelligence and response capabilities in each division. This year, the Group has observed a heightened and active cyber threat landscape globally. Wesfarmers' dedicated defence team supported each division to proactively identify, prevent and respond to cyber threats and incidents, including globally significant cyber events.

Across the Group, we have invested in and enhanced cyber security controls. Where customer cardholder data is managed or handled, the divisions continue to demonstrate Payment Card Industry Data Security Standard assurance.

In the coming year, Wesfarmers will continue to increase data, digital and cyber security capabilities and invest in talent, further maturing the Group in the areas of privacy, data ethics, data governance and cyber security. The Group will also continue to develop its cyber security and privacy information management systems as well as the Group's data enablement, risk and governance frameworks.

Taking care of the environment

CIRCULAR ECONOMY

At Wesfarmers, we are working hard to reduce our environmental impact. We recognise the world has limited natural resources and we can reduce our impact and drive long-term value by becoming a more circular business.

Increasingly, our businesses are focusing on maximising the long-term value of the products we sell and resources we use, by keeping our assets, products, product components and materials, at their highest value for as long as possible, through better design. As well as safeguarding future access to these resources, these strategies support efforts to reduce waste, pollution, and our climate impact. Importantly, they also align with emerging customer expectations and support the resilience of our businesses.

Over the past two years, our businesses have developed and introduced more circular strategies. Where possible, we are increasingly designing products made from recycled and sustainably sourced materials and products that last, can be reused and where embedded resources can be recycled at end of life. We are making it clearer to our customers where products are designed to incorporate circular principles.

Further progressing the circular economy requires collaboration across supply chains and between government and industry to achieve systematic change. To support this change, the Group is engaged in numerous industry groups including the Australian Packaging Covenant Organisation (APCO).

During the year, Wesfarmers developed a framework of circular economy metrics, to better measure and manage circular performance and to influence circular strategy. In the coming year, we will use this framework to track and report additional circular indicators, and to encourage collaboration across divisions and functions to identify opportunities to further embed circularity in our businesses.

Waste

Reducing operational waste continues to be a major focus. Product and packaging waste is reduced through circular strategies. Our divisions are diverting waste from landfill, recognising this delivers environmental and financial benefits, while also meeting growing expectations among our customers.

This year, Group operational waste disposed to landfill totalled approximately 54.2 kilotonnes, a reduction of 0.5 per cent from last year. Waste diverted from landfill and recovered, including for recycling, totalled approximately 124.3 kilotonnes, an increase of 7.0 per cent.

Bunnings diverted nearly 55 per cent of its operational waste from landfill, Kmart Group diverted over 80 per cent, and Officeworks diverted 88 per cent. Improved waste diversion was achieved by increasing reusable packaging, reducing the use of non-recyclable materials, reviewing the terms of waste and recycling contracts and better using data to develop new initiatives.

Bunnings, Kmart Group and Officeworks worked with social enterprises, businesses and community and not-for-profit organisations to provide recycling programs for products including batteries, paint and electrical items such as power tools and e-waste.

Packaging and plastic

In 2018, Australian federal and state governments set packaging and plastic targets applicable to all packaging made, used and sold in Australia. The targets include 100 per cent reusable, recyclable or compostable packaging, 50 per cent average recycled content, and phasing out single-use plastics by 2025.

These targets apply to Bunnings, Kmart Group, Officeworks, Blackwoods and Workwear Group, as they are APCO signatories.

Bunnings, Kmart Group, Officeworks, Blackwoods and Workwear Group have plans in place to meet the 2025 packaging targets. We continue to report progress annually. While good progress has been made replacing plastic packaging of our products, significant focus is required to meet these 2025 targets.

Operational waste

RECOVERED DISPOSED

178.5kt

	RECOVERED	DISPOSED
2022	**124.3**	**54.2**
2021	116.2	54.5
2020	120.5	55.5
2019	107.4	58.2
2018[1]	351.3	153.6

[1] Includes discontinued operations, including Coles.

Climate disclosures

2022 HIGHLIGHTS

7.4 per cent reduction in Scope 1 and 2 market-based emissions, excluding the Health division

New WesCEF targets to reduce emissions by 30 per cent by 2030 relative to 2020 and net zero by 2050

Bunnings, Kmart Group and Officeworks agree to procure 100 per cent renewable electricity for almost 150 sites in Queensland

Divisions report full Scope 3 balances, for the first time

Construction underway at the Mt Holland lithium project, with minimisation of climate and environmental impacts

We believe that business has an important role to play, to support the transition of global economies to net zero by 2050, consistent with the Paris Agreement. We recognise the inter-connected and inter-dependent nature of many global systems, and that climate change has many, varied impacts on businesses including our supply chains, operations, teams, customers, communities and environment. We know that further action is needed to accelerate progress and prevent the worst impacts of physical climate change.

At Wesfarmers, we are committed to taking action and our businesses have long been managed with a carbon awareness. During the year, we conducted detailed risk and opportunity assessments for various climate scenarios, to accelerate our progress and further integrate climate into our annual corporate and strategic planning framework. We measure and closely monitor energy use and emissions, and adopt targets which are supported by detailed roadmaps. These actions are helping to make Wesfarmers more climate resilient.

Our approach is aligned with Wesfarmers' purpose, supporting long-term returns to shareholders, including through better management of climate and energy-related risks. Our disciplined focus on emissions efficiency continues to support growth in our business without necessitating an increase or proportionate increase in emissions.

Since 2018, we have reported transparently using the Taskforce on Climate-related Financial Disclosures (TCFD) framework, knowing that our disclosures interest many stakeholders and that transparency supports broader decarbonisation ambitions. Our climate-related disclosures continue to evolve with TCFD an effective tool to assess and report on climate governance, strategy, metrics and targets and risks and opportunities. We see value in extending this framework to broader nature considerations, consistent with recent proposals by the Taskforce on Nature-related Financial Disclosures (TNFD). Further information on Wesfarmers approach to climate is available at **www.wesfarmers.com.au/sustainability**

Greenhouse gas emissions

including the Health division

SCOPE 1 & 2

MARKET-BASED[1] LOCATION-BASED[2]

1,225.7 ktCO$_2$e

	Market-based[1]	Location-based[2]
2022	**1,225.7**	**1,385.1**
2021	1,308.9	1,475.6
2020[3]	n.a.	1,620.5
2019	n.a.	1,557.7
2018	n.a.	1,435.9

1 Emissions based on GHG Protocol Scope 2 market-based reporting standard. In FY22 this includes 0.5 ktCO$_2$e from the corporate office and 13.9 ktCO$_2$e from the Health division.

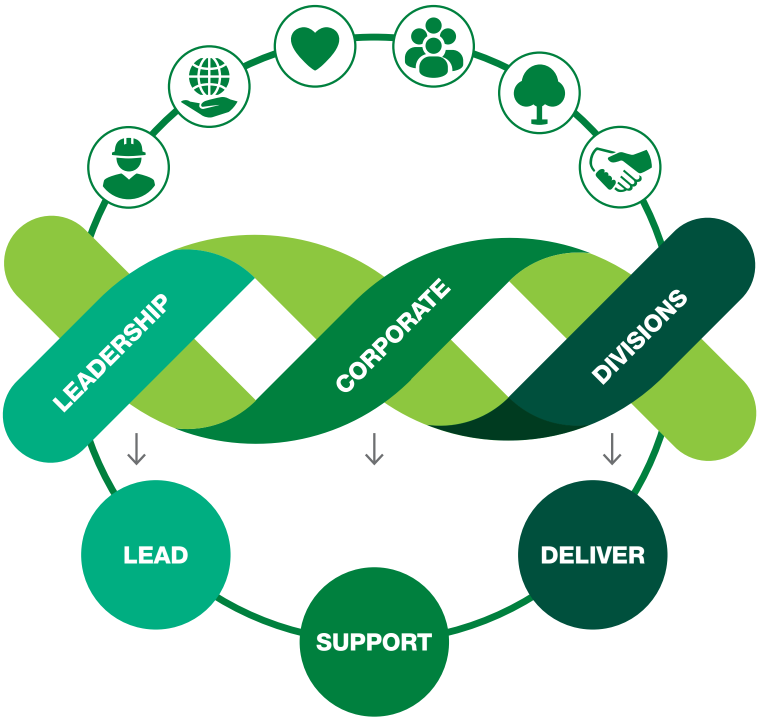
2 Scope 1 and 2 data includes emissions for businesses where we have operational control under the NGER Act and emissions in international operations. In FY22 this includes 0.6 ktCO$_2$e from the corporate office, and 15.0 ktCO$_2$e from the Health division.

3 Data restated after NGER submission correction.

Strategy

Across the Group, Wesfarmers is continuing to work in a disciplined way to further embed consideration of climate into our strategies and culture. Given our diverse portfolio of businesses, each division develops its own climate strategy, tailored to its operations and material issues.

Our teams work in a connected, coordinated way, sharing learnings to accelerate action and impact. As a result, where relevant, our divisional strategies are often connected and aligned. Our approach also supports the identification of opportunities to collaborate across the Group, to drive impact. We are also receptive to opportunities to demonstrate leadership at business and Group levels.



Set the vision	Advocate for climate resilience	Integrate climate into strategy and operations
Support a culture of climate resilience	Oversee key policies to enable action	Track and leverage insights from data
Monitor progress	Invest in climate capability	Build capability in our teams
Reward performance	Support collaboration and information sharing	Advocate among suppliers
	Provide feedback on strategy	Enable and influence customers
	Oversee climate governance and risk management	

Embed climate resilience
Continue to further embed consideration of climate into strategy and culture

Focus on supply chains
Build strength in supply chains through collaboration and by adapting as the environment changes

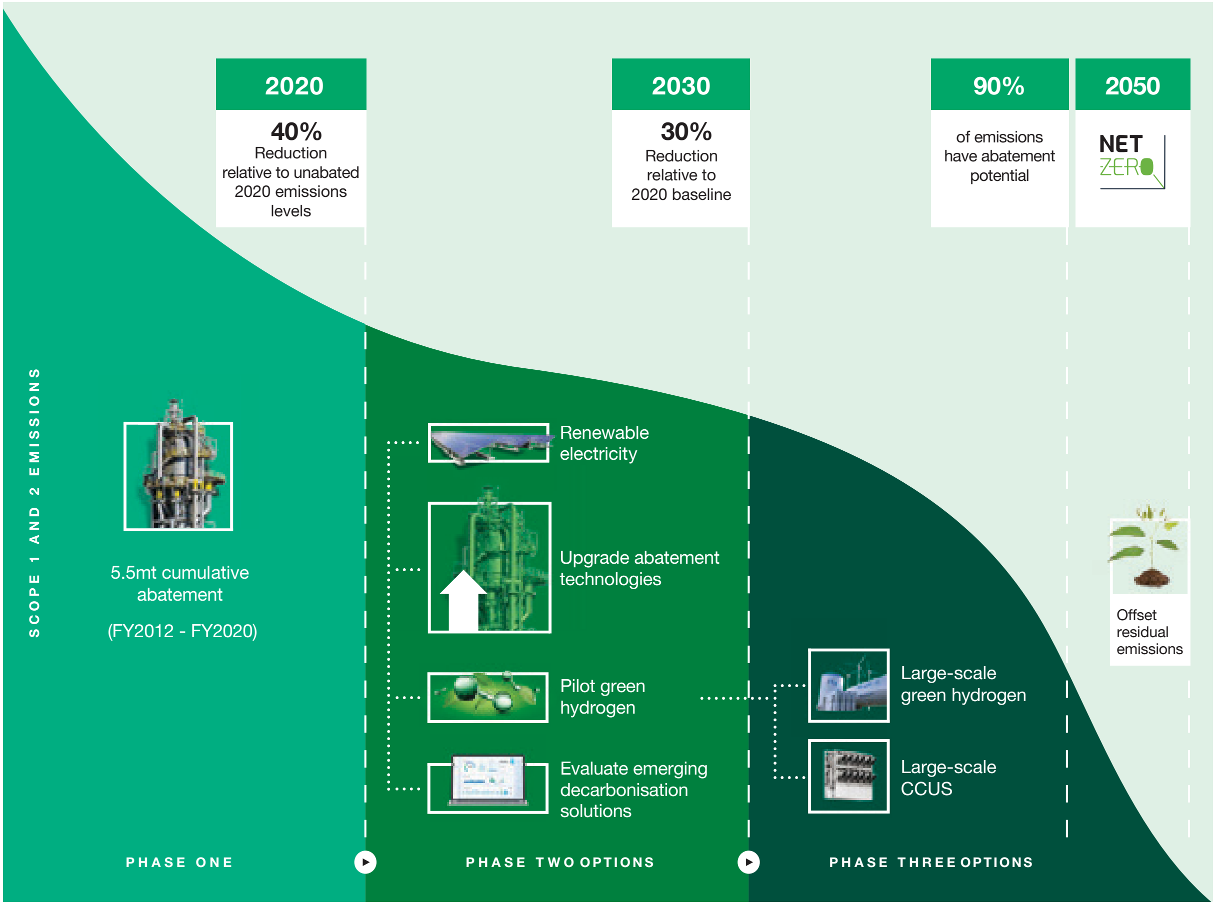
Leverage data and digital
Implement systems to support use of data and digital strategies

Combat physical impacts
Continue to reduce emissions and mitigate and adapt to physical risks

Invest for the future
Identify and pursue opportunities including circular and new business models

ACTIONS TO BUILD CLIMATE RESILIENCE AND CREATE LONG-TERM VALUE	TIMEFRAME 2022 – 2030
Set non-financial climate targets and monitor progress against targets.	
Facilitate cross-divisional collaborations to align on renewable energy options, supplier partnerships, and evolving consumer needs and risks, supported by regular climate and sustainability education.	
Develop a recruitment strategy to attract team members who will help mitigate and realise climate opportunities across the Group.	
Educate stakeholders on climate change, and build stronger partnerships with suppliers, customers and other partners to support their transition to net zero.	
Increase visibility of transition risk exposure within the supply chain, and partner for collaborative decarbonisation.	
Understand supply chain vulnerability and develop plans to address likely disruptions. Consider factors including acute and chronic risks. Evaluate the exposure of key raw materials to physical hazards.	
Develop partnerships with key suppliers and service providers (like freight and delivery suppliers, port operators and other stakeholders of shared infrastructure).	
Explore options for local manufacturing. These options could extend to chemicals, green ammonia (and hydrogen) and other low-carbon products.	
Implement a framework and systems to collect and analyse climate-related data and other ESG data (such as water, waste, sourcing, safety, people, community and nature) and leverage this data for better decision-making.	
Use scenario analysis to evaluate and respond to physical impact risks in our supply chain and operations, and to better incorporate these into strategy and capital processes.	
Incorporate energy efficiency and climate resilient design to combat current and future physical risks to team members, customers, inventory, assets and businesses.	
Invest in climate-resilient businesses, products and services to support and complement current offering. Strategically invest in new industries and sectors.	
Examine circular economy business models including opportunities for product reuse, more recyclable and recycled inputs and emerging products as a service.	
Review capital allocation processes to support climate-related initiatives including by considering value lost through inaction and potential impact on returns.	

Chemicals, Energy and Fertilisers climate strategy



Through its portfolio of businesses, WesCEF supports agricultural, resources and household customers and communities to achieve a sustainable, healthy and safe future.

During the year, WesCEF released its three-phase decarbonisation journey which includes its 2050 net zero roadmap. This roadmap renewed WesCEF's existing, longstanding focus on climate.

The first phase of WesCEF's decarbonisation journey commenced in FY2012 with the installation of abatement catalysts in several manufacturing plants. This investment has delivered a 40 per cent reduction in emissions intensity and a cumulative absolute reduction in CO_2e emissions of 5.5 million tonnes by the end of FY2020. These outcomes have been achieved while WesCEF also grew its business and operating profit.

The second phase of WesCEF's decarbonisation journey includes a 30 per cent emissions reduction target by 2030 relative to its FY2020 baseline, and the third phase will see WesCEF target net zero Scope 1 and 2 emissions by 2050.

Through the second and third phases, WesCEF intends to invest to support the net zero roadmap which focuses on the decarbonisation of existing 'hard to abate' operations, incorporating new technologies like carbon capture utilisation and storage (CCUS) and green ammonia and hydrogen, including by partnering with other organisations and engaging with policy makers. Over the period to 2050, WesCEF assumes that these technologies continue to advance and that they become commercially viable and capable of operating at scale well before 2050 and that Government policy is supportive of climate action. The roadmap also recognises the importance of emissions reductions across WesCEF's supplier and customer value chains and includes plans to develop a Scope 3 reduction pathway. Quality offsets may be used to offset any residual emissions in 2050.

WesCEF is also pursuing broader opportunities presented by decarbonisation which leverage WesCEF's capabilities and deliver long-term sustainable benefits to our team, customers, suppliers, communities and the environment. During the year, WesCEF partnered with Mitsui & Co, CSIRO and Jupiter Ionics to explore opportunities in ammonia and hydrogen technologies.

For more please see **https://wescef.com.au/wescefs-roadmap-to-net-zero/**

Embed climate resilience | Combat physical impacts | Invest for the future

Governance

EMISSIONS AND ENERGY USE

This year, Wesfarmers location-based Scope 1 and 2 emissions totalled 1,370 thousand tonnes of carbon dioxide equivalent ($ktCO_2e$) excluding the Health division. This represents a seven per cent reduction relative to FY2021. The acquisition of the API business during the year added an additional 15 $ktCO_2e$ and including API, Wesfarmers achieved a six per cent reduction in emissions relative to FY2021.

Bunnings, Officeworks and Kmart Group reduced their emissions through energy efficiency projects (such as LED lighting), behind-the-meter solar generation and by procuring renewable electricity.

WesCEF reduced its emissions through frequent catalyst replacement and with efficiency projects. WIS reduced its emissions through energy efficiency, renewable energy generation and fuel switching projects.

This year, total energy use across the Group was stable with no change compared to the prior corresponding period and 20 petajoules of energy consumed.

MARKET-BASED REPORTING

Wesfarmers continues to dual-report under the global Greenhouse Gas Protocol Scope 2 Market-Based Emissions Standard (market-based reporting).

This standard allows Wesfarmers to accurately capture and disclose increased use of renewable power which is a key strategy to support the Group's decarbonisation goals. It captures increased behind-the-meter solar PV generation and voluntary renewable energy purchases through various contractual arrangements.

GOVERNANCE FRAMEWORK

The Wesfarmers Board has responsibility for managing the Group's response to climate change. Climate change risk management is a permanent item on the divisional reporting framework and is discussed by the Wesfarmers Board and its Audit and Risk Committee. The Board approves the Group's climate change strategy including the **Group Climate Policy**, targets, strategic climate-related decisions and disclosures. The Board and Audit and Risk Committee receive regular reporting and oversee climate risk management.

A consolidated Group risk report is provided to the Wesfarmers Board and Audit and Risk Committee for review and approval, and climate change was identified as a high risk in the FY2022 Group Risk Profile. The Corporate Plan is approved by the Wesfarmers Board and includes emissions forecasts and decarbonisation plans. The Remuneration Committee makes recommendations to the Board regarding executive performance goals linked to performance against the Climate Policy and achievement of divisional emissions reduction targets.

LEADERSHIP FRAMEWORK

The Wesfarmers Leadership Team reviews emerging risks and opportunities, leads stakeholder engagement and facilitates the sharing of best practice. Each divisional board and management team is responsible for identifying and managing material risks and opportunities and business performance, including against the climate strategy, in accordance with the Group's Risk Management Framework. Divisional audit and risk and compliance committees also oversee climate-related risks relevant to the division.

Since 2014, Wesfarmers has incorporated an internal shadow carbon price as part of capital allocation decisions for projects likely to result in direct carbon emissions. This carbon price is described on our sustainability website at **www.wesfarmers.com.au/sustainability**

During the year, Wesfarmers undertook a detailed climate resilience project to assess climate-related physical and transition risks and their relationship to other environmental and business risks. Updated climate scenarios, based on the latest Intergovernmental Panel on Climate Change guidance, were used to test the Group's climate strategies and identify new or additional strategies to drive climate resilience, along with opportunities for sustainable value creation and risks to existing businesses, as summarised on pages 82 and 83 of this annual report.

Climate resilience workshops were convened involving 160 team members from all divisions and diverse functions, including all of the Wesfarmers Leadership Team. These workshops identified risks at Group and divisional levels, and potential strategies and solutions to address them, along with hundreds of opportunities, acknowledging that climate resilience improves business resilience. The workshops support a culture where further decarbonisation is 'everyone's business'. Opportunities are summarised into five key levers, set out on pages 74 and 75 of this annual report.

GROUP

- Group Climate Policy sets minimum standards expected of our divisions
- Quarterly Carbon and Energy Forums are held to share best practice
- A shadow carbon price is built into Wesfarmers' Project Expenditure and Disposals Policy
- Risk tools are used to undertake scenario analysis

Wesfarmers Board, Audit and Risk Committee and Remuneration Committee

- Approve the Climate Policy
- Provide governance over climate change risks and set risk appetite
- Set performance goals and remuneration
- Receive regular reporting

DIVISIONS

Divisional boards and audit, risk and compliance committees

- Provide governance over climate change risks and support the prioritisation of opportunities
- Receive regular reporting of emissions and energy use to better understand trends in performance

Senior management and the corporate office

- Manage carbon and energy teams
- Set the strategies for the year ahead
- Facilitate training and recruitment of climate-related capabilities
- Report to their divisional boards, the Wesfarmers Board and Audit and Risk Committee

Carbon and energy teams

- Implement the Climate Policy
- Maintain systems and processes for recording emissions data
- Implement emissions reduction projects
- Meet regularly to share best practice through Wesfarmers' Carbon and Energy Forum

Metrics and targets

With the different emissions profiles of our diverse businesses, appropriate and ambitious targets have been set for each division or business. These targets are consistent with our desire to support the transition of global economies to net zero by 2050.

Each year, Wesfarmers reports transparently on emissions and progress made towards our targets. In FY2022, all divisions made good progress towards their targets through diverse strategies that included energy efficiency projects, behind-the-meter solar PV generation, renewable energy procurement, operational improvements and investments in abatement technology. In 2021, Bunnings, Kmart Group and Officeworks made significant commitments to achieving their targets for net zero Scope 1 and 2 emissions by 2030 and to source 100 per cent of their electricity needs from renewable sources by 2025.

During the year, WesCEF updated its ambition, committing to a 30 per cent reduction in Scope 1 and 2 emissions by 2030 relative to a 2020 baseline and net zero Scope 1 and 2 by 2050. WIS ex-Coregas committed to a 45 per cent reduction in Scope 1 and 2 emissions by 2025 relative to a 2018 baseline and net zero Scope 1 and 2 by 2035. Coregas committed to a 30 per cent reduction in Scope 1 and 2 emissions by 2035 relative to a 2022 baseline and net zero Scope 1 and 2 by 2050. WesCEF and WIS Scope 1 and 2 net zero targets assume key emissions reduction technologies continue to advance and become commercially viable and operate at scale well before 2050, and that government policy remains supportive of climate action.

Pursuant to our Climate Policy, baselines and emissions reduction targets for Scope 1 and 2 may be adjusted including for material changes to our divisions or changes to greenhouse gas reporting protocols and factors. During the year, the WesCEF baseline was adjusted to reflect the current global warming potential of relevant greenhouse gases, and the WIS baseline was adjusted to reflect market-based reporting.

Scope 1, 2 and 3 emissions are reported by division, with more detail on our website at **www.wesfarmers.com.au/sustainability**. Emissions reporting for the new Health and OneDigital divisions will be included from FY2023.

Our journey so far

- Developed and adopted a Group Climate Policy
- Adopted divisional emissions targets
- Modified performance goals and remuneration for senior executives to include an assessment of their performance against the Climate Policy and divisional emissions and renewable electricity targets
- Strategies developed to deliver business growth without an increase or proportionate increase in emissions

Our journey from here

- Achieve divisional short-term emissions targets and long-term net zero targets
- Investigate technologies and opportunities to accelerate progress against targets
- Further develop our Scope 3 strategic response
- Further develop approach regarding our use of offsets including permitted offsets and when they may be used
- Support the new Health and OneDigital divisions to align with the Group Climate Policy and strategy

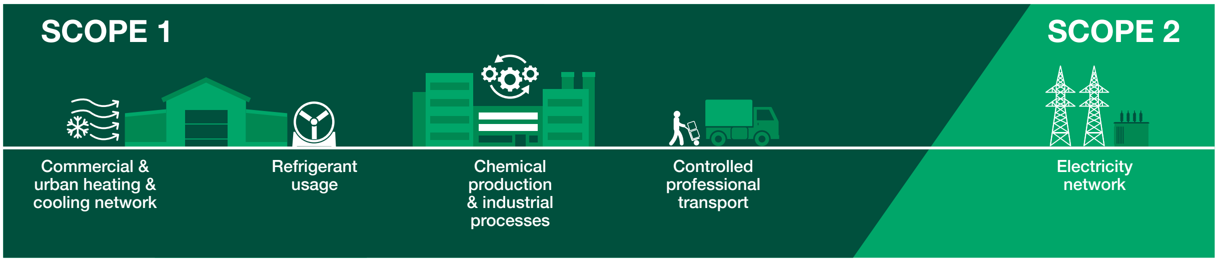
	2022 Scope 1 and 2 location-based emissions[1]	Change to prior year	2022 Scope 1 and 2 market-based emissions[1]	Scope 1 and 2 emissions reduction target (baseline)	Scope 1 and 2 emissions reduction relative to target	Net zero Scope 1 and 2 target	Renewable electricity used (where target exists)
Bunnings	220 $ktCO_2e$	–6%	105 $ktCO_2e$	10% by 2025 (2018)	15% Target achieved	2030	50%
Kmart Group	281 $ktCO_2e$	–4%	254 $ktCO_2e$	20% by 2025 (2018)	15%	2030	18%
Officeworks	37 $ktCO_2e$	–7%	31 $ktCO_2e$	25% by 2025 (2018)	24%	2030	22%
WesCEF	804 $ktCO_2e$	–9%	795 $ktCO_2e$	30% by 2030 (2020)	18%	2050	n/a
WIS (ex-Coregas)	10 $ktCO_2e$	–11%	10 $ktCO_2e$	45% by 2025 (2018)	35%	2035	n/a
Coregas	17 $ktCO_2e$	1%	16 $ktCO_2e$	30% by 2035 (2022)	n/a	2050	n/a

[1] Data has been rounded to the nearest 1 $ktCO_2e$. In some instances, the sum total for emissions may differ due to this rounding.

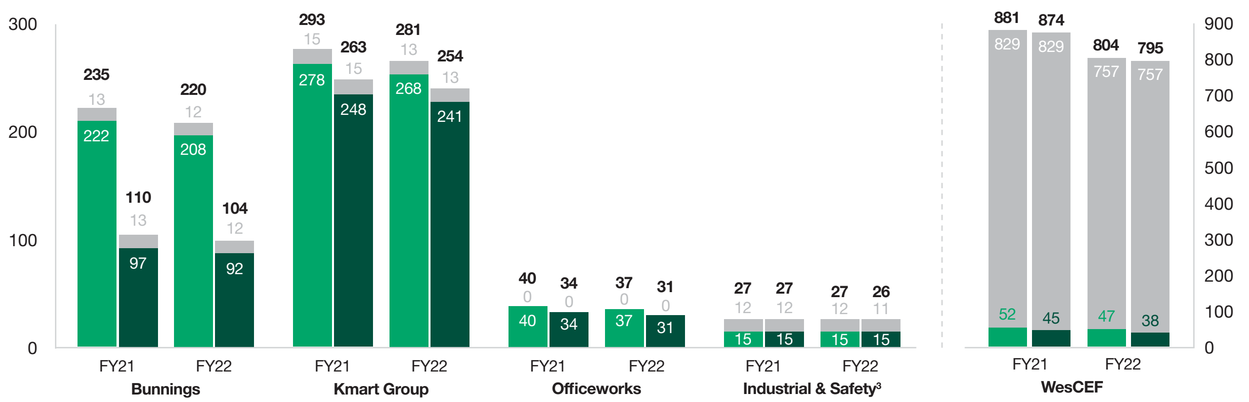
SCOPE 1 AND 2 EMISSIONS

Our Scope 1 emissions predominantly come from the manufacture of ammonia, ammonium nitrate, sodium cyanide, LNG and LPG at WesCEF; the manufacture and transport of industrial and medical gases by Coregas, as well as the use of natural gas and transportation fuels, such as diesel and petrol, in our retail businesses.

Our Scope 2 emissions come from electricity use, predominantly in our retail businesses.



Scope 1 and 2 emissions[1,2]



[1] Scope 1 and 2 data includes emissions for businesses where we have operational control under the NGER Act, and emissions in New Zealand.
[2] Data has been rounded to the nearest 1 ktCO_2e. In some instances, the sum total for emissions may differ due to this rounding.
[3] Includes Coregas.

SCOPE 3 EMISSIONS

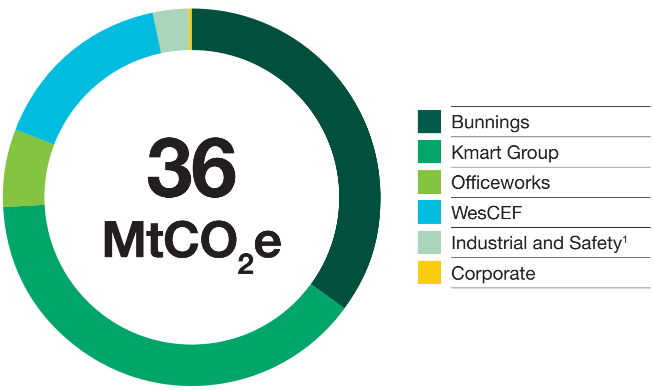
Our Scope 3 emissions relate largely to the production, transport, use and disposal of our products and the waste generated across our operations.

This year, all of our businesses have completed their Scope 3 balance calculation. These are shown on pages 79 and 80 of this annual report by division and Scope 3 emission category.

Recognising that Scope 3 calculations are complex, in the coming year, we will continue to deepen our understanding of our Scope 3 emissions profile including by increasing the transparency and accuracy of assumptions used in Scope 3 balance calculations.

With increased visibility to our Scope 3 emissions, we are prioritising opportunities and partnerships to reduce these emissions. These opportunities and partnerships are expected to include suppliers and customers.

Scope 3 emissions by division



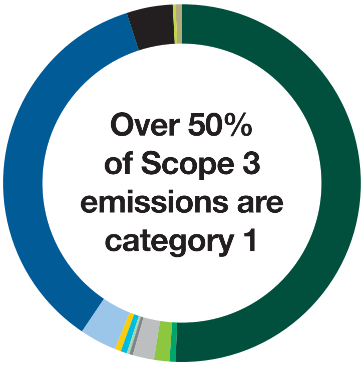
[1] Includes Coregas.

Metrics and targets (cont'd)

Our largest Scope 3 category is Category 1, the purchased goods, services and consumables of our businesses. To address this category, our retail divisions are progressing opportunities including through improved design and by specifying lower emissions (including recyclable and recycled) materials and packaging, in collaboration with suppliers for branded product lines.

Our second largest Scope 3 category is Category 11, use of sold products. To address this category, our retail divisions are pursuing opportunities to sell more emissions- and energy-efficient products and to support customers to use products efficiently. Our retail divisions are also supporting customers to recycle products at end-of-life, enabling a more circular business. Our Kleenheat business is offering carbon neutral product options to meet customer demand.

Scope 3 emissions by category



1	Purchased goods, services and consumables
2	Capital goods
3	Fuel and energy-related activities
4	Upstream transportation and distribution
5	Waste
6	Air travel
7	Commuting employees and customers
8	Leased assets
9	Downstream transportation and distribution
10	Processing of sold products
11	Use of sold products
12	End-of-life treatment of sold products
13	Franchises
14	Investments and joint ventures

Risks and opportunities

During the year, we undertook a detailed assessment of climate risks and opportunities for our businesses, using three different climate scenarios. The three scenarios reflect the limiting of global average temperature increases above pre-industrial levels by 1.5ºC, 2ºC and 4ºC by 2100. In the coming year, a similar assessment will be conducted with the new Health division.

The analysis identified various physical risks in Australia, New Zealand and our other major sourcing countries, including for our team members, customers, suppliers and communities, for assets and critical infrastructure (like ports and domestic freight systems) and for certain raw materials and products.

An increased frequency of extreme weather events, particularly heat, drought, flood, bushfire, storm surges and cyclones, may impact the availability and price of raw materials and the markets where we source products. Extreme weather may impact international and domestic freight and logistics systems causing delays, adding costs and impacting availability.

We also assessed extreme weather event risk across our Australian and New Zealand assets and operations. Extreme weather events may affect our stores, causing physical damage, loss of stock and our operations by impacting our team members and local communities. Extreme weather events may also impact our internal decisions including location of key assets.

Key risks under 4ºC climate scenario[1]

Extreme heat (by 2030)
At least 7 additional hot days over 35ºC across northern Australia.

Droughts and long-term rainfall deficits (by 2030)
At least 4% longer dry spells across Victoria and New South Wales and 2% longer dry spells across the North Island of New Zealand.

Floods (by 2030)
At least 10% increase in extreme rain days and at least 5% increase in extreme rain intensity across southern Australia and New Zealand.

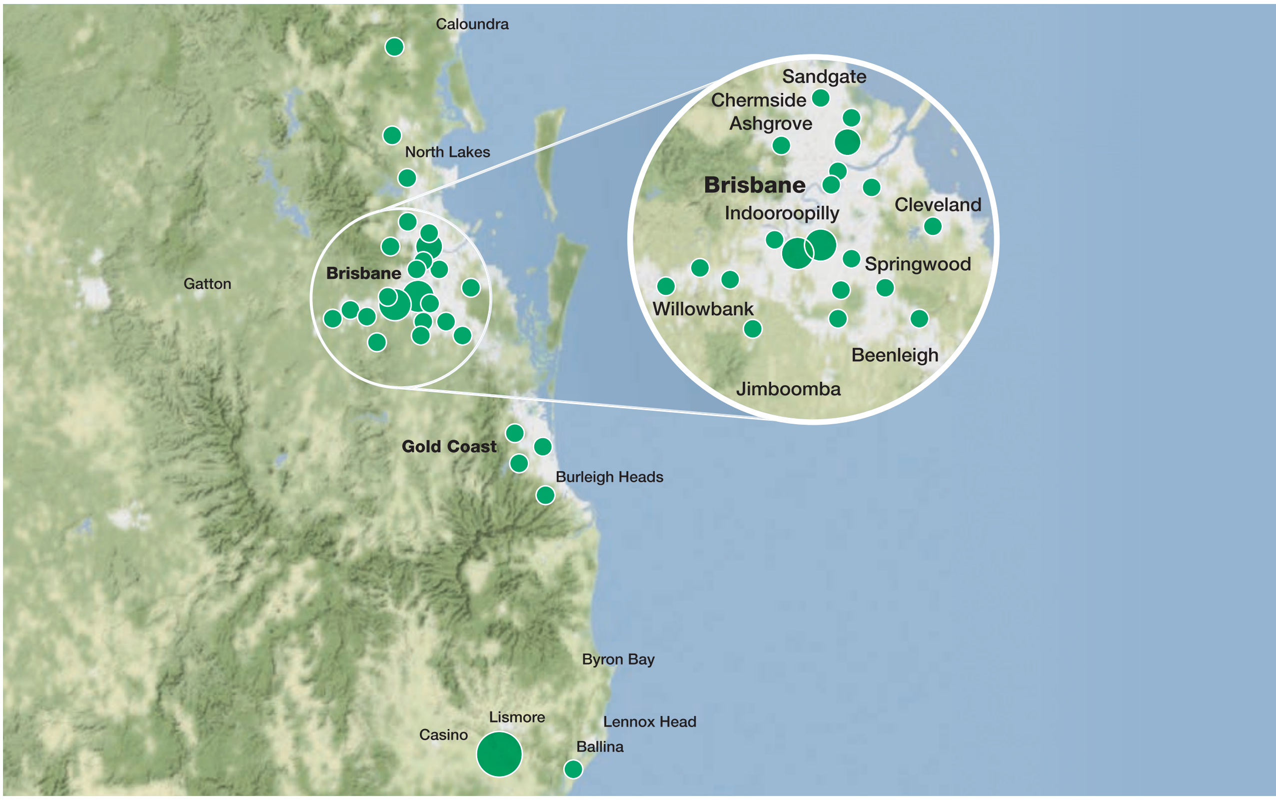
Bushfires (by 2030)
Approximately 7 additional severe fire weather days in Queensland, New South Wales and Victoria.

Storm surge (by 2050)
1-in-100-year present day storm surge event (2 to 5 metres in height) occurring every year in Kwinana (Western Australia), Rockhampton and Yeppoon (Queensland).

Cyclones (by 2050)
More intense category 5 cyclones for the North Atlantic (+11.3%), North East Pacific (+22.6 per cent) and North and South Indian Ocean (+4.5 to +5.3%).

[1] IPCC AR6, World Climate Research Programme Coupled Model Intercomparison Project (Phase 6), Vousdoukas et al (2018), NASA Earth Data Knutson et al. (2020) and Copernicus Fire Weather Index Abatzoglou et al. 2019.

FINANCIAL RISKS OF CLIMATE CHANGE



The physical impact of climate change can have negative and positive impacts on our financial performance.

We minimise negative impacts through active risk management, implementation of mitigation strategies and by building climate resilience into our businesses. We plan for various possible climate scenarios as part of our annual corporate and strategic planning framework. As a result, we are adapting our approach to network expansion and store fit-outs, to mitigate the impact of future events.

In the medium-to-long term, the extent of any negative or positive financial impact will depend on how well we respond to the various risks and the effectiveness of strategies to capitalise on opportunities.

During the year, our businesses, communities and team members experienced the physical impact of climate change, which may have exacerbated the catastrophic flooding events in northern New South Wales and southern Queensland in late February 2022. The Insurance Council of Australia assessed the losses across the region as a result of these floods at approximately $4.8 billion.

In this region, Wesfarmers' businesses operate across many sites which were impacted by the flooding. These impacts include forced closure for several days, property damage, stock damage and reduced customer traffic. In Lismore, several sites were inundated with very significant damage to property and stock. In these circumstances, sites can take months to reopen.

For Wesfarmers, many of these losses and impacts are insured. If the frequency and intensity of extreme weather events increases, we expect the cost (and availability) of insurance to be impacted.

In addition to the impact on Wesfarmers businesses, more than 300 team members in the region saw their homes and belongings damaged, as did many retail and business customers. Where possible, our businesses supported the local community and community organisations with the flood response and recovery.

Scale of financial impact on Wesfarmers sites of FY2022 flooding

- Nominal impact
- Significant impact

Risks and opportunities (cont'd)

Consistent with our value-creating strategies, the Group will continue to consider opportunities to invest in existing businesses and take advantage of the flexibility of the Wesfarmers conglomerate model to renew the portfolio through opportunistic and value-accretive acquisitions or divestments. In assessing these opportunities, climate-related issues are included in the evaluation of investment decisions. Across the Group, climate-related opportunities include improved resource efficiency and cost savings, increased use of renewable energy, the introduction of new products, services and markets and improved resilience in our supply chain.

The following table summarises key physical and transition risks, and their potential impact on Wesfarmers, and selected material opportunities for Wesfarmers.

Physical risks are driven by extreme weather and long-term shifts in climate patterns.	
Risk description	Potential impact on and opportunity for Wesfarmers
Acute physical impacts	
– Heavy rainfall events are typically caused by weather systems such as thunderstorms, cyclones, low pressure troughs and east coast lows that can increase the risk of flooding. These are often compounded by storm surge events contributing to coastal inundation. – Wesfarmers is exposed to the risk of increased extreme wet conditions including more frequent and intense flooding events, storm surge events and more intense tropical cyclones. The regions with the most frequent and intense extreme rain are across northern and eastern Australia, New Zealand, and Southeast Asia in Wesfarmers' supply chain. – Extreme wet conditions can impact critical infrastructure (like road, railways and dams).	– There may be disruption to supply chain and transport logistics from extreme wet conditions including flooding, coastal inundation from storm surge events and tropical cyclones affecting port, road and rail operations, leading to transport delays and disrupting transport routes. – There may be damage to assets and infrastructure associated with more frequent and intense extreme weather. – There may be sourcing issues, particularly where sourcing is concentrated in certain markets. This may have implications for inventory held. – When extreme weather events occur, temporary store closures may impact product availability and revenue, leading to reputational impacts and changes in consumer behaviour. There may be demand spikes in certain categories and at certain times. – We may need to redesign or retrofit stores and warehouses to better withstand more frequent and intense extreme weather. – Flooding may lead to production line disruptions, leading to delays in manufacturing, temporary closures of facilities and increased prices. – There may be an opportunity to adjust product and service ranges to reflect new and emerging customer needs.
Chronic physical impacts	
– Rising temperatures are associated with an increase in the frequency of very hot days which can result in the temporary closure of facilities for various reasons including power failures. – Temperature rise is often associated with increases in the duration of dry spells which can affect water supplies for use in the manufacture of apparel and general merchandise and other water-intensive manufacturing processes. – Wesfarmers is exposed to hot days (over 35ºC) across most of Australia. The regions that are most exposed to severe dry spells (approximately 100 days) and currently experience frequent hot days are Western Australia domestically, and India, the Middle East, the Mediterranean and Pakistan. – Wesfarmers is exposed to the risk of more hot days, longer droughts, and conditions linked to the risk of bushfires.	– Hotter temperatures increase operational costs from air-conditioning and temperature moderation in retail settings, particularly with less efficient building design. Customers may be less likely to visit our stores on hot days. – Water shortages may impact water-intensive manufacturing activities and the quality and yield of raw materials. – Droughts can lead to lower agricultural productivity or closure of water-intensive manufacturing facilities. – Environmental workplace hazards such as heat stress and dehydration, and loss of labour productivity, may impact wellbeing of team members and business performance. – There may be an opportunity to adjust product and service ranges to reflect emerging customer needs. – Extreme heat may affect the operations of key business customers, reducing their demand for our products and services.

Transition risks are driven by policy, regulation, technology, reputation, and market changes as a result of progress to decarbonise, including where supported by diverse stakeholders.	
Risk description	Potential impact on and opportunity for Wesfarmers
Policy and legal	
– As global carbon pricing regimes evolve and align, there may be increased risk and additional costs incurred associated with emissions. – Climate change and resource scarcity may increase geopolitical uncertainty, bringing risks throughout supply chains. – Policy uncertainty adds electricity supply and price risk.	– Products with a large carbon footprint or those transported long distances may become more expensive to procure, especially as emissions are costed, reducing margins. – Increased supply chain vulnerability and geopolitical risk may introduce other legal risks and impact future supply security. – By applying a carbon price now, our relative competitive position may be stronger in the future. – Investment in energy-efficiency measures and solar PV systems reduces dependency on the electricity network.

Markets	
– Customer preferences and expectations may change to favour low-carbon, more sustainable or circular and locally sourced products. For some products and market segments, customers may be unwilling to pay higher premiums for these features. – Supply chain risks may increase. These include risks around supplier capability, price and availability of certain raw materials and added costs or disruption to freight systems requiring investment in storage and inventory. – Various factors may require diversification and localisation of supply chains. – It may become important to use new raw materials and technologies (like recycling) to support more circular business models. – It may become important to engage more with community and other stakeholders.	– Changing customer preferences and expectations may impact demand for existing products and services including products that are emissions- or resource-intensive or which are not recyclable. Customers may increasingly favour locally sourced products. – Evolving customer preferences may provide opportunities to develop more sustainable products and services including products which have stronger circular properties. – New markets may emerge providing opportunities for investment. These might include products that support decarbonisation such as lithium, and blue or green ammonia and hydrogen.

Technology	
– With increased global interest and investment, there may be discoveries and breakthroughs which impact incumbents in certain sectors, businesses, products and services or the long-term benefits of certain new technologies. – Business may need to absorb short-term decarbonisation costs and diverse stakeholders may expect more detailed climate-related reporting.	– With discoveries and breakthroughs, there is a greater risk of stranded assets and business. It will be important to participate in research and consider this risk when making long-term investments and to reflect this insight into portfolio decisions. – There are opportunities to invest in digital and data capabilities to collect more accurate, complete, comparable and timely sustainability data, for reporting purposes and to inform strategy.

Reputation	
– There may be reputational risks associated with exposure to fossil fuels and emissions-intensive businesses or businesses which do not or cannot decarbonise or which decarbonise slowly. – Businesses will seek to build climate-positive brands to align with changing consumer preferences, while also engaging customers on relevant concepts.	– There is an opportunity to engage openly with stakeholders around our climate-related strategies including at a portfolio level and within our divisions, and on results achieved. – There is an opportunity to build a more climate-positive brand to better align with consumer preferences, while also engaging customers on relevant concepts.

Workforce	
– It may be important to expand climate capabilities including with new climate roles, supporting the development of existing teams. – There will be strong demand for team members with climate expertise and it may be difficult to attract these people.	– Some competitors and employers may be better at attracting and retaining climate-related talent, and at investing in the development of existing teams. – There is an opportunity to invest in data and reporting systems, to support our teams when developing and implementing strategies which deliver climate-related plans and build resilience.

Resource efficiency	
– With increased resource scarcity, the availability and cost of certain raw materials may change. – Business may (or may be required to) be more resource efficient and to adopt more sustainable practices or contribute to environmental restoration.	– It will be important to identify and assess key risks and opportunities for more efficient resource use as resource efficient businesses will likely out-perform. – There are opportunities to expand and strengthen partnerships including with suppliers, peers, governments and experts, and to support research in key areas with potential sustainability, emissions and nature benefits.

Energy source	
– Interest among stakeholders in energy and associated emissions will continue to grow including where it is sourced and how it is used. – Businesses and others will continue to evaluate and invest in emissions reduction technology and to collaborate on decarbonisation opportunities.	– There will be opportunities to partner and invest in new energy markets including ammonia and hydrogen. – It may be important to establish carbon trading capabilities and strategies regarding the use of offsets (including offset 'quality'), to offset residual emissions after abatement strategies.

Agreement to purchase renewable electricity in Queensland

Bunnings, Kmart Group and Officeworks signed a 100 per cent renewable electricity contract for almost 150 sites with CleanCo Queensland in December 2021, supporting the realisation of this Queensland Government-sponsored project.

For Bunnings, the CleanCo agreement is for five years, commencing 1 July 2022 and covering large sites in Queensland. The agreement initially delivers 30 per cent renewable electricity then 100 per cent renewable electricity from 1 January 2025. It covers 26 per cent of Bunnings' total electricity consumption and reduces Bunnings' Scope 2 emissions by 30 per cent. For Kmart Group and Officeworks, the agreement is for 7.5 years, commencing 1 July 2023 and will reduce Scope 2 emissions by 17 per cent.

Embed climate resilience | Combat physical impacts | Focus on supply chains

Bunnings and Coregas innovate their fleet

Bunnings has expanded its fleet adding two all-electric trucks, as part of a trial with Linfox. At least 60 tonnes of emissions will be avoided annually compared to a similar diesel truck. The trial will help Bunnings assess decarbonisation options for its operations and supply chain. The trucks will recharge using a fast charger at Bunnings' Laverton distribution centre, to 80 per cent capacity in an hour.

Coregas has partnered with European prime mover manufacturer Hyzon to conduct a hydrogen trial with two prime movers. These prime movers are due to join the Coregas fleet in late 2022, servicing New South Wales customers with bulk product deliveries and accessing hydrogen from Coregas' Port Kembla facility. They have a 650-kilometre range, can be refuelled within 15 minutes and will reduce emissions by approximately 50 per cent compared to similar vehicles. This strategic project supports the emerging hydrogen ecosystem in Port Kembla and Illawarra-Shoalhaven.

Embed climate resilience | Invest for the future | Focus on supply chains

Progress at the Mt Holland lithium project

As one of Wesfarmers key platforms for long-term growth, our 50 per cent stake in the Mt Holland lithium project will support global decarbonisation ambitions for many years.

Mt Holland, acquired in 2019 via the $776 million acquisition of Kidman Resources, is a large-scale, long-life and high-grade lithium hydroxide project in Western Australia. Construction of the mine, concentrator and refinery is underway with first production expected in 2024. Wesfarmers has committed an additional $950 million to the development of the project.

The lithium hydroxide produced from the Mt Holland lithium project will power about one million battery-operated electric vehicles each year, helping the world to transition to greener sources of energy and to reduce emissions. Wesfarmers is also continuing to assess expansion opportunities to help meet strong demand for lithium hydroxide.

Embed climate resilience | Invest for the future | Focus on supply chains

More sustainable building design

Bunnings continues to expand its network, with a more sustainable approach to building design. During the year, new stores opened in Victoria, New South Wales, Western Australia and New Zealand that include design elements such as enhanced levels of insulation, energy efficient lighting, heating, ventilation and cooling systems, on-site solar PV systems and internal segregation to improve the efficiency of thermal comfort systems.

Bunnings Melton East in Victoria piloted the new design elements. The store generates one third of its electricity behind the meter with rooftop solar which, together with other energy efficiency measures, reduces energy costs by approximately 38 per cent on a per-square-metre basis. Scope 1 emissions at Bunnings Melton East have reduced by 32 per cent compared to the previous store format and Scope 2 emissions are 34 per cent lower.

Reducing the emissions intensity of the network is an important step in meeting Bunnings' net zero target by 2030.

Embed climate resilience | Leverage data and digital | Combat physical impacts

Building a better working world

Independent Limited Assurance Statement to the Management and Directors of Wesfarmers Limited

Our Conclusion:

Ernst & Young ('EY') was engaged by Wesfarmers Limited ('Wesfarmers') to undertake limited assurance, hereafter referred to as a 'review', over selected disclosures (detailed below) published in the Wesfarmers Annual Report and the Wesfarmers sustainability website for the financial year ended 30 June 2022. Based on our review, nothing came to our attention that causes us to believe that the subject matter for our review has not been prepared, in all material respects, in accordance with the criteria defined below.

What our review covered (subject matter)

EY reviewed:

- Wesfarmers' approach to defining report content ('materiality assessment')
- Wesfarmers' reported alignment to 'core' level of 'in accordance' requirements of the Global Reporting Initiative's ('GRI') Sustainability Reporting Standards ('GRI Standards')
- Selected disclosures in the Annual Report, limited to the following:
  - 'Sustainability' and 'Climate disclosures' sections of the Operating and Financial Review
  - The divisional sections for Bunnings (pp 28-30), Kmart Group (pp 34-37), Chemicals, Energy and Fertilisers (pp 42-44), Officeworks (pp 48-50), and Industrial and Safety (pp 54-56)
- Selected sustainability disclosures, including the performance metrics set out in the table below, presented on Wesfarmers' website under wesfarmers.com.au/sustainability as at 25 August 2022.

Performance metrics

- Scope 1, Scope 2, and Scope 3 greenhouse gas emissions in tonnes of carbon dioxide equivalent ($ktCO_2e$)
- Energy consumption (petajoules)
- Waste disposed and recovered (kt)
- Water consumption (megalitres)
- Workplace health and safety data (Total Recordable Injury Frequency Rate ('TRIFR') and workers compensation claims)
- Community contributions (AUD)
- Aboriginal and Torres Strait Islander team members
- Aboriginal and Torres Strait Islander procurement spend (AUD)
- Ethical sourcing program data
- Employment and People data

Criteria

In preparing its sustainability disclosures, Wesfarmers applied the following criteria:

- GRI Standards, including the Reporting Principles for defining report quality and content
- *National Greenhouse and Energy Reporting Act 2007* for Scope 1 and 2 greenhouse gas data
- GHG Protocol guidance for Scope 3 greenhouse gas data and Scope 2 market-based emissions
- Other selected Criteria, as determined by Wesfarmers, and as set out in its sustainability disclosures.

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a conclusion on the subject matter described in this statement.

We were also responsible for maintaining our independence and confirm that we have met the requirements of the *APES 110 Code of Ethics for Professional Accountants,* including independence, and have the required competencies and experience to conduct this assurance engagement.

Wesfarmers' responsibility

Wesfarmers' management was responsible for selecting the Criteria and preparing and fairly presenting the subject matter in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records, and making estimates that are reasonable in the circumstances.

Our approach to conducting the review

We conducted our review in accordance with the *Australian Auditing and Assurance Standards Board's Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE 3000'), Assurance Engagements on Greenhouse Gas Statements ('ASAE 3410'), and the terms of reference for this engagement as agreed with Wesfarmers on 11 March 2022.

Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the selected sustainability disclosures and related information in the Annual Report and applying analytical and other review procedures. Our procedures included:

- Evaluating Wesfarmers' adherence to the GRI Standards Reporting Principles for defining report quality and report content, including the processes involved at a divisional and corporate level
- Checking whether material topics and performance issues identified during our procedures had been adequately disclosed
- Interviewing selected personnel from divisional and corporate offices, to understand the key sustainability issues related to the subject matter and processes for collecting, collating and reporting the performance data during the reporting period
- Where relevant, gaining an understanding of systems and processes for data aggregation and reporting
- Performing analytical tests and detailed substantive testing to source documentation for material qualitative and quantitative information
- Checking the accuracy of calculations performed
- Obtaining and reviewing evidence to support key assumptions in calculations and other data
- Reviewing selected management information and documentation supporting assertions made in the subject matter
- Checking that data and statements had been accurately transcribed from corporate systems and/or supporting evidence
- Reviewing the presentation of claims, case studies and data against the relevant GRI principles contained in the criteria.

We believe that the evidence obtained was sufficient and appropriate to provide a basis for our limited assurance conclusion.

Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the Directors of Wesfarmers, or for any purpose other than that for which it was prepared.

The extent of our review included the information available at www.wesfarmers.com.au/sustainability as at 25 August 2022. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement, nor over any information available through web-links that are beyond the boundary of the selected sustainability disclosures and related information in the Annual Report.

Terence Jeyaretnam FIEAust
Partner

Melbourne, Australia
25 August 2022

Ernst & Young

Ernst & Young

Board of Directors

Michael Chaney AO

CHAIRMAN

BSc, MBA, Hon. LLD W.Aust, FAICD
Age 72

Term: Chairman since November 2015; Director since June 2015.

Skills and experience: After an early career in petroleum geology and corporate finance, Michael joined Wesfarmers in 1983 as Company Secretary and Administration Manager. He became Finance Director in 1984 and was appointed Managing Director in July 1992. He retired from that position in July 2005.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Chairman of Northern Star Resources Limited (since July 2021)
- Member of the Gresham Resources Royalties Fund Investment Committee (since June 2020)
- Chairman of the National School Resourcing Board (since November 2017)
- Director of the Centre for Independent Studies (retired July 2022)

Rob Scott

MANAGING DIRECTOR

B.Comm, MAppFin, CA, GradDipAppFin, OLY
Age 52

Term: Director since November 2017.

Skills and experience: Rob joined Wesfarmers in 1993 before moving into investment banking in various roles in Australia and Asia. Rob rejoined Wesfarmers in 2004 in Business Development before being appointed Managing Director of Wesfarmers Insurance in 2007 and then Finance Director of Coles in 2013. He was Managing Director, Financial Services in 2014 and Managing Director of the Wesfarmers Industrials division in 2015. Rob became the Group's Deputy Chief Executive Officer in February 2017 and assumed the role of Managing Director and Chief Executive Officer at the conclusion of the 2017 Annual General Meeting in November 2017.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Director of Brisbane 2032 Board (since April 2022)
- Director of Business Council of Australia (since November 2021)
- Director of Gresham Partners Group Limited (since November 2020)
- Director of Gresham Partners Holding Limited (since November 2020)
- Director of the Flybuys joint venture with Coles Group Limited (since December 2018)
- Member of UWA Business School Advisory Board (since August 2017)
- Chairman of Rowing Australia (since October 2014)

Mike Roche

DIRECTOR

BSc, GAICD, FIA (London), FIAA (Australia)
Age 69

Term: Director since February 2019.

Skills and experience: Mike has more than 40 years' experience in the finance sector where he held senior positions as an actuary with National Mutual/AXA and then in investment banking where he provided strategic, financial, merger and acquisition, and capital advice to major corporations, private equity and government clients. Mike spent more than 20 years with Deutsche Bank including 10 years as Head of Mergers and Acquisitions where he advised on major takeovers and privatisations.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Director of Macquarie Bank (since January 2021)
- Director of Macquarie Group (since January 2021)
- Director of MaxCap Group Pty Ltd (since April 2019)
- Director of Six Park Asset Management (since December 2017)
- Director of Te Pahau Management Ltd (since November 2017)
- Panel member of Adara Partners (Aust) Pty Ltd (since April 2017)
- Founder and Director of Sally Foundation (since April 2013)
- Trustee Director of Energy Industries Superannuation Scheme Pty Ltd (retired September 2021)

Sharon Warburton

DIRECTOR

BBus (Accounting & Business Law), FCA, FAICD
Age 52

Term: Director since August 2019.

Skills and experience: Sharon has extensive board and executive experience in corporate strategy, business operations, finance, accounting and risk management, particularly in the resources, construction, infrastructure and property sectors, along with significant expertise in governance and remuneration.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Director of Mirvac Funds Management Australia Limited (since July 2022)
- Director of Northern Star Resources Limited (since September 2021)
- Director of Thiess Group Holdings Pty Limited (since July 2021)
- Director of Blackmores Limited (since April 2021)
- Director of Worley Limited (since February 2019)
- Director of Karlka Nyiyaparli Aboriginal Corporation RNTBC (since December 2020)
- Member of the Australia Takeovers Panel (since May 2015)
- Director of the Perth Children's Hospital Foundation (since February 2014)
- Director of Gold Road Resources Limited (retired September 2021)
- Director of NEXTDC Limited (retired March 2020)
- Director and Co-Deputy Chairman of Fortescue Metals Group Limited (retired March 2020)

Vanessa Wallace
DIRECTOR

B.Comm (UNSW), MBA (IMD Switzerland), MAICD
Age 58

Term: Director since July 2010.

Skills and experience: Vanessa is an experienced board director, strategy management consultant, and innovative, early stage business investor and founder. She was a Senior Partner at Strategy& (formerly Booz & Company), a member of the global board and finished her 27 year career as Executive Chairman of the business in Japan. Vanessa's industry experience focused on financial services across wealth management, retail banking and insurance as well as the health providers and consumer products companies.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Chairman of Ecofibre Limited (since November 2021, Director since July 2021)
- Member of University of NSW Business School Advisory Council (since April 2021)
- Director of Palladium Global Holdings Inc (since January 2021)
- Director of Doctor Care Anywhere PLC (since September 2020)
- Co-founder and Chairman of Drop Bio Pty Ltd, a digital health company (since December 2018)
- Director of O'Connell Street Associates (since June 2018)
- Director of SEEK Limited (since March 2017)
- Managing Director of MF Advisory, providing advisory services into Japan (since 2015)

Jennifer Westacott AO
DIRECTOR

BA (Honours), FAICD, FIPAA, FANZSOG
Age 62

Term: Director since April 2013.

Skills and experience: Jennifer is Chief Executive of the Business Council of Australia. Prior to that, she was a Board director and lead partner at KPMG. Jennifer has extensive experience in critical leadership positions in the New South Wales and Victorian governments.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Patron of Fairbreak Global Pty Ltd (since December 2021)
- Member of University of New South Wales Council (since December 2019)
- Chair of Studio Schools of Australia (since July 2019)
- Patron of The Pinnacle Foundation (since March 2019)
- Chair of the Western Parkland City Authority (since February 2019)
- Board member of Cyber Security Research Centre (CSRC) Ltd (since February 2018)
- Co-Patron of Pride in Diversity (since November 2017)
- Adjunct Professor at the City Futures Research Centre of the University of New South Wales (since 2013)

The Right Honourable Sir Bill English KNZM
DIRECTOR

BA(Hons), BCom (Otago)
Age 60

Term: Director since April 2018.

Skills and experience: Bill was Minister of Finance and Deputy Prime Minister of New Zealand from October 2008 to December 2016, and Prime Minister until the change of government in October 2017. He retired from parliament in March 2018. He maintains his interest in sound economic policy and effective government. Bill now invests with his family in technology and data businesses and consults with government and business in Australia and New Zealand.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Director of Paul Ramsay Foundation (since December 2021)
- Chairman of Jarden Wealth Investment Committee (since June 2021)
- Director of The Todd Corporation Limited (since May 2021)
- Director of Centre for Independent Studies (since March 2021)
- Director of The Instillery (since August 2019)
- Director of Impact Lab Ltd (since May 2019)
- Director of Manawanui Support Ltd (since April 2019)
- Chairman of Mount Cook Alpine Salmon (since July 2018)

Anil Sabharwal
DIRECTOR

BMath, BCompSc
Age 44

Term: Director since February 2021.

Skills and experience: Anil is Vice President of Product Management at Google and the company's most senior product and engineering leader in Australia and New Zealand. He is also an advisor to venture capital firm, AirTree Ventures. Anil's 13 years at Google have included leading the strategy and team behind the launch of Google Photos in 2015, which reached more than one billion monthly active users within four years. He later led product, design and engineering for Google Chrome, one of the world's most popular web browsers. Before joining Google, Anil co-founded online learning company Desire2Learn, headquartered in Canada, and was General Manager of the knowledge management division in Australia for human resources company, Talent2.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Advisor to AirTree Ventures (since March 2017)
- Vice President of Product Management of Google (since April 2016, various other roles held at Google since January 2009)

Alison Watkins AM
DIRECTOR

BCom, FCA, FAICD, F FIN
Age 59

Term: Director since September 2021.

Skills and experience: Alison holds a Bachelor of Commerce (University of Tasmania), is a Fellow of Chartered Accountants ANZ, the Financial Services Institute of Australasia, and the Australian Institute of Company Directors. She is an experienced chief executive and non-executive director. Alison's previous roles include Group Managing Director of Coca-Cola Amatil, Chief Executive Officer of GrainCorp Limited and Berri Limited, and Managing Director of Regional Banking at ANZ. She spent 10 years at McKinsey & Company and became a partner before moving to ANZ as Group General Manager, Strategy.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Director of CSL Limited (since August 2021)
- Chancellor of the University of Tasmania (since July 2021)
- Member of Reserve Bank of Australia Board (since December 2020)
- Member of Low Emissions Technology Roadmap Ministerial Reference Panel (since March 2020)
- Director of Centre for Independent Studies (since December 2011)
- Director of Business Council of Australia (retired October 2021)
- Group Managing Director of Coca-Cola Amatil (retired May 2021)

Alan Cransberg
DIRECTOR

BEng(Civil Eng) (Hons)
Age 63

Term: Director since October 2021.

Skills and experience: Alan holds an Honours Degree in Civil Engineering from The University of Western Australia (UWA). He has 36 years of experience from roles in the mining, resources and manufacturing sectors. Alan joined Alcoa in 1980 and worked in a variety of assignments and locations across its Australian and international businesses, prior to being appointed as Chairman and Managing Director of Alcoa Australia, and President of Alcoa Refining in 2008. He retired from these positions in 2016.

Directorships of listed entities (last three years), other directorships/offices (current and recent):

- Chairman of the Waalitj Foundation (since November 2017)
- Member of the UWA Business School Board (since October 2016)
- Director and Lead Investment Committee member of the Special Air Services Resources Trust (since October 2016)
- Ambassador to the Foundation to Prevent Violence to Women and Their Children (since September 2016)
- Director of John Swire and Sons Pty Ltd (since August 2016)
- Deputy Chairman of Peel Development Commission (retired December 2021)
- Director of Stealth Global Industries Ltd (retired April 2020)

Corporate governance overview

THE BOARD OF WESFARMERS LIMITED

The Board of Wesfarmers Limited is committed to providing a satisfactory return to its shareholders and fulfilling its corporate governance obligations and responsibilities in the best interests of the company and its stakeholders. This corporate governance statement details the key aspects of the governance framework and practices of Wesfarmers. It regularly reviews its governance framework and practices so as to ensure that they consistently reflect market practice and stakeholder expectations.

The Board believes that the governance policies and practices adopted by Wesfarmers during the reporting period for the year ended 30 June 2022 follow the recommendations contained in the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The role of the Board is to:

- approve the purpose, values and strategic direction of the Group;
- guide and monitor the management of Wesfarmers and its businesses in accordance with the purpose, values and strategic plans;
- oversee good governance practice; and
- set the Group's risk appetite and monitor and review the Group's financial and non-financial risk management systems.

The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community. In performing its role, the Board is committed to a high standard of corporate governance practice and to fostering a culture of compliance which values ethical behaviour, personal and corporate integrity, accountability, transparency and respect for others. The Group Managing Director has responsibility for the day-to-day management of Wesfarmers and its businesses, and is supported in this function by the Wesfarmers Leadership Team.

Details of the members of the Wesfarmers Leadership Team are set out on pages 12 and 13 of this annual report and in the corporate governance section of the company's website at **www.wesfarmers.com.au/cg**

The Board maintains ultimate responsibility for strategy and control of Wesfarmers and its businesses.

STRUCTURE AND COMPOSITION OF THE BOARD

Wesfarmers is committed to ensuring that the composition of the Board continues to include directors who collectively bring an appropriate mix of skills, commitment, experience, expertise and diversity (including gender diversity) to Board decision-making.

The Board currently comprises ten directors, including nine non-executive and independent directors. Detailed biographies of the directors as at 30 June 2022 are set out on pages 86 and 87 of this annual report.

Wayne Osborn retired as a non-executive director at the end of the 2021 Annual General Meeting on 21 October 2021 after serving as a director for 11 years.

Alan Cransberg was appointed as a non-executive director, effective 1 October 2021. He is a former Chairman and Managing Director of Alcoa of Australia Limited and brings valuable experience and insights to the Board from decades at one of the world's largest mining and minerals processing companies.

The Board is of the view that the current directors possess an appropriate mix of skills, commitment, experience, expertise (including knowledge of the Group and the relevant industries in which the Group operates) and diversity to enable the Board to discharge its responsibilities effectively and deliver the company's strategic priorities as a diversified corporation with current businesses operating in home improvement, outdoor living and building materials; general merchandise and apparel; office and technology products; health, beauty and wellbeing; manufacturing and distribution of chemicals and fertilisers; mine development and construction; industrial and safety product distribution; and gas processing and distribution.

In fulfilling its roles and responsibilities, the key focus areas of the Board during the 2022 financial year are set out below.

Key focus areas of the Board during the 2022 financial year included:

- Approving the acquisition of Australian Pharmaceutical Industries Ltd and the formation of the Group's Health division
- Overseeing the development of the Mt Holland lithium project
- Overseeing management's strategy to develop a Group data and digital ecosystem and the formation of the OneDigital division
- Guiding and supporting management in relation to the Group's continued response to the COVID-19 outbreak, with a key focus on the health, safety and wellbeing of the Group's team members and customers
- Reviewing and providing input into the business operations and the strategic plans of each division likely to impact long-term shareholder value creation
- Monitoring changes in the domestic and global external environment, including inflationary and supply chain pressures, and overseeing management's strategies in relation to these areas
- Overseeing management's performance in strategy implementation
- Overseeing the implementation of strategy to address areas of underperformance and reposition the portfolio to deliver growth in shareholder returns
- Monitoring and evaluating growth opportunities to complement the existing portfolio including the acquisitions of Adelaide Tools (now Tool Kit Depot) and Beaumont Tiles by Bunnings
- Monitoring the Group's operating and cash flow performance, financial position and key metrics, including financial covenants and credit ratings and approving of return of capital to shareholders
- Reviewing the Group's risk management framework, overseeing the implementation of strategies to improve the Group's risk management framework and monitoring that the Group is operating with due regard to the risk appetite set by the Board
- Reviewing and updating the Group's risk appetite statement to reflect new and emerging risks and changing circumstances
- Monitoring the Group's safety performance and overseeing implementation of strategies to improve safety performance and enhance workplace safety awareness
- Monitoring the Group's performance on key ESG metrics and overseeing implementation of strategies to improve ESG performance and enhance ESG awareness
- Overseeing the Group's remuneration framework and remuneration outcomes for senior management
- Reviewing the processes in place to attract, develop, motivate and retain talent
- Reviewing and updating policies, reporting and processes to improve the Group's system of corporate governance and compliance

Corporate governance overview

The Board skills matrix set out below describes the combined skills, experience and expertise presently represented on the Board. To the extent that any skills are not directly represented on the Board, they are augmented through management and external advisors.

David Cheesewright who has extensive experience in international retailing and manufacturing, including 19 years with Walmart, was appointed as an advisor to the Wesfarmers Board in August 2018.

SKILLS AND EXPERIENCE	BOARD
Leadership Experience in a senior management position in a listed company, large or complex organisation or government body.	10
Corporate governance Experience in and commitment to the highest standards of corporate governance, and includes experience as a director or senior executive in a listed company, large organisation or government body.	10
Financial acumen Understanding of financial statements and reporting, key drivers of financial performance, corporate finance and internal financial controls.	10
Risk management Experience in identification, monitoring and management of material financial and non-financial risks and understanding, implementation and oversight of risk management frameworks and controls.	10
Digital, data and technology Experience and expertise in identifying, assessing, implementing and leveraging digital technologies and other innovations, understanding the use of data and analytics and responding to digital disruption.	6
People and culture Experience in overseeing workplace culture, people management, development and succession planning, setting remuneration frameworks and promoting diversity and inclusion.	10
Strategy Experience in corporate planning, including identifying and analysing strategic opportunities and threats, developing, implementing and delivering strategic objectives and monitoring performance against strategic objectives.	10
Corporate transactions Experience in assessing and completing complex business transactions, including mergers, acquisitions, divestments, capital management, major projects and business integration.	9
Retail markets Knowledge and experience in the retail and consumer goods industry, including merchandising, brand development, customer relationships and supply chain.	5
Industrial, resources and infrastructure Senior executive or non-executive director experience and expertise in the industrial, resources or infrastructure sectors, including project construction.	8
Regulatory and public policy Experience in the management and oversight of compliance with legal and regulatory requirements and/or experience in the development, implementation and review of regulatory and public policy, including professional experience working or interacting with government and regulators.	8
Corporate sustainability and community engagement Understanding and experience in sustainability best practices to manage the impact of business operations on the environment and community and the potential impact of climate change on business operations, and expertise in community and stakeholder relations.	10
International experience Experience in international business, trade and/or investment at a senior executive level and exposure to global markets and a range of different political, regulatory and business environments.	9

Corporate governance overview

DIRECTOR INDEPENDENCE

Directors are expected to bring views and judgement to Board deliberations that are independent of management and free of any interest, position, association, business or other relationship or circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement, having regard to the best interests of the company as a whole.

The Board's assessment of independence and the criteria against which it determines the materiality of any facts, information or circumstances is formed having regard to the ASX Principles. In particular, the Board focuses on the factors relevant to assessing the independence of a director set out in recommendation 2.3 of the ASX Principles and the materiality guidelines applied in accordance with Australian Accounting Standards.

The Board has reviewed the position and relationships of all directors in office as at the date of the company's 2022 annual report and considers that all nine non-executive directors are independent.

COMMITTEES OF THE BOARD

The Board has established an Remuneration Committee, a Nomination Committee and a Audit and Risk Committee as standing committees to assist with the discharge of its responsibilities. Details of the current membership and composition of each committee are set out in the 2022 Corporate Governance Statement on the company's website at **www.wesfarmers.com.au/cg**

ROLE OF THE NOMINATION COMMITTEE

As part of the Nomination Committee's oversight of Board succession planning, it is also responsible for identifying suitable candidates to fill Board vacancies as and when they arise, or to identify candidates to complement the existing Board, and to make recommendations to the Board on their appointment. Where appropriate, external consultants are engaged to assist in searching for candidates.

The Nomination Committee is responsible for ensuring that there is a robust and effective process for evaluating the performance of the Board, its committees and individual non-executive directors. In relation to the re-appointment of a non-executive director, the Nomination Committee reviews the performance of the relevant non-executive director during their term of office and makes recommendations to the Board. The form of the Board, committee and individual non-executive director performance reviews are considered and determined each year. The outcomes of each Board and committee performance review are discussed by the Board and each respective committee. The outcomes of the performance review for each non-executive director are discussed between the non-executive director and the Chairman (and in the case of the performance review of the Chairman, between the Chairman and a nominated senior director). From time to time, the evaluation process may be facilitated by an external consultant. More details are available in the 2022 Corporate Governance Statement.

Key focus areas of the Nomination Committee during the 2022 financial year included:

- Consideration of feedback from major shareholders during the Chairman's Roadshow conducted prior to the 2021 Annual General Meeting
- Identifying and considering potential candidates to fill Board vacancies and recommending to the Board candidates for appointment to the Board
- Recommending to the Board the process for the Board, committee and individual non-executive director performance reviews

ROLE OF THE REMUNERATION COMMITTEE

Full details of the remuneration paid to non-executive directors and executive key management personnel (KMP), along with details of Wesfarmers' policy on the remuneration of the executive KMP are set out in the remuneration report on pages 98 to 127 of this annual report.

The executive KMP, comprising the Group Managing Director, the Group Chief Financial Officer and those executives who have authority and responsibility for planning, directing and controlling the activities of a major profit generating division of Wesfarmers have a variable or 'at risk' component as part of their total remuneration package via participation in the Key Executive Equity Performance Plan (KEEPP).

The mix of remuneration components and the performance measures used in the KEEPP have been chosen to ensure that there is a strong link between remuneration earned and the achievement of the Group's strategy and business objectives, alignment with the Group's values, management of risk in accordance with the Group's risk appetite, and, ultimately, generating satisfactory returns for shareholders.

Annual performance reviews of each member of the Wesfarmers Leadership Team, including Group Managing Director for the 2022 financial year have been undertaken. More details about Wesfarmers' performance and development review process for the executive KMP are set out in the 2022 Corporate Governance Statement.

Key focus areas of the Remuneration Committee during the 2022 financial year included:

- Reviewing and making recommendations to the Board in relation to the fixed and variable remuneration of the Group Managing Director and the other executive KMP
- Reviewing and, where appropriate, approving management's recommendations in relation to the fixed and variable remuneration of the other members of the Wesfarmers Leadership Team, in accordance with the Board-approved delegated authority for remuneration related approvals
- Reviewing and making recommendations to the Board in relation to the Wesfarmers variable remuneration plans
- Reviewing and making recommendations to the Board for the vesting outcomes of the 2018 KEEPP Performance Shares based on the assessment of performance against the performance targets
- Reviewing the succession and transition plans for the Wesfarmers Leadership Team
- Reviewing and making a recommendation to the Board on non-executive director fees
- Reviewing and monitoring of diversity and inclusion matters, including gender pay equity

Corporate governance overview

ROLE OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee assists the Board in fulfilling its responsibilities in overseeing the company's financial reporting, compliance with legal and regulatory requirements, setting, articulating and reviewing the risk appetite of the Wesfarmers Group, and proactively overseeing the Group's systems of internal control and its financial and non-financial risk management framework in accordance with the Group's purpose, values and strategic direction.

Key focus areas of the Audit and Risk Committee during the 2022 financial year included:

- Monitoring the ongoing management responses across the Group in relation to COVID-19 and the identification of risks (current and emerging) and associated mitigation strategies. Key risks considered as part of this included health, safety and wellbeing, global supply chain impacts and business continuity
- Reviewing and assessing the Group's processes which ensure the integrity of financial statements and reporting, and associated compliance with accounting, legal and regulatory requirements
- Monitoring the Group's information security framework, including data protection management, third-party data risk management and the reporting structure and escalation process on information security risks
- Overseeing the Group's technology and cyber security governance framework including the evolution of the Group's maturity assessment processes
- Overseeing the development of reporting and limited assurance in relation to emissions reduction and other key ESG matters
- Monitoring the ethical sourcing of products and services throughout the Group to ensure that there are appropriate safeguards and processes in place
- Monitoring the retail shrinkage control measures and reporting procedures in the Group's divisions
- Reviewing the Group's risk management framework, overseeing the implementation of strategies to improve the Group's risk management framework and monitoring that the Group is operating with due regard to the risk appetite set by the Board
- Reviewing and updating the Group's risk appetite statement to reflect new and emerging risks and changing circumstances
- Reviewing and evaluating the adequacy of the Group's insurance arrangements to ensure appropriate cover for identified operational and business risks
- Monitoring the Group's tax compliance program both in Australia and overseas, including cross-border intra-Group transactions, to ensure its obligations are met in the jurisdictions in which the Group operates
- Overseeing the Group's compliance program, supported by approved guidelines and standards, covering safety, the environment, legal liability, compliance with key governance policies, including the Wesfarmers Code of Conduct, whistleblower reporting, information technology, data privacy and human rights
- Overseeing the Group's internal audit program, including approving the annual internal audit plan
- Monitoring the Group's payment terms for small suppliers and associated reporting under the Payment Times Reporting Scheme
- Overseeing the payroll assurance and remediation activities of the relevant Group businesses

ROLE OF THE EXTERNAL AUDITOR

The company's external auditor is Ernst & Young. The effectiveness, performance and independence of the external auditor is reviewed annually by the Audit and Risk Committee. The lead audit partner is required to rotate after a maximum of five years. Mr Trevor Hammond is the lead audit partner and was appointed on 1 July 2019.

Ernst & Young has provided the required independence declaration to the Board for the financial year ended 30 June 2022. The independence declaration forms part of the directors' report and is provided on page 97 of this annual report.

GOVERNANCE POLICIES

The corporate governance section of the company's website at **www.wesfarmers.com.au/cg** contains access to all relevant corporate governance information, including Board and committee charters, and Group policies referred to in the 2022 Corporate Governance Statement.

ETHICAL AND RESPONSIBLE BEHAVIOUR

The Wesfarmers Way is the framework for the company's business model and comprises its values of integrity, openness, accountability and entrepreneurial spirit, details of which are published on the company's website at **www.wesfarmers.com.au**

The Wesfarmers Way, together with the Code of Conduct and other policies, guide the behaviour of everyone who works at or for Wesfarmers as the company strives to achieve its primary objective. The Board and senior executives of the Group strive to ensure that their own actions and decisions reference and reinforce Wesfarmers' core values, and that they instil and reinforce a culture of acting lawfully, ethically and responsibly.

INVESTOR ENGAGEMENT

Wesfarmers recognises the importance of providing its shareholders and the broader investment community with facilities to access up-to-date, high-quality information, participate in shareholder decisions of the company and provide avenues for two-way communication between the company, the Board and shareholders.

Wesfarmers has developed an investor engagement program for engaging with shareholders, debt investors, the media and the broader investment community. In addition, the company's shareholders have the ability to elect to receive communications and other shareholding information electronically.

Corporate governance overview

RISK MANAGEMENT

Wesfarmers believes that good risk management practice is crucial to informed decision-making, effective management of operations to drive commercial outcomes and ultimately underpins the objective of delivering shareholder value over the long term.

Robust, integrated and effective risk management is central to Wesfarmers' broader governance framework and is fully supported by the Board and the Wesfarmers Leadership Team. This commitment is outlined in the Wesfarmers Board-approved Risk Management Policy which is available in the corporate governance section of the company's website at **www.wesfarmers.com.au/cg**

The Board recognises that a values-based culture is fundamental to an effective risk management framework. Wesfarmers, through the Board, instils and promotes a culture which is underpinned by the Wesfarmers Way, including Wesfarmers' core values of integrity, openness, accountability and entrepreneurial spirit.

Wesfarmers' approach to risk management is aligned with the principles and requirements of International Standard ISO 31000:2018 – Risk Management Guidelines and is depicted diagrammatically below. These elements are necessary to maintain a risk-aware culture and inform professional judgements about risk-taking within the parameters and risk appetite set by the Board.

Wesfarmers has adopted a three-lines approach to risk management whereby all team members have an important role in the operation of the risk framework. The three-lines approach:

- promotes accountable decision-making; and
- reinforces the responsibility of divisional management and Group management in:
  - identifying, understanding and managing the risks within their respective realms of responsibility;
  - ensuring that business operations and risk-taking remains within the risk appetite; and
  - that appropriate action is taken if risk exposure is deemed to be either too conservative or outside risk appetite.

RISK MANAGEMENT FRAMEWORK

The Wesfarmers Risk Management Framework is reviewed on an annual basis by the Board to satisfy itself that it is sound, continues to operate effectively, and that the Group is operating with due regard to the risk appetite set by the Board, or that appropriate action is taken should performance fall outside the risk appetite.

The framework was last comprehensively reviewed in February 2022. The Group Risk Appetite Statement was reviewed and updated in May 2022 to reflect new and emerging risks and changing circumstances.

DIVERSITY AND INCLUSION

Wesfarmers considers building a diverse and inclusive workforce a key enabler for delivering its objective of satisfactory returns to shareholders. Wesfarmers' customers and stakeholders are diverse and to gain the best insight into their needs and expectations, and how to meet them, diverse and inclusive teams are required. A diversity of perspectives and backgrounds also strengthens creativity in teams. Moreover, creating an environment that attracts, retains, and develops team members with a wide range of strengths and experiences ensures that Wesfarmers is best equipped for future growth.

The Wesfarmers Diversity and Inclusion Policy encourages an inclusive work environment where everybody feels respected and safe at work and includes fostering diversity in all its facets at all levels across the Group.

Further details on diversity and inclusion are set out on page 66 of this annual report and in the 2022 Corporate Governance Statement.

Directors' report

Wesfarmers Limited and its controlled entities

The information appearing on pages 4 to 92 forms part of the directors' report for the financial year ended 30 June 2022 and is to be read in conjunction with the following information:

RESULTS AND DIVIDENDS

Year ended 30 June	2022 $m	2021 $m
Profit		
Profit attributable to members of the parent entity	**2,352**	2,380
Dividends		
The following dividends have been paid or are payable* by the company or have been determined to be paid by the directors since the commencement of the financial year ended 30 June 2022:		
(a) out of the profits for the year ended 30 June 2021 and retained earnings on the fully-paid ordinary shares:		
(i) fully-franked final dividend of 90 cents (2020: 77 cents) per share paid on 7 October 2021 (as disclosed in last year's directors' report)	**1,020**	873
(ii) fully-franked special dividend of nil cents (2020: 18 cents) per share (as disclosed in last year's directors' report)	**-**	204
(b) out of the profits for the year ended 30 June 2022 on the fully-paid ordinary shares:		
(i) fully-franked interim dividend of 80 cents (2021: 88 cents) per share paid on 30 March 2022	**907**	998
(ii) fully-franked final dividend of 100 cents (2021: 90 cents) per share to be paid on 6 October 2022	**1,134**	1,020
Capital Management		
The following capital return has been paid or determined to be paid by the company by the directors since the commencement of the financial year ended 30 June 2022:		
(i) a capital return of 200 cents per fully-paid share paid on 2 December 2021	**-**	2,268

* The payment of dividends for the 2021 KEEPP Deferred Shares and Performance Shares are delayed until either the shares vest (with the dividends paid to the participant) or upon forfeiture (with the dividends paid to the trustee). This means no component of any dividend will be paid to the executive KMP unless and until the vesting outcome is known. For further details, please see the remuneration report on pages 98 to 127 of this annual report.

PRINCIPAL ACTIVITIES

The principal activities of the entities within the consolidated Group during the year were:

- retailing of home improvement and outdoor living products and supply of building materials;
- retailing of general merchandise and apparel products;
- retailing of office and technology products;
- retailing of health, beauty and wellbeing products and services;
- wholesale distribution of pharmaceutical goods;
- manufacturing and distribution of chemicals and fertilisers;
- mine development and construction;
- industrial and safety product distribution;
- gas processing and distribution;
- establishing a data and digital ecosystem; and
- management of the Group's investments.

DIRECTORS

The directors in office at the date of this report are:

- M A Chaney (Chairman)
- R G Scott (Group Managing Director)
- A J Cransberg
- S W English
- M Roche
- A Sabharwal
- V M Wallace
- S L Warburton
- A M Watkins
- J A Westacott

All directors served on the Board for the period from 1 July 2021 to 30 June 2022, except A M Watkins who was appointed a director of the company on 1 September 2021 and A J Cransberg who was appointed a director of the company on 1 October 2021.

During the year, W G Osborn retired as a director of the company on 21 October 2021, at the conclusion of the 2021 Annual General Meeting.

The qualifications, experience, special responsibilities and other details of the directors in office as at the date of this report appear on pages 86 and 87 of this annual report.

Directors' report

Wesfarmers Limited and its controlled entities

Directors' shareholdings

Securities in the company or in a related body corporate in which directors had a relevant interest as at the date of this report are:

	BWP Trust	Wesfarmers Limited
	Units	**Shares**
M A Chaney	–	87,597
A J Cransberg	-	4,226
S W English	–	3,509
M Roche	–	9,510
A Sabharwal	-	6,050
R G Scott*	–	1,112,416
V M Wallace	–	13,983
S L Warburton	–	7,536
A M Watkins	-	9,000
J A Westacott	–	6,788

* R G Scott holds 395,107 Deferred Shares (previously referred to as Restricted Shares) and 341,492 Performance Shares under the Key Executive Equity Performance Plan (KEEPP). Mr Scott also holds 25,774 Performance-tested Shares. For further details, please see the remuneration report on pages 98 to 127 of this annual report.

W G Osborn retired as a director of the company on 21 October 2021, at the conclusion of the 2021 Annual General Meeting. Mr Osborn had a relevant interest in 14,728 shares in Wesfarmers Limited, and held no relevant interests in BWP Trust units as at his resignation date.

Directors’ meetings

The following table sets out the number of directors’ meetings (including meetings of Board committees) held during the year ended 30 June 2022 and the number of meetings attended by each director.

	Board		Audit and Risk Committee		Remuneration Committee		Nomination Committee	
	Eligible to attend[1]	**Attended[2]**	**Eligible to attend[1]**	**Attended[2]**	**Eligible to attend[1]**	**Attended[2]**	**Eligible to attend[1]**	**Attended[2]**
M A Chaney[3]	8	8	-	-	9	9	3	3
A J Cransberg[4]	6	6	-	-	6	6	1	1
S W English	8	8	6	6	-	-	3	3
W G Osborn[5]	3	3	-	-	4	4	2	2
M Roche	8	8	-	-	9	9	3	3
A Sabharwal	8	8	6	6	-	-	3	3
R G Scott	8	8	-	-	-	-	-	-
V M Wallace	8	8	-	-	9	9	3	3
S L Warburton[6]	8	8	6	6	-	-	3	3
A M Watkins[7]	6	6	-	-	6	6	1	1
J A Westacott	8	8	6	6	-	-	3	3

1 Number of meetings held while the director was a member of the Board/Committee.
2 Number of meetings attended.
3 Notwithstanding he is not a member, M A Chaney attended five of the six meetings of the Audit and Risk Committee held during the year.
4 A J Cransberg was appointed as a director of the company effective 1 October 2021.
5 W G Osborn retired as a director of the company on 21 October 2021, at the conclusion of the 2021 Annual General Meeting.
6 Notwithstanding she is not a member, S L Warburton attended eight of the nine meetings of the Remuneration Committee held during the year.
7 A M Watkins was appointed as a director of the company effective 1 September 2021.

Directors' report

Wesfarmers Limited and its controlled entities

INSURANCE AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

During or since the end of the financial year, the company has paid premiums in respect of a contract insuring all directors and officers of Wesfarmers Limited and its related entities against certain liabilities incurred in that capacity. Disclosure of the nature of the liability covered by the insurance and premiums paid is subject to confidentiality requirements under the contract of insurance.

In accordance with the company's constitution, the company has entered into Deeds of Indemnity, Insurance and Access with each of the directors of the company. These Deeds:

- indemnify a director to the full extent permitted by law against any liability incurred by the director:
  - as an officer of the company or of a related body corporate; and
  - to a person other than the company or a related body corporate, unless the liability arises out of conduct on the part of the director which involves a lack of good faith;
- provide for insurance against certain liabilities incurred as a director; and
- provide a director with continuing access, while in office and for a specific period after the director ceases to be a director, to certain company documents which relate to the director's period in office.

In addition, the company's constitution provides for the indemnity of officers of the company or its related bodies corporate from liability incurred by a person in that capacity to the full extent permitted by law.

No indemnity payment has been made under any of the documents referred to above during, or since the end of, the financial year.

DIRECTORS' AND OTHER OFFICERS' REMUNERATION

Discussion of the Board's policy for determining the nature and amount of remuneration for directors and senior executives and the relationship between such policy and company performance are contained in the remuneration report on pages 98 to 127 of this annual report.

OPTIONS

No options over unissued shares in the company were in existence at the beginning of the financial year or granted during, or since the end of, the financial year.

COMPANY SECRETARY

Vicki Robinson was appointed as Executive General Manager, Company Secretariat and Company Secretary of Wesfarmers Limited on 2 March 2020. Prior to this, Vicki was General Manager, Legal (Corporate) and has played a key role in many of the Group's merger and acquisition transactions. Vicki joined Wesfarmers in July 2003 as a Legal Counsel with the Corporate Solicitors Office. In 2007, she moved to the role of General Manager for enGen, and she returned to the Corporate Solicitors Office in 2009. Vicki holds a Bachelor of Laws (Honours) and a Bachelor of Commerce from The University of Western Australia and was admitted to practise as a barrister and solicitor in 1999. Vicki chairs the Advisory Board of the Curtin University Law School, is a member of the Methodist Ladies College Council, and was a director of the Black Swan State Theatre company from 2009 to 2018. She is a Fellow of the Governance Institute of Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Particulars of the significant changes in the state of affairs of the consolidated entity during the financial year are as follows:

- revenue from continuing operations up from $33,941 million to $36,838 million
- profit after tax for the year down from $2,380 million to $2,352 million.
- dividends per share of $1.80 (2021: $1.78 per share)
- total assets up from $26,214 million to $27,271 million
- shareholders' equity down from $9,715 million to $7,981 million
- net debt/(cash) up from $227 million to $4,491 million
- net cash flows from operating activities down from $3,383 million to $2,301 million

REVIEW OF RESULTS AND OPERATIONS

The operations, financial position, business strategies and prospects for future financial years of the consolidated entity are detailed in the operating and financial review on pages 14 to 85 of this report.

EVENTS AFTER THE REPORTING PERIOD

The following significant event has arisen since the end of the financial year:

Dividends

A fully-franked final dividend of 100 cents per share resulting in a dividend payment of $1,134 million was determined with a payment date of 6 October 2022. The dividend has not been provided for in the 30 June 2022 full-year financial statements.

Directors' report

Wesfarmers Limited and its controlled entities

NON-AUDIT SERVICES

Ernst & Young provided non-audit services to the consolidated entity during the year ended 30 June 2022 and received, or is due to receive, the following amounts for the provision of these services:

	$'000
Tax compliance	687
Other	94
Total	**781**

The total non-audit services fees of $781 thousand represents 11.6 per cent of the total fees paid or payable to Ernst & Young and related practices for the year ended 30 June 2022. Total non-audit services fees and other assurance and agreed-upon procedures fees were $1,471 thousand. Further details of amounts paid or payable to Ernst & Young and its related practices are disclosed in note 29 to the financial statements.

The Audit and Risk Committee has, following the passing of a resolution of the Committee, provided the Board with written advice in relation to the provision of non-audit services by Ernst & Young.

The Board has considered the Audit and Risk Committee's advice, and the non-audit services provided by Ernst & Young, and is satisfied that the provision of these services during the year by the auditor is compatible with, and did not compromise, the general standard of auditor independence imposed by the *Corporations Act 2001* for the following reasons:

- the non-audit services provided do not involve reviewing or auditing the auditor's own work or acting in a management or decision-making capacity for the company;
- all non-audit services were subject to the corporate governance procedures and policies adopted by the company and have been reviewed by the Audit and Risk Committee to ensure they do not affect the integrity and objectivity of the auditor; and
- there is no reason to question the veracity of the auditor's independence declaration (a copy of which has been reproduced on the following page).

Directors' report

Wesfarmers Limited and its controlled entities

The directors received the declaration below from Ernst & Young:

Building a better working world

Ernst & Young
11 Mounts Bay Road
Perth WA 6000, Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
ey.com/au

Auditor's independence declaration to the directors of Wesfarmers Limited

As lead auditor for the audit of the financial report of Wesfarmers Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. no contraventions of any applicable code of professional conduct in relation to the audit; and

c. no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Wesfarmers Limited and the entities it controlled during the financial year.

Ernst + Young

Ernst & Young

T S Hammond
Partner 25 August 2022

ENVIRONMENTAL REGULATION AND PERFORMANCE

The activities of the consolidated entity are subject to environmental regulation by various authorities throughout Australia and the other countries in which the Group operates.

Licences granted to the consolidated entity regulate the management of air and water quality and quantity, the storage and carriage of hazardous materials, the disposal of wastes and other environmental matters associated with the consolidated entity's operations.

During the year there have been no known material breaches of the consolidated entity's licence conditions.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the company, nor have any applications been made in respect of the company, under section 237 of the *Corporations Act 2001*.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the directors of Wesfarmers Limited believe that the governance policies and practices adopted for the year ended 30 June 2022 follow the recommendations contained within the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. An overview of the company's corporate governance statement can be found on pages 88 to 92 of this annual report. The full corporate governance statement is available in the corporate governance section of the company's website at **www.wesfarmers.com.au/cg**

CORPORATE INFORMATION

Wesfarmers Limited is a company limited by shares that is incorporated and domiciled in Australia. The company's registered office and principal place of business is Level 14, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest million dollars unless otherwise stated (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the instrument applies.

Remuneration report

Message from the Chairman of the Remuneration Committee

Dear Shareholders,

On behalf of the Board, I am pleased to present the 2022 Remuneration Report.

The 2022 year was characterised by two significant events that impacted both the financial results of the Group and the remuneration outcomes of the executive key management personnel (KMP).

Firstly, the COVID-19 pandemic continued to have a significant and unpredictable impact upon the Group and the executive KMP, especially in the first half of the 2022 financial year where Kmart Group and Officeworks were materially impacted. Similar to the 2021 financial year, the Board set the initial scorecard targets but resolved to review the financial targets towards the end of the year once the extent and impact of the continuing disruption was clearer. Final financial targets were subsequently established in December 2021, based on the actual results up to the end of October 2021 ahead of the important Christmas and holiday trading period. As such they did not factor in the impact associated with the Omicron variant that affected the performance of the retail divisions to February 2022.

During the year, executive KMP have continued to navigate the extraordinary challenges, while continuing to look after our people by maintaining a focus on the total recordable injury frequency rate (TRIFR) as well as providing additional support measures, including additional paid leave, to team members impacted by COVID-19. Despite the ongoing challenges from the pandemic, the Board is pleased that the Group delivered solid financial results for the year while continuing to invest in its businesses and teams for the future.

Secondly, in June 2021 the Group announced a significant investment in data and digital ecosystem development that would impact operating results across the Group by an amount of approximately $100 million. This was a strategic move critical to long-term shareholder value through maintaining and enhancing the Group's digital retail offerings, as consumers are noticeably seeking deeper digital engagement. Further, data analytics is an increasingly important driver of business operations and efficiency. This activity was undertaken at a Group level and hence did not impact divisional earnings.

The Board believes that the successful development and implementation of a market-leading Group ecosystem requires an adjustment to the company's ways of working from both operational and behavioural perspectives. To emphasise the importance of this initiative and ensure appropriate focus to mobilise our teams to deliver the necessary progress and pace, the Board approved changes to the performance measures in the 2022 financial year Key Executive Equity Performance Plan (KEEPP) scorecards. The Board allocated Group ecosystem performance measures (including data and digital initiatives) a 15 per cent weighting in each participant's scorecard, and adjusted the weightings for other outcomes as follows:

Measures	Long-term weighting (%)	2022 adjusted weighting (%)
Financial	60	55
Safety	10	10
Ecosystem	-	15
Individual performance objectives	30	20

KEEPP REMUNERATION FRAMEWORK

Wesfarmers is committed to achieving long-term alignment between the interests of its shareholders and those of management and for this to be achieved in a transparent way. The Board continues to be satisfied that the KEEPP is fit for this purpose. It provides strong alignment between shareholder outcomes and the executive KMP remuneration. This is due to two core features:

- 100 per cent of variable remuneration is delivered in equity for the Group Managing Director and Group Chief Financial Officer (the portion is slightly lower for other executive KMP). This equity is restricted for up to six years, thereby directly linking shareholder value and the value of current and prior year share grants; and
- At least 50 per cent of all share awards are further performance tested over a four year period subsequent to grant against a range of measures including the extent of Wesfarmers total shareholder return (TSR) performance relative to that of the S&P/ASX 100. This relative TSR portion has been progressively increased over time and is currently 80 per cent for the Group Managing Director and Group Chief Financial Officer and 50 per cent for the other executive KMP. This further adds to long-term alignment between management and shareholders.

We believe this framework - which is unique to Wesfarmers - has delivered (and continues to deliver) alignment between shareholders and management.

Further, during the year, the Board considered the adequacy and appropriateness of the extent to which environmental, social and governance (ESG) considerations are taken into account in relation to the remuneration outcomes of the executive KMP. Importantly, we consider that the alignment of employee equity against ESG considerations is appropriately integrated into remuneration outcomes over the long term given our strong emphasis on equity under the KEEPP. The Board understands that the valuation of the company will reflect investors' view of our ESG strategy and commitments, and our progress towards achieving these. This will then have a direct impact upon realised remuneration under the KEEPP. For example, the use of long-dated equity provides a long-term link between the share price and remuneration outcomes for the executive KMP, and the relative TSR performance test at the end of the four-year performance period directly impacts the number of shares that can vest under the KEEPP. Short-term ESG-related performance measures are included within the annual KEEPP scorecards and, once sufficient progress has been achieved, these performance measures are transitioned out of the KEEPP scorecards and variable remuneration framework and into 'day job' responsibilities.

The current approach of increased disclosure around scorecard assessment will continue to aid investors to better judge both the short-term and long-term ESG activities and assessment of performance. Further information is provided in section 4.

WESFARMERS' PERFORMANCE IN 2022 AND REMUNERATION OUTCOMES

In what has been a challenging year, the Group's financial results were solid, aided by strong sales and earnings growth in the second half. The financial outcomes for the Group are pleasing as during the financial year we have:

Remuneration report

- continued to provide support to team members throughout COVID-19 and its associated challenges without compromise to the safety and wellbeing of team members, customers and suppliers;
- suffered a loss of store trading days due to trading restrictions or closure, with around 34,000 store trading days impacted by trading restrictions in the first half, representing almost 10 per cent of total store trading days for the year;
- continued to invest in future opportunities across the Group - in particular the acquisition of API and associated formation of a new Health division, the investment to create OneDigital and the successful launch of OnePass, continued progress with the Mt Holland lithium project and the Bunnings rollout of Tool Kit Depot and acquisition of Beaumont Tiles; and
- finished the year strongly with the performance of most divisions benefiting from strategic and operational initiatives pursued throughout the year.

Digital engagement across all businesses continued to increase and total online sales across the Group, including the Catch marketplace, increased to $4.0 billion.

The Board is pleased with the progress made over the 2022 financial year regarding the creation of the Group ecosystem, the establishment of a shared data platform and the successful launch of the OnePass membership program. While the Board recognises the work in 2022 is the beginning of the journey, the outcomes so far have been pleasing and represent a material level of change.

Consistent with the 2021 financial year, the Board applied the reported financial results for executive remuneration purposes. Further, following consideration, the Board did not use discretion to adjust any calculated remuneration outcomes as it considered these to be fair and reasonable. Considering the business performance over the 2022 financial year alongside the individual contributions from each of the executive KMP, the Board has approved above target KEEPP outcomes, as discussed below, and set out in more detail in sections 5.2 and 5.3.

Group Managing Director and Group Chief Financial Officer

For the Group Managing Director and the Group Chief Financial Officer, the financial component (measured against profit and return on equity targets for combined results for the Group as a whole, including all of the divisions) exceeded the stretch performance targets set by the Board and therefore the maximum KEEPP award was made for each in respect of this component.

As mentioned above, management also continued to effectively manage the COVID-19 situation, reshape the portfolio and invest for future opportunities. TRIFR for the Group improved from 9.6 to 9.2 which was above the threshold level of performance set by the Board in the KEEPP scorecards.

The total 2022 KEEPP awards represent 91.4 per cent and 88.6 per cent of the Group Managing Director's and the Group Chief Financial Officer's maximum variable remuneration opportunity respectively.

Divisional executive KMP

The Board awarded KEEPP outcomes for our divisional executive KMP reflecting the financial performance and TRIFR outcomes of the specific divisions led by the executives, as well as each executive KMP's individual performance. The total 2022 KEEPP awards represent 83.3 per cent and 71.6 per cent of the Managing Director, Bunnings Group's and the Managing Director, Kmart Group's maximum variable remuneration opportunities respectively.

Vesting of prior year awards

Following 30 June 2022, the Board assessed the vesting outcomes of the 2018 KEEPP Performance Shares against the performance conditions set for each participant.

Over the four-year performance period, Wesfarmers Limited shares achieved very strong, top quartile performance with a TSR of 77.5 per cent, placing it at the 87th percentile relative to peer companies in the S&P/ASX 100. As a result, the component subject to the relative TSR performance condition vested in full. The Board also assessed that the Group Managing Director and the Group Chief Financial Officer performed strongly in relation to their portfolio management and investment outcomes and strategic components over the four-year period, with greater weight placed on the earlier years. The assessment resulted in vesting of the two components at 90.0 per cent and 85.0 per cent respectively. Further details of these results are provided in section 5.4.

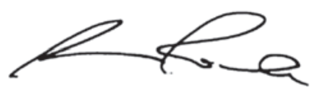
Fixed annual remuneration for executive KMP

In July 2022, as part of the annual remuneration review cycle, the Board considered the fixed remuneration for the executive KMP. No changes were made to fixed remuneration for the 2023 financial year. As disclosed in the 2021 Remuneration Report, in July 2021 the Board approved increases to the fixed remuneration for the executive KMP other than no change for the Group Managing Director whose fixed remuneration has remained unchanged since appointment in 2017. No further changes were made to fixed remuneration in the 2022 financial year. Further details are provided in section 5.1.

NON-EXECUTIVE DIRECTOR FEES

In June 2022, the Board reviewed the fees payable to the non-executive directors having regard to benchmark data, market position and relative fees. Following this review, no changes were made to the fees for the 2023 financial year.

Thank you for your continued support of Wesfarmers. We look forward to our ongoing engagement with you and sharing in the company's future success.



Mike Roche

—— Chairman, Remuneration Committee

Remuneration report (audited)

Executive remuneration

Non-executive director remuneration

Other remuneration information

Remuneration report (audited)

1. 2022 KEY MANAGEMENT PERSONNEL

The key management personnel (KMP) include the directors of Wesfarmers Limited and the executive KMP (the Group Managing Director and the Group Chief Financial Officer and those executives who have authority and responsibility for planning, directing and controlling the activities of a major profit generating division of Wesfarmers). The KMP for the 2022 financial year are as follows:

Current directors

Michael Chaney AO	These directors were members of the Board of Wesfarmers Limited throughout the whole of the 2022 financial year.
Vanessa Wallace	
Jennifer Westacott AO	
The Right Honourable Sir Bill English KNZM	
Mike Roche	
Sharon Warburton	
Anil Sabharwal	
Alison Watkins AM`	Ms Watkins became a member of the Board of Wesfarmers Limited on 1 September 2021.
Alan Cransberg	Mr Cransberg became a member of the Board of Wesfarmers Limited on 1 October 2021.

Former director

Wayne Osborn	Mr Osborn retired from the Board of Wesfarmers Limited on 21 October 2021.

Current executive KMP

Rob Scott, Group Managing Director	These executive KMP held their positions throughout the whole of the 2022 financial year.
Anthony Gianotti, Group Chief Financial Officer	
Ian Bailey, Managing Director, Kmart Group	
Michael Schneider, Managing Director, Bunnings Group	

Remuneration report (audited)

2. OVERVIEW OF GROUP PERFORMANCE

Wesfarmers delivered solid financial results for the 2022 financial year. The Group delivered strong sales and earnings growth in the second half of the year following the significant impact of COVID-19 during the first half of the year which included weeks where almost half of the Group's retail stores were either subject to trading restrictions or closed. Trading results improved significantly as restrictions eased and Wesfarmers delivered strong NPAT growth of 13.1 per cent for the second half, excluding significant items in the prior year.

Bunnings and WesCEF delivered pleasing results for the year. Bunnings continued to demonstrate the resilience of its operating model and ability to deliver growth through a range of market conditions. Record earnings in WesCEF reflected elevated global commodity prices and continued strong operating performance. It was also pleasing to report continued improvement in the performance of Wesfarmers Industrial and Safety. Relative to the Group's other divisions, Kmart Group was the most materially impacted by trading restrictions in the first half. Results for Kmart Group improved significantly in the second half, with Kmart and Target delivering strong second half earnings growth of 19.4 per cent, benefiting from actions taken in recent years to optimise the store network. Lower earnings in Officeworks for the year reflected the impact of trading restrictions, as well as increased investment in the supply chain, data and digital capabilities and to support the launch of new products.

The Group established new businesses and continued to invest in its existing operations, developing platforms to support long-term shareholder returns. Wesfarmers established the Health division in March 2022 following the acquisition of Australian Pharmaceutical Industries Ltd (API) and continued to progress the development of a market-leading data and digital ecosystem, with the launch of Wesfarmers OneDigital in the second half. Good progress also continued on the construction of the Mt Holland lithium project.

The Group reported statutory NPAT of $2,352 million for the 2022 financial year.

Five-year statutory results

Financial year ended 30 June (as reported)[1]	2018	2019	2020	2021	2022
Net profit after tax (NPAT) ($m)	1,197	5,510	1,697	2,380	2,352
NPAT (excluding significant items) ($m)[2]	2,772	2,339	2,075	2,421	2,352
Return on equity (ROE) (rolling 12 months) (%)[3]	5.2[4]	38.7[4,5]	17.8[4]	25.8[4]	29.4
ROE (excluding significant items) (rolling 12 months) (%)[2]	11.7	19.2	22.1	26.1	29.4
Earnings per share (EPS) (cents)	105.8[4]	487.2[4]	150.0[4]	210.4[4]	207.8
EPS (excluding significant items) (cents)[2]	245.1	206.8	183.4	214.1	207.8

[1] The Group applied AASB 16 *Leases* (AASB 16) from 1 July 2019 using the modified retrospective approach. Under this approach, comparatives were not restated.

[2] These are considered non-IFRS measures. 2021 post-tax significant items include restructuring costs of $41 million in the Kmart Group. 2020 post-tax significant items include the gain on sale of Wesfarmers' 10.1 per cent interest in Coles Group Limited (Coles) completed in February 2020 (4.9 per cent) and March 2020 (5.2 per cent) of $203 million, gain from revaluation of the retained Coles investment of $154 million and the benefit from the finalisation of tax positions on prior year disposals of $83 million, offset by the $298 million non-cash impairment of the Wesfarmers Industrial and Safety division, and the $520 million non-cash impairment of the Target brand name and other assets and associated restructuring costs and provisions in the Kmart Group. 2019 post-tax significant items include $2,264 million gain on demerger of Coles, $645 million gain on sale of Bengalla, $244 million gain on sale of KTAS, $120 million gain on sale of Quadrant Energy, partially offset by a $102 million provision for supply chain automation in Coles. 2018 post-tax significant items include impairments of $1,323 million relating to BUKI and Target, as well as the $375 million loss on sale of BUKI and $123 million gain on sale of Curragh Coal Mine. The Board exercises its discretion in determining whether these significant items are adjusted for when determining remuneration outcomes.

[3] This is considered a non-IFRS measure.

[4] 2018, 2019, 2020, 2021 EPS and ROE include the items outlined in footnote 2 above.

[5] 2019 ROE was 17.7 per cent when adjusted to remove the increase in the ROE as a result of the Coles demerger.

Five-year shareholder returns

Financial year ended 30 June (as reported)	2018	2019	2020	2021	2022
Total dividends per share (determined) (cents)	223	278[4]	170[5]	178	180
Closing share price ($ as at 30 June)[1]	49.36	36.16	44.83	59.10	41.91
Adjusted closing share price ($ as at 30 June)[2]	35.26	36.16	44.83	59.10	41.91
Five-year rolling Total Shareholder Return (%, per annum)[3]	9.8	9.8	15.9	21.5	13.8
ASX 100 five-year rolling Total Shareholder Return (%, per annum)[3]	9.8	8.9	5.8	11.2	7.1

[1] The opening share price on 1 July 2017 was $40.06.

[2] The adjusted closing share price for 2018 excludes the proportional impact of the Coles demerger, based on the volume-weighted average share price of Coles Group Limited on the first five days of trading post-listing. The adjusted opening share price on 1 July 2017 was $28.61.

[3] Source: Bloomberg.

[4] 2019 total dividends per share includes the 100 cent special dividend.

[5] 2020 total dividends per share includes the 18 cent special dividend reflecting the distribution of profits on the sale of the 10.1 per cent interest in Coles.

3. REMUNERATION GOVERNANCE

3.1 Role of the Board

The Board is responsible for setting remuneration policy and determining non-executive director, executive director and executive KMP remuneration and ensuring that policy is aligned with the Group's purpose, values, strategic objectives, and risk management framework. In addition, the Board is responsible for approving the remuneration of and overseeing the performance review of the Group Managing Director,

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for approving the remuneration of the other KMP and approving all targets and performance conditions set under the executive KMP variable remuneration framework, being the Key Executive Equity Performance Plan (KEEPP).

The Board delegates responsibility to the Remuneration Committee for reviewing and making recommendations to the Board on these matters. The Board has powers under the terms of the Group's incentive plans to calculate the achievement of performance conditions, including to decrease or increase variable remuneration outcomes, and make malus or clawback adjustments. The Board may exercise these powers when approving variable remuneration award outcomes to ensure that they are fair and reasonable and may use this discretion to decrease or increase the outcome as it considers appropriate.

The Board has regular meetings with each of the executive KMP during the year to discuss ongoing performance.

3.2 Role of the Remuneration Committee

The Remuneration Committee makes recommendations to the Board regarding all aspects of executive KMP remuneration. This includes making recommendations in relation to the targets (including threshold and stretch performance targets) to be included in the KEEPP scorecards and in relation to setting performance conditions that attach to Performance Shares (both the financial conditions and the other non-financial performance conditions). As part of setting performance conditions on the Performance Shares for the divisional managing directors (currently the Managing Director, Kmart Group and the Managing Director, Bunnings Group), the Remuneration Committee makes recommendations to the Board on whether the conditions should be set at a divisional or business level. The Group Managing Director provides updates and makes recommendations to the Remuneration Committee on these matters in relation to his direct reports throughout the year, but is not involved in making recommendations in relation to his own remuneration. The Group Managing Director provides formal updates to the Remuneration Committee on a six-monthly basis. To inform the Board and Remuneration Committee, and to assist with their decision-making processes, additional information and data is sought from management and remuneration consultants, as required.

The Audit and Risk Committee Chairman attends the Remuneration Committee meetings and is formally involved in the remuneration outcome recommendations, ensuring that there is a tight linkage between behaviour, risk management and remuneration outcomes.

Further information regarding the objectives and role of the Remuneration Committee are contained in its charter, which is available in the corporate governance section of the company's website at **www.wesfarmers.com.au/cg**.

3.3 Culture and risk management

The Board believes that embedding the right culture and ensuring that the Group operates within effective risk management protocols are enablers of strategic execution over the long term. Wesfarmers considers that it can only achieve its primary objective of generating satisfactory returns for shareholders over the long term by: looking after its team members, customers and suppliers; taking care of the environment and making sure that the Group is environmentally conscious in all of its activities; by acting ethically and honestly in all of its dealings; and by making meaningful contributions to the communities in which the Group operates.

The Board, in consultation with the Audit and Risk Committee, considers these principles in setting the executive KMP remuneration framework, which in turn has a positive impact upon the Group and therefore shareholder outcomes. This includes overseeing that executive KMP remuneration outcomes are aligned with the Board's approach to risk management.

Fixed remuneration levels are set so as to sufficiently reward the executive KMP for performing the key requirements of their roles, having regard to the competitive environment for talent and other internal and external factors.

In the annual KEEPP scorecards, the financial and safety performance measures, the Group ecosystem performance measures (including data and digital initiatives) and the individual performance objectives set by the Board are designed to drive strategic outcomes that benefit the Group and its shareholders. The Board takes a balanced approach to setting the performance range for objectives, including setting the minimum and maximum performance targets, as well as in assessing the incentive outcomes. The maximum outcome under the KEEPP scorecards can only be achieved if all of the financial and safety performance measures, the Group ecosystem performance measures (including data and digital initiatives) and the individual performance objectives are assessed at stretch performance and the Board judges this outcome to be fair and reasonable. Section 5.3 contains further information on the KEEPP scorecards for the 2022 financial year.

Targets set by the Board are assessed to be suitably risk-adjusted in accordance with the risk management framework so as to avoid inappropriate customer, team member or financial risk in the pursuit of the KEEPP outcomes. In assessing performance against the annual KEEPP scorecards, the Board also considers how the outcomes have been achieved, for example, through the demonstration of behaviours aligned with appropriate ethics, values and culture, including a focus on team member safety and wellbeing, and consideration of any actions impacting Group reputation.

3.4 Responsibility for determining remuneration of non-executive directors

The Board is responsible for assessing non-executive director fees, assisted by the Remuneration Committee. Each year the non-executive director fees, including committee fees, are benchmarked externally against Australian companies of a comparable size and complexity. In the event of any proposed increase in fees, including committee fees, a reasonableness opinion is obtained from an external remuneration consultant. The Remuneration Committee and the Board (or only the Board if this relates to Remuneration Committee fees) consider this benchmarking and external remuneration consultant opinion, along with other factors such as the reasonableness of any change to the fees in the context of the external environment and any regulatory changes impacting Board accountability, before proposing any increase in fees. See section 6 for further information on non-executive director remuneration.

3.5 Use of remuneration consultants

No remuneration recommendations as defined in section 9B of the *Corporations Act 2001* were obtained during the financial year ended 30 June 2022.

Remuneration report (audited)

Executive remuneration

4. EXECUTIVE KMP REMUNERATION FRAMEWORK AND POLICY

Wesfarmers' primary objective is to provide satisfactory returns to shareholders over the long term. The guiding remuneration principles are focused on driving leadership performance and behaviours consistent with this objective, as well as with the Wesfarmers Way (as explained on page 15 of this annual report) and the Group's overall strategies.

Our guiding remuneration principles	
1	**Attract, motivate and retain world-class talent and outstanding people to drive outcomes**
2	**Align executive and stakeholder interests through share ownership while strengthening focus on Group results through awards of long-term, at-risk deferred equity**
3	**Be transparent and fit for purpose, recognising our operating model of divisional autonomy by linking rewards to the achievement of objectives for which executives are directly accountable and responsible while retaining a direct link to Group performance**
4	**Recognise and reward high performance with a strong focus on the long term**
5	**Align effective risk management and demonstration of appropriate behaviours, ethics and values with rewards**
6	**Drive strategic achievement which aligns with long-term shareholder interests**

(a) Remuneration framework

The remuneration framework for the executive KMP comprises fixed annual remuneration (FAR) and variable at-risk remuneration (through participation in the KEEPP). Total remuneration is set at a competitive level to attract, retain and engage key talent, with FAR set at a level that is appropriate for the requirements of the role.

Fixed annual remuneration

FAR comprises salary and other benefits (including statutory superannuation). FAR, along with the other elements of executive remuneration, including total remuneration and each component of remuneration, is benchmarked to our external peers and levels vary between the executive KMP. FAR for each executive KMP is based upon: role and responsibility; business and individual performance; internal and external relativities; and contribution, competencies and capabilities. FAR is not varied by reference to inflation or indexation as a matter of course. Changes are based on merit, a material change in role or responsibility, the market rate for comparable roles varying materially, or as a result of internal relativities, while protecting the significant investment of Wesfarmers in developing its key talent.

Variable remuneration - KEEPP

Opportunity

The KEEPP is a single total incentive established for each executive KMP, with each cycle operating over seven years.

The quantum of the KEEPP award is determined against an individually personalised 12-month scorecard, split into financial and safety performance measures, Group ecosystem performance measures (including data and digital initiatives) and individual performance objectives, weighted 55 per cent, 10 per cent, 15 per cent and 20 per cent respectively. The scorecard sets out the threshold, at target and stretch level of performance required for each measure.

The Remuneration Committee and the Board set the scorecards at the beginning of the financial year following consultation with the Group Managing Director (however the Group Managing Director is not involved in setting his own KEEPP scorecard). The KEEPP award can vary up to a maximum of 300 per cent of FAR and is delivered through up to three vehicles. See section 5.3 for further information on the KEEPP scorecards.

Delivery vehicles

Cash: There is no cash component for the Group Managing Director and the Group Chief Financial Officer, with their awards delivered solely in equity. For the other executive KMP, cash is zero for awards at or below 100 per cent of FAR. For awards above this level, a maximum of 30 per cent of FAR may be awarded in cash.

Equity: KEEPP equity awards are delivered as long-dated equity, with the 'at target' awards split equally between Deferred Shares and Performance Shares.

Deferred Shares are restricted up to a total of six years once granted and can be subject to additional conditions if set by the Board at allocation.

Performance Shares are subject to further performance conditions over a future four-year performance period. The Board has discretion to adjust the performance conditions in appropriate circumstances, so that participants are not unfairly advantaged or disadvantaged.

Where the KEEPP scorecard process results in an allocation of Performance Shares lower than 100 per cent of FAR (or 85 per cent of FAR for the divisional managing directors), additional Performance Shares (which vest only to the extent the performance conditions are met over the following four years) will be allocated to achieve that level. This aims to ensure variable remuneration is less dependent on performance over the initial 12-month period and more tied to performance over time.

Determining outcomes

The financial and safety performance measures are assessed after the preparation and audit of the relevant results each year. The Group ecosystem performance measures and individual performance outcomes are simultaneously assessed after a review against the measures and objectives set. If performance against any measure or objective is assessed as below threshold, no outcome is awarded for that measure or objective.

Board consideration of other factors

Prior to finalising the scorecard outcome, the Board calibrate the scorecard result with the personal performance and behaviours of each participant alongside the consideration of whether the calculated outcome is fair and reasonable, including that it is not inappropriate or simply formulaic.

Remuneration report (audited)

(b) How environmental, social and governance (ESG) issues are reflected in the remuneration framework

As set out in the Wesfarmers Way on page 15 of this annual report, Wesfarmers is committed to understanding and responsibly managing the ways it impacts the communities and environments in which it operates. This includes recognising and addressing its ESG-related responsibilities and reflecting these within the remuneration framework for the executive KMP, both over the short and long term.

The Board sets the expectation that progress towards a number of Wesfarmers' ESG-related goals and targets has evolved to become a core requirement of each executive KMP role and this is reflected in the existing level of FAR they are paid for that role.

In relation to variable remuneration, the Board has considered both the long-term position as well as the annual remuneration cycle. The Board has always sought to align executive remuneration with the interests of all stakeholders and has a heavy share component of variable remuneration awards - in the case of the Group Managing Director and the Group Chief Financial Officer, 100 per cent of variable remuneration is a share-based award.

Based upon the company's sustainability disclosure, the Board is confident that, over the long term, shareholders and investors reflect their assessment of the company's progress in relation to ESG-related issues within the Wesfarmers share price. Therefore, by delivering the KEEPP awards in long-dated equity it ensures remuneration outcomes have a long-term link to ESG issues. This is particularly the case because:

- 50 per cent of the share awards are made in the form of Deferred Shares whose value is tied to absolute share price performance and may be subject to any additional vesting conditions set by the Board; and
- the remaining 50 per cent of the share awards are made in the form of Performance Shares which vest subject to role-specific performance conditions, but which have at least a 50 per cent weighting to relative total shareholder return (rTSR) performance. This means that it incorporates the market's judgement of ESG-related progress Wesfarmers is making relative to others.

To ensure continued progress against ESG goals in the short term, and to incorporate the pace of progress, the Board includes targets against the most significant ESG-related issues within the annual KEEPP scorecards, relevant to the role of each executive KMP. This means that the KEEPP scorecard outcomes are approved only after an assessment of performance against the most significant ESG issues and do incorporate a direct economic link to such outcomes. As set out in section 3.3, in assessing the annual KEEPP scorecards, the Board also considers how the outcomes have been achieved. This includes further consideration of any actions impacting Group reputation, such as in relation to ESG issues, to ensure that the final outcome is fair and reasonable.

The Board is committed to improving the ability of stakeholders to understand the linkages between sustainability and remuneration through enhanced disclosures.

(c) KEEPP life cycle

The chart on the following page shows the life cycle for each element of the KEEPP. The 2021 KEEPP award follows this life cycle and was awarded in the 2022 financial year, based on performance in the 2021 financial year. For further information on the timing for the 2021 KEEPP award, see section 5.7.

Remuneration report (audited)

Performance assessment

- **12-month period (July to June)**

Performance of each member of the executive KMP is assessed over the 12-month performance period ending 30 June against a scorecard that has financial performance measures (55 per cent weighting), safety performance measures (10 per cent weighting), Group ecosystem performance measures (including data and digital initiatives) (15 per cent weighting) and individual performance objectives specific to the role (20 per cent weighting).

Award determination assessment

If the assessment determines that performance on any measure is below threshold, the amount of the award for that measure is zero. If performance for a measure is assessed as at threshold, then the award is 50 per cent of the target opportunity for that measure. If performance for a measure is assessed as at or above threshold, there is a straight-line calculation up to the target level and then a straight-line calculation up to the maximum level. The target opportunity across all measures is 200 per cent of FAR and the maximum award opportunity is 300 per cent of FAR.

Once the scorecard is assessed and the award amount is calculated, the Board then considers whether the proposed award is fair and reasonable in the circumstances. This assessment is a deliberate exercise of Board discretion to determine whether modifiers should decrease or increase the amount of the award. KEEPP awards are then delivered as follows:

- **Cash:** The Group Managing Director and the Group Chief Financial Officer receive all of their KEEPP awards in equity and are not eligible to receive any cash under the KEEPP. For the other executive KMP, the amount of the cash component is zero where the award is equivalent to or below 100 per cent of FAR. An award above that level is paid in cash up to a maximum of 30 per cent of FAR, with the remainder delivered in equity. Any cash is generally paid in August, following the release of Wesfarmers' full-year results.
- **Equity:** Equity is allocated equally in unquoted Deferred Shares and Performance Shares at no cost to participants. The number of shares allocated is determined using a face value calculated based upon the 10-day, volume-weighted average price (VWAP) of Wesfarmers shares typically over the period following the full-year results announced in August of that year. Where required, the 10-day period will be delayed to include shares trading ex dividend or ex entitlement only. The 10-day period for the 2021 KEEPP award was 18 November 2021 to 1 December 2021, recognising the shares commenced trading ex capital return entitlement on 18 November 2021. The allocation of equity generally occurs shortly after the Annual General Meeting. While the equity is unquoted, the payment of any dividends during the vesting period is delayed. Upon the vesting or forfeiture of the Deferred Shares and the Performance Shares, the company will apply for the associated unquoted shares to be quoted on the ASX. Once quoted, the delayed dividend is paid to the participant on the vested shares only, with no dividends ever having been paid to the participant on shares subsequently forfeited.

To reduce dependence on performance over the initial 12-month period, where the scorecard process results in an allocation of Performance Shares lower than 100 per cent of FAR (or 85 per cent of FAR for the divisional managing directors), additional Performance Shares (which vest only to the extent they meet the performance conditions over the following four years) will be allocated to achieve that level.

Deferred Shares and Performance Shares allocated

- **Deferred Shares: 12-month forfeiture and four-, five- and six-year trading restrictions**

Deferred Shares: Deferred Shares are subject to a 12-month service condition (the forfeiture period) and any additional conditions that may be set by the Board at the date of allocation and are subject to trading restrictions for four, five or six years. Deferred Shares are granted as newly issued, unquoted shares. An application to quote the shares is made upon vesting or forfeiture of the shares. Deferred Shares are held in trust and can only be transferred to the executive KMP once all trading restrictions and any other conditions are met. For the 2021 Deferred Shares, one-third will be released from the trading restriction in August 2025, one-third will be released in August 2026 and the remainder released in August 2027.

Final number of vested shares determined

- **Performance Shares: four-year performance period**

Performance Shares: Performance Shares remain at risk and will vest only to the extent further performance conditions are met when tested over a future performance period. Performance Shares are granted as newly issued, unquoted shares. An application to quote the shares is made upon vesting or forfeiture of the shares. Performance Shares are held in trust and can only be transferred to the executive KMP once vested. The performance conditions relating to the 2021 Performance Shares are role-specific and will be tested over a four-year period ending 30 June 2025. The Performance Shares will only vest to the extent that these conditions are met.

- **All vesting conditions are complete on the equity after four years and all trading restrictions have ended after six years under each KEEPP award**

Remuneration report (audited)

(d) Remuneration mix

The charts below show each component of the remuneration framework for the executive KMP as a percentage of total remuneration.

Group Managing Director and Group Chief Financial Officer

Total target remuneration

Fixed annual remuneration	**33.3%**
At-risk remuneration	**66.7%**
KEEPP Performance Shares	*33.35%*
KEEPP Deferred Shares	*33.35%*

Total maximum remuneration

Fixed annual remuneration	**25.0%**
At-risk remuneration	**75.0%**
KEEPP Performance Shares	*37.5%*
KEEPP Deferred Shares	*37.5%*

Other Executive KMP (divisional managing directors)

Total target remuneration

Fixed annual remuneration	**33.3%**
At-risk remuneration	**66.7%**
KEEPP Performance Shares	*28.35%*
KEEPP Deferred Shares	*28.35%*
KEEPP Cash	*10.0%*

Total maximum remuneration

Fixed annual remuneration	**25.0%**
At-risk remuneration	**75.0%**
KEEPP Performance Shares	*33.75%*
KEEPP Deferred Shares	*33.75%*
KEEPP Cash	*7.5%*

5. EXECUTIVE KMP REMUNERATION

5.1 Fixed annual remuneration

After consideration in July 2022, the Board does not intend to make changes to fixed remuneration for any member of the executive KMP in the 2023 financial year.

2022 financial year

As reported in the 2021 Remuneration Report, in July 2021, the Board undertook a review into the remuneration for the executive KMP. Following this review the Board concluded there was a need to increase the FAR for the Group Chief Financial Officer, Managing Director, Kmart Group and Managing Director, Bunnings Group. These changes were approved in July 2021 and took effect from 1 October 2021. These increases are the first changes in FAR for the executive KMP since 2017 other than for the Managing Director, Kmart Group who received an increase in FAR upon his appointment in November 2018. There was no change to the FAR for the Group Managing Director.

The Board approved the following FAR increases for the executive KMP:

- Mr Gianotti's FAR increased from $1,350,000 to $1,450,000 per annum;
- Mr Bailey's FAR increased from $1,350,000 to $1,550,000 per annum; and
- Mr Schneider's FAR increased from $1,500,000 to $1,700,000 per annum.

There were no other changes to FAR for the executive KMP in the 2022 financial year.

Remuneration report (audited)

5.2 2022 KEEPP award outcomes

The 2022 KEEPP award outcomes relate to performance from 1 July 2021 to 30 June 2022. The table below sets out specific information relating to the actual award outcomes for the 2022 financial year.

	Balance available for allocation				
Name	for Deferred Shares ($)	for Performance Shares ($)	for cash award ($)	Percentage of maximum 2022 KEEPP opportunity awarded %	Percentage of maximum 2022 KEEPP opportunity forfeited %
R G Scott	3,427,083	3,427,083	Not eligible	91.4	8.6
A N Gianotti	1,926,083	1,926,083	Not eligible	88.6	11.4
I Bailey	1,431,816	1,431,816	465,000	71.6	28.4
M D Schneider	1,868,731	1,868,731	510,000	83.3	16.7

The cash component for the 2022 KEEPP award is expected to be paid to Mr Bailey and Mr Schneider on 30 August 2022. The Deferred Shares and Performance Shares are expected to be allocated in November 2022 once performance conditions are set, subject to shareholder approval in the case of the Group Managing Director. Details of these grants will be provided in the 2023 Remuneration Report.

5.3 Details of the 2022 KEEPP annual scorecards

The 2022 KEEPP scorecards comprise financial and safety performance measures, Group ecosystem performance measures (including measures relating to the Group's data and digital initiatives) and individual performance objectives relevant to the role of each executive KMP. Scorecard financial targets are set in relation to the annual budgets and the safety targets are generally based upon an improvement on the previous year's result. The Group ecosystem targets (including data and digital initiatives) and the individual performance objectives are customised based upon the participant's role and the specific circumstances and strategic priorities of the Group and/or division, as appropriate. Where the Board considers that it is appropriate to do so, the scorecard targets will be adjusted so that participants are not unfairly advantaged or disadvantaged, for example, following portfolio management activity.

Following the announcement in June 2021 of the planned investment in the creation of the Group ecosystem, the Board approved that the measures included in the 2022 KEEPP scorecards should have an appropriate focus upon the creation and facilitation of the ecosystem. This was to ensure that the executive KMP are incentivised to deliver suitable returns from the creation of the ecosystem and other data and digital initiatives, noting that the outcome of the 2022 KEEPP scorecards sets the amount of long-dated and performance equity delivered under the 2022 KEEPP. As a result, the Group ecosystem measures (including data and digital initiatives) have a 15 per cent weighting in the 2022 KEEPP scorecards. The weighting on the financial measures has reduced from 60 per cent to 55 per cent and the weighting on the individual performance objectives has been reduced from 30 per cent to 20 per cent to allow for the inclusion of the separately weighted Group ecosystem measures.

As per the process and timing followed for the 2021 KEEPP scorecard measures, given the continued high levels of uncertainty surrounding business performance as a result of the COVID-19 pandemic at the time the relevant budgets were set for the 2022 financial year, the Board set initial financial targets based on those budgets but, to avoid unintended remuneration outcomes, determined that the 2022 KEEPP scorecard financial targets would be revisited around mid-financial year when there was expected to be more visibility of the impact of COVID-19. This enabled the Board to set more meaningful KEEPP scorecard targets for the 2022 financial year to ensure that this resulted in a reasonable but still demanding level of performance. The safety targets, Group ecosystem measures and individual performance objectives were set at the outset of the 2022 financial year as per the usual practice.

The Board approved the 2022 KEEPP scorecard financial targets in December 2021, based on the actual results up to the end of October 2021 ahead of the important Christmas and holiday trading period. At the time of the approval, the Group's businesses had experienced significant disruptions and volatility in trading since the beginning of the financial year and it was far from clear how the remainder of the year would unfold. For example, the Group had experienced both temporary and extended trading restrictions across different regions including ongoing domestic border closures, significant global supply chain disruption and increased costs, higher operational costs associated with COVID-safe practices and other costs including wage and leave support to team members. In addition, at the time of the approval, the Omicron variant of COVID-19 had recently been identified within Australia, with rising community transmission in some states and territories creating further uncertainty regarding the coming months. Given the uncertainty, and in line with the approach taken for the 2021 financial year, the Board approved wider threshold and stretch performance ranges to apply to the financial measures for the executive KMP, where considered appropriate.

Financial measures (55 per cent weighting)

Group NPAT and ROE were chosen for the Group Managing Director and the Group Chief Financial Officer because they reflect how Wesfarmers uses capital to generate earnings, manages total costs within the business and ultimately generates a profit to provide shareholder returns. Group NPAT and ROE performance is assessed following the preparation and audit of the annual financial statements. Group NPAT and ROE may be adjusted, where the Board considers it appropriate, to ensure that participants are not unfairly advantaged or disadvantaged, for example, following portfolio management activity.

Divisional financial measures of EBT, ROC (calculated as divisional EBT divided by divisional rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities), sales growth and, where applicable, gross transaction value (GTV), were chosen for the divisional managing directors because they are key financial measures directly linked to accountability at a divisional level that align with the Group financial measures and drive successful and sustainable financial business outcomes. Divisional performance is assessed following the preparation and audit of the annual financial statements. Similar to Group NPAT and ROE, divisional financial measures may be adjusted, where the Board considers it appropriate, to ensure that participants are not unfairly advantaged or disadvantaged, for example, following portfolio management activity.

Safety (10 per cent weighting)

Safety performance is measured through the total recordable injury frequency rate (TRIFR) at the Group or divisional level, as relevant to the executive KMP, and was chosen to reflect the Group's relentless focus on providing safe workplaces for all team members, in addition to the priority placed on the health and safety of the Group's customers and the community. TRIFR performance is assessed following completion of the annual sustainability assurance process.

Group ecosystem measures (including data and digital initiatives) (15 per cent weighting)

Performance in relation to the Group ecosystem measures is assessed against the success of key strategies within OneDigital including the shared data asset and the OnePass membership program as well as the value-add delivered through various data and digital initiatives at both the Group and divisional level. These performance measures were chosen to directly incentivise the executive KMP to contribute to and lead these initiatives, specifically given their cross-divisional nature. The Group ecosystem measures are designed to maximise Group and divisional opportunities within the data and digital environment. During the year, significant investment in and changes to technology systems and processes were required to deliver on these strategies. Progress against the Group ecosystem measures is assessed by the Board following a review of performance against the specific objectives by the Group Managing Director or Chairman, as appropriate, as part of the performance review cycle.

Individual performance objectives (20 per cent weighting)

The individual performance objectives are split into two categories, comprising business enhancing objectives with 10 per cent weighting, and sustainability objectives, including reputation, risk management, people and culture, and climate change-related initiatives, with 10 per cent weighting. The individual performance objectives were chosen because they are key focus areas in enabling the Group to achieve its primary objective of generating satisfactory returns to shareholders over the long term. Focusing on the strategic priorities set as objectives within the KEEPP scorecards will enable our divisions to retain and improve their leading positions in their respective markets as well as generating long-term growth. Progress against the individual performance objectives is assessed by the Board following a review of performance against the individual performance objectives by the Group Managing Director or Chairman, as appropriate, as part of the performance review cycle.

Business enhancing objectives and strategies are designed to maximise business and growth opportunities over the long term. Examples of business enhancing objectives include assessing growth and investment opportunities and operational optimisation projects.

Sustainability objectives provide a focus on the Group’s licence to operate and include several interrelated areas, for example, Group-wide sustainability initiatives such as emissions reduction targets and operational risk controls, including cyber security. Diversity, including gender balance, remains a focus as Wesfarmers recognises the importance and value of diverse teams throughout its businesses.

Remuneration report (audited)

2022 KEEPP scorecard

2022 KEEPP scorecard assessment + **Consideration of other factors** = **Outcome and delivery**

2022 KEEPP scorecard assessment

Financial measures (55% of target)

Group Managing Director
Group Chief Financial Officer

- Group NPAT and ROE

Threshold performance is required for both Group NPAT and ROE before any award is made in respect of the financial measures.

Divisional managing directors

- EBT and ROC[1]
- Sales growth
- Divisional specific measures *(Kmart Group only)*

Threshold performance is required for both EBT and ROC[1] before any award is made in respect of these measures.

Threshold EBT performance is also required before any award is made in respect of sales growth.

The Managing Director, Kmart Group also had a measure in relation to Catch GTV. A threshold level of performance is required for Catch EBT and the customer lifetime value to cost per acquisition (CLV/CPA) ratio before any award is made in respect of GTV.

Safety (10% of target)
Group ecosystem (15% of target)
Individual performance objectives (20% of target)

Safety:

- Group or divisional TRIFR

Threshold performance for TRIFR is generally set based on the previous year's result. No award will be made in respect of the relevant safety measure if there is a fatality or a critical risk failure within a managed entity.

Group ecosystem:

- Contribution to the success of OneDigital goals and specifically to the membership program, both through the OneDigital board and active leadership of divisional and cross-divisional initiatives.

Individual performance objectives:

Individual performance objectives specific to the role of each executive KMP, where applicable:

- Business enhancing objectives, including business growth and turnaround/newly acquired businesses
- Sustainability objectives, including reputation, risk management, people and culture, and climate change-related initiatives.

Consideration of other factors

- Remuneration Committee and Board, with input from the Audit and Risk Committee, evaluation of each executive KMP's performance and behaviours, including whether any modifiers should apply to the award
- External environment and impact
- The Board considers whether the outcome is fair and reasonable, not inappropriate or simply formulaic

Outcome and delivery

The maximum opportunity available is 300 per cent of FAR.

Where the scorecard results in an allocation of Performance Shares lower than 100 per cent of FAR for the Group Managing Director or the Group Chief Financial Officer, or 85 per cent of FAR for the divisional managing directors, additional Performance Shares (subject to performance conditions over the following four years) will be allocated to achieve that level.

The minimum KEEPP award level can still be zero per cent of FAR if the Board determines this to be appropriate when considering other factors.

Final approved KEEPP outcomes are delivered as follows:

Group Managing Director
Group Chief Financial Officer

- Deferred Shares
- Performance Shares

Divisional managing directors

- Up to 30% of FAR in cash

After cash

- Deferred Shares
- Performance Shares

[1] ROC is calculated as divisional EBT divided by divisional rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities.

In assessing performance against the scorecards, the Board considers the behaviours demonstrated by each executive KMP and, if the Board considers it appropriate, the outcome is reduced or modified. This includes, for example, behaviours in relation to risk management and demonstration of appropriate ethics, values and culture, actions negatively impacting the Group's reputation, and team member safety and wellbeing. Further, the Board considers whether the calculated outcome is fair and reasonable, and may decrease or increase the outcome where appropriate.

The results of the performance against the annual scorecard and final outcome for each of the executive KMP for the 2022 KEEPP allocation are outlined on the following pages. In assessing the performance of executive KMP through the year, the Board considered the impact of external events, such as COVID-19 and management's response to the continuing changes in the operating environment. During the 2022 financial year, COVID-19 continued to present various challenges to businesses including additional operating costs, restrictions to trade and lockdowns and availability of inventory. Management continued to demonstrate a very pleasing response to the challenges associated with COVID-19 as evident through positive operational and financial outcomes while also providing significant support to team members, customers and community partners.

In assessing the performance during the 2022 financial year against the 2022 KEEPP scorecards, the Board did not exercise discretion to adjust the calculated remuneration outcomes for the financial and safety performance measures. However, as per standard practice, the Board exercised its judgement in assessing the individual performance objectives, taking into account all factors it considered relevant. Further, the Board also ensured that the final calculated outcome was fair and reasonable.

Remuneration report (audited)

Rob Scott – Group Managing Director, Wesfarmers Limited

2022 Performance highlights

Financial (55% weighting) Outcome: 165% of FAR (Maximum opportunity: 165% of FAR)

Mr Scott's financial targets, excluding OneDigital, were as follows:

- *Group NPAT: $2,062m*
- *Group ROE: 26.8%*

Threshold performance was set at 92.5% of target and stretch performance would be achieved at 110% of target (consistent with the prior year).

- The Group achieved reported Group NPAT of $2,352.2m and reported ROE of 29.4%. Following solid performance of the Group over the 2022 financial year, both Group NPAT and ROE were above the stretch performance target set by the Board. As a result, Mr Scott achieved the maximum 2022 KEEPP outcome on financial measures.
- The Board continues to be very pleased with Mr Scott's performance and his leadership of the Group in achieving the financial results, especially given the ongoing external challenges and disruption.

Group ecosystem (15% weighting) Outcome: 40.5% of FAR (Maximum opportunity: 45% of FAR)

- The Board is pleased with the progress made during the 2022 financial year in establishing the Group ecosystem, the OneDigital division and the launch of the OnePass membership program. In addition, the Board is also pleased with the inclusion of Bunnings and Officeworks in Flybuys during the year, recognising that this was the culmination of work over a number of years. The take up of OnePass has been positive, as has customer feedback regarding OnePass and the extension of Flybuys.
- Other Group-wide data and digital initiatives continued to be implemented during the year, the benefits of which have included an increase in online sales and a significant increase in the availability of customer data to enable better personalisation of customer offers.

Safety (10% weighting) Outcome: 14.7% of FAR (Maximum opportunity: 30% of FAR)

Group TRIFR target: 8.81

- The Group TRIFR result was 9.21, representing an improvement on the prior year. There were no fatalities and no critical risk failures across managed entities and therefore the gateway on payment for this measure was met.
- The safety and wellbeing of all team members across the Group continues to be the highest priority. Although the Group TRIFR target was not met, a 3.7% improvement on last year's TRIFR result was achieved throughout the year, reflecting the ongoing efforts to provide a safe environment for our team members including the implementation across the Group of COVID-safe operating practices and provision of additional support to team members through the COVID-19 pandemic. The result was, however, above threshold.

Business enhancing (10% weighting) Outcome: 27% of FAR (Maximum opportunity: 30% of FAR)

Mr Scott was set a number of business enhancing objectives for the performance period, each of which has been individually assessed by the Board.

- Business growth: The Board assessed Mr Scott on a number of business growth objectives set at the beginning of the financial year. These included the growth and investment opportunities recommended by Mr Scott to the Board, such as the acquisition of API and the continued progress of the development of the Mt Holland lithium project.
- Turnaround/newly acquired businesses: The Board is pleased with the continued progress with the Blackwoods turnaround, with the business delivering improved financial performance once again.

Sustainability (10% weighting) Outcome: 27% of FAR (Maximum opportunity: 30% of FAR)

- Good progress continued against the Group's emissions reduction targets with Scope 1 and 2 market-based emissions reduced by 7.4%, excluding the Health division. In addition, the second sustainability-linked bond was successfully launched. The Group's strategy with regard to Aboriginal and Torres Strait Islander employment was updated, with a greater focus on leadership and career development. In addition, the Group reached parity in terms of Indigenous team member numbers and achieved 'Elevate' status for our Reconciliation Action Plan.

2022 KEEPP outcome

Scorecard measure	Weighting (%)	Threshold not met	Threshold achieved	Threshold exceeded	Target achieved	Target exceeded	Maximum achieved
Financial	55						●
Group ecosystem	15					●	
Safety	10			●			
Business enhancing	10					●	
– *Business growth*							●
– *Turnaround/newly acquired businesses*					●		
Sustainability	10					●	
– *Reputation*							●
– *Risk management*							●
– *People and culture*						●	
– *Climate change-related initiatives*							●

Mr Scott's total 2022 KEEPP outcome, being 91.4 per cent of the maximum opportunity, will be allocated as:

- $3,427,083 in Deferred Shares
- $3,427,083 in Performance Shares

Remuneration report (audited)

Anthony Gianotti – Group Chief Financial Officer, Wesfarmers Limited

2022 Performance highlights

As Group Chief Financial Officer, Mr Gianotti's Group financial and safety measures and outcomes are the same as those of the Group Managing Director.

Mr Gianotti has had a successful year. Contributing to the Group's strong financial result, Mr Gianotti successfully managed the Group's commercial response to a number of challenges, for example, the continuation of COVID-19 lockdowns in both Australia and New Zealand, continued supply chain disruption and changing economic conditions. Further to his role as Group Chief Financial Officer, Mr Gianotti continued to provide strong strategic support to the Group Managing Director and lead strategic projects, as identified by the Group Managing Director and has responsibility for Wesfarmers Industrial and Safety.

- **Group ecosystem** Mr Gianotti has provided significant commercial support to the creation of OneDigital as well as the extension of Flybuys within the Group.
- **Business enhancing:** Mr Gianotti continued to deliver very effective management of the Group balance sheet, with a well-timed bond issuance (being the successful issuance of the first sustainability-linked bond in the European market), the partial selldown of the Coles stake and completion of the capital return in December 2021. Further, Mr Gianotti was instrumental in the successful acquisition of API in March 2022, and the turnaround of Blackwoods and Wesfarmers Industrial and Safety is continuing as anticipated.
- **Sustainability:** Mr Gianotti has again continued to positively engage with key external participants to support the Group's capital structure. Risk, especially cyber risk, has continued to be a significant focus for Mr Gianotti and throughout the year there has been a demonstrated uplift in risk and compliance maturity at both the Group and divisional level. The talent management of the finance teams across the Group has again been a focus for Mr Gianotti, with a number of cross-divisional moves announced during the year.

2022 KEEPP outcome

Scorecard measure	Weighting (%)	Threshold not met	Threshold achieved	Threshold exceeded	Target achieved	Target exceeded	Maximum achieved
Financial	55						●
Group ecosystem	15					●	
Safety	10			●			
Business enhancing	10					●	
– *Balance sheet and capital management*							●
– *Business growth*						●	
– *Turnaround/newly acquired businesses*					●		
Sustainability	10					●	
– *Reputation*							●
– *Risk management*							●
– *People and culture*						●	
– *Climate change-related initiatives*						●	

Mr Gianotti's total 2022 KEEPP outcome, being 88.6 per cent of the maximum opportunity, will be allocated as:

- $1,926,083 in Deferred Shares
- $1,926,083 in Performance Shares

Ian Bailey – Managing Director, Kmart Group

2022 Performance highlights

Mr Bailey's financial targets were set in relation to achievement of Kmart Group EBT, Kmart ROC and comparable sales growth, and Catch GTV. Threshold performance for the EBT measure was set at 87% of target and stretch performance would be achieved at 122% of target. Threshold performance for the ROC measure was set at 92.5% of target and stretch performance would be achieved at 115% of target. The ranges were widened for the 2022 financial year relative to the 2021 financial year, recognising the greater level of uncertainty.

- Kmart Group was significantly impacted by mandated COVID-19 related store closures and supply chain disruptions in the first half of the year but delivered strong sales and earnings growth in the second half demonstrating the benefits of recent strategic projects within Kmart Group.
- Kmart Group achieved EBT of $417.8m which was above target by between 0% to 5%. Kmart ROC was also above target by a similar amount.
- Kmart's comparable sales growth was negative 1%, which was below target by more than 15%.
- Catch GTV remained relatively stable at $988.9m but below the threshold level set by the Board and therefore there was no payment made in respect of this component.
- In total, Mr Bailey's 2022 KEEPP outcome on financial measures was 92.3% of FAR.
- The year presented a number of challenges for Mr Bailey, which he has effectively managed. The first half of the year was significantly impacted by COVID-19 and difficult supply chain conditions which continued during the important Christmas and holiday trading period as a result of the Omicron variant. Under Mr Bailey's leadership, Kmart and Target have demonstrated strong performance and agility to respond to deteriorating economic conditions in the second half of the year, in addition to the ambitious (though well-governed) transformation programs in both businesses.
- **Group ecosystem**: Mr Bailey assumed a major leadership role in the creation of OnePass and the Group ecosystem and the program has greatly benefited from Mr Bailey's strategic input. As a director of Flybuys, Mr Bailey was also instrumental in the expansion of Flybuys across Wesfarmers.
- **Safety**: Kmart Group TRIFR for the year was 8.30. This represents an improvement on the prior year and is 3.9% above the target for the 2022 financial year.
- **Business enhancing**: In spite of the ongoing difficulties presented by COVID-19, significant progress has continued on the transformation of Target and the actions to optimise the Target store network and accelerate the growth of Kmart. In addition, execution of the strategic agenda within Kmart has provided a number of benefits, including increased sales, better availability in apparel, shorter sourcing lead times and higher online conversions. Both businesses have benefited from a greater focus on digitisation and online.
- **Sustainability**: Good progress has continued in relation to Aboriginal and Torres Strait Islander employment and maintaining gender balance. Given the strategic agendas of both Kmart and Target, hiring strong digital talent has been key during the year. Good progress has also been made in relation to the ambitious climate change-related goals set. Cyber security has continued to be a focus with pleasing results achieved in various audits and pressure tests.

2022 KEEPP outcome

Scorecard measure	Weighting (%)	Threshold not met	Threshold achieved	Threshold exceeded	Target achieved	Target exceeded	Maximum achieved
Financial - excluding Catch GTV	45					●	
Financial - Catch GTV	10	●					
Group ecosystem	15						●
Safety	10					●	
Business enhancing	10					●	
– *Business growth*							●
– *Turnaround/newly acquired businesses*					●		
Sustainability	10					●	
– *Reputation*						●	
– *Risk management*							●
– *People and culture*							●
– *Climate change-related initiatives*						●	

Mr Bailey's total 2022 KEEPP outcome, being 71.6 per cent of the maximum opportunity, will be allocated as:

- $465,000 in cash
- $1,431,816 in Deferred Shares
- $1,431,816 in Performance Shares

Remuneration report (audited)

Michael Schneider – Managing Director, Bunnings Group

2022 Performance highlights

Mr Schneider's financial targets were set in relation to achievement of Bunnings Group EBT, ROC and total sales growth. Threshold performance for the EBT and ROC measures was set at 92.5% of target and stretch performance would be achieved at 110% of target (consistent with the prior year).

- Bunnings has delivered strong financial results for the year with EBT of $2,204.4m and ROC of 77.2%. EBT was between 5% and 10% above target and ROC was more than 15% above target.
- Total sales growth (including trade centres) was 5.2%, more than 15% above target reflecting the ongoing investment in the customer offering and the successful navigation of the impact of the extended lockdowns within Australia and New Zealand in the first half of the year.
- In total, Mr Schneider's 2022 KEEPP outcome on financial measures was 163.9% of FAR.
- Mr Schneider has continued to perform and lead Bunnings at the highest level during another challenging year.
- **Group ecosystem**: Mr Schneider played an active leadership role in the creation of OneDigital and defining the Group strategy. Flybuys was successfully introduced across Bunnings. Work is continuing on extending OnePass into Bunnings. Bunnings delivered a material improvement in digital and e-commerce performance during the year.
- **Safety:** Bunnings TRIFR was stable at 11.33 however this result was below the minimum performance level set by the Board and, as a result, no payment was made in respect of safety improvement.
- **Business enhancing:** Mr Schneider delivered pleasing improvements across merchandising and store operations combined with the strengthening of the leadership team. Strong progress was made with the commercial offer through expanding range and services, including PowerPass, and the expansion of Tool Kit Depot. In addition, Beaumont Tiles was successfully acquired in November 2021 and the integration into Bunnings Group progressed well over the remainder of the year.
- **Sustainability:** Good progress has been made during the year in relation to Bunnings' climate change-related initiatives, for example in the use of renewable electricity, energy efficiency and emissions reduction. Bunnings waste reduction and recycling initiatives also progressed, for example with the expansion of the national battery recycling programs within Australia and New Zealand, including within Tool Kit Depot. Given the talent shortages, a number of people-rated initiatives were launched within Bunnings over the year, including a particular focus upon digital and innovation roles. Good progress has continued in relation to Aboriginal and Torres Strait Islander employment and gender balance. Further, the focus on risk, in particular cyber risk, has continued throughout the year.

2022 KEEPP outcome

Scorecard measure	Weighting (%)	Threshold not met	Threshold achieved	Threshold exceeded	Target achieved	Target exceeded	Maximum achieved
Financial	55					●	
Group ecosystem	15					●	
Safety	10	●					
Business enhancing	10					●	
– *Business growth*							●
– *Turnaround/newly acquired businesses*					●		
Sustainability	10					●	
– *Reputation*							●
– *Risk management*						●	
– *People and culture*							●
– *Climate change-related initiatives*						●	

Mr Schneider's total 2022 KEEPP outcome, being 83.3 per cent of the maximum opportunity, will be allocated as:

- $510,000 in cash
- $1,868,731 in Deferred Shares
- $1,868,731 in Performance Shares

Remuneration report (audited)

5.4 2018 KEEPP awards that vested during the 2022 financial year

In 2018, eligible executive KMP were awarded Deferred Shares and Performance Shares under the 2018 KEEPP. The four-year performance period for the 2018 KEEPP Performance Shares ended on 30 June 2022. Further details of the terms of the 2018 KEEPP are set out in the 2019 Remuneration Report. All of the current executive KMP participated in the 2018 KEEPP. The table below summarises the applicable performance conditions and the vesting outcome of the 2018 KEEPP Performance Shares for each, as approved by the Board in August 2022. Prior to approval of the vesting outcome of the 2018 KEEPP Performance Shares, the Board considered malus however concluded it should not apply for any of the executive KMP. Further information on each performance condition is provided below.

	Vesting condition	Performance condition result (2018-2022)	% of maximum opportunity	Total % of Performance Shares vested	Number of Performance Shares vested
R G Scott	rTSR (60% of the award)	4-year TSR of 77.5% ranked at the 86.5 percentile of the ASX 100	100.0%	95.0%	87,872
	Portfolio management and investment outcomes (20% of the award)	Above expectations	90.0%		
	Strategic objectives (20% of the award)	Above expectations	85.0%		
A N Gianotti	rTSR (60% of the award)	4-year TSR of 77.5% ranked at the 86.5 percentile of the ASX 100	100.0%	95.0%	47,450
	Portfolio management and investment outcomes (20% of the award)	Above expectations	90.0%		
	Strategic objectives (20% of the award)	Above expectations	85.0%		
I Bailey	rTSR (20% of the award)	4-year TSR of 77.5% ranked at the 86.5 percentile of the ASX 100	100.0%	20.0%	8,571
	Cumulative segment result (80% of the award)	$1,380.4m 42.2% of target	0.0%		
M D Schneider	rTSR (20% of the award)	4-year TSR of 77.5% ranked at the 86.5 percentile of the ASX 100	100.0%	100.0%	42,527
	Cumulative segment result (80% of the award)	$7,867.5m 103.1% of target	100.0%		

Relative total shareholder return (rTSR) condition

This condition measures the performance of Wesfarmers' TSR relative to the TSR of the constituents of the S&P/ASX 100 Index. The Group outperformed the majority of its peers over the performance period with regard to rTSR and was ranked at the 87th percentile in the ASX 100.

Portfolio management and investment outcomes condition

The Board assessed Mr Scott's contribution and outcomes over the four-year performance period. Greater emphasis was placed on the contribution of the decisions and actions in the early years of the performance period to allow the outcomes to be assessed over the longer term, including, for example, the demerger of Coles from the Group and the divestment of KTAS in the 2019 financial year. The Board also considered the portfolio management and investment opportunities that had been considered but not pursued over the period. Overall, the Board assessed Mr Scott as having achieved outcomes above their expectations.

In addition, the Group Managing Director and the Board assessed Mr Gianotti's outcomes and Mr Gianotti was also deemed to have achieved outcomes above expectations.

Strategic objectives condition

The Board assessed Mr Scott's contribution and outcomes over the four-year performance period against strategic goals across five specific areas:

- Accelerating the data and digital agenda
- Environmental, Social and Governance (ESG) strategies
- Risk management
- Improving corporate reputation
- Talent management and leadership development

Greater emphasis was placed on strategic activity in the earlier years of the performance period to enable assessment over the longer term. The Board acknowledged the challenge of achieving strategic success in each of these areas, given the Group's autonomous operating model and with businesses within the Group being at different stages of maturity. Overall, the Board rated Mr Scott as having achieved significant positive results across each of these areas.

Separately the Group Managing Director and the Board assessed Mr Gianotti's outcomes against similar areas of focus, using personalised strategic goals tailored to his role. In addition to the substantial support Mr Gianotti provides to Mr Scott in relation to long-term Group strategy, Mr Gianotti was assessed as having performed very strongly in relation to his personalised strategic objectives over the performance period.

Remuneration report (audited)

Cumulative segment result condition

This condition measures the cumulative segment result against the 2018 Corporate Plan for the relevant division, subject to an average ROC gate (noting ROC for the 2021 and 2022 financial years was calculated as divisional EBT divided by divisional rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities). The relevant Corporate Plan was approved by the Board prior to the end of the 2018 financial year. The EBT and ROC targets in the Corporate Plan are not typically adjusted including, for example, to reflect changes (even when considered significant) in the year on year annual budgets or the external environment. The Board can, however, adjust these targets where it considers it appropriate, so that participants are not unfairly advantaged or disadvantaged, for example, due to portfolio management activity.

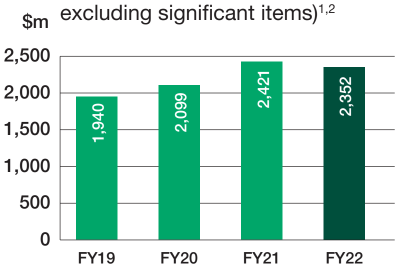
Over the four-year performance period, the Kmart Group reported an average ROC of 33.2 per cent which was below the required average ROC condition of 37.1 per cent. The cumulative segment EBIT result was $1,380.4m which was below the four-year Corporate Plan performance condition of $3,269.5m. Over the four-year performance period, the Bunnings Group reported an average ROC of 68.0 per cent which was above the required average ROC condition of 45.0 per cent. The cumulative segment EBIT result was $7,867.5m which was above the four-year Corporate Plan performance condition of $7,628.9m.

5.5 Performance summary for the Group Managing Director

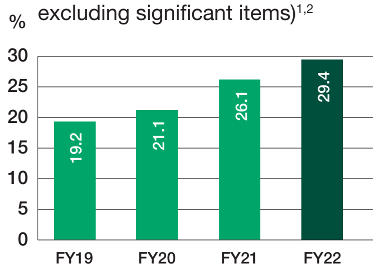
The charts below summarise the performance of the Group over the past four years. In addition, the table shows Mr Scott's KEEPP outcomes as Group Managing Director over the same period.

Performance summary for the Group Managing Director

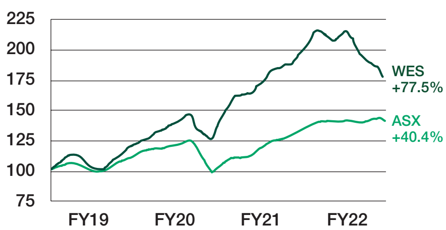
NPAT
(from continuing operations, excluding significant items)[1,2]



ROE (R12)
(from total operations, excluding significant items)[1,2]



TSR: Wesfarmers and ASX 100
(3 month moving average)



[1] NPAT (from continuing operations, excluding significant items) and ROE (from total operations, excluding significant items) are considered non-IFRS measures.
[2] FY19 and FY20 NPAT and ROE are presented on a pre-AASB 16 basis.

Wesfarmers TSR over the four-year performance period ending 30 June 2022 was 77.5 per cent, placing Wesfarmers' rTSR against the S&P/ASX 100 Index over the same period at the 87th percentile.

Summary of KEEPP outcomes for the Group Managing Director

	Performance measures	FY19	FY20	FY21	FY22
Annual KEEPP scorecard (% of maximum opportunity)	Group NPAT and ROE, safety, individual performance objectives	86.6	37.0	98.3	91.4
Vesting of KEEPP Performance Shares (% of award at end of four-year performance period)					
2016 KEEPP Performance Shares	rTSR, divisional EBIT and ROC		100.0		
2017 KEEPP Performance Shares	rTSR, strategic objectives			95.5	
2018 KEEPP Performance Shares	rTSR, portfolio management and investment outcomes, strategic objectives				95.0

Remuneration report (audited)

5.6 Executive KMP remuneration (statutory presentation)

(a) Statutory executive KMP remuneration table

In the following table, remuneration outcomes are presented based on the requirements of the *Corporations Act 2001* and accounting standards (which has the benefit of being readily comparable with other companies) rather than a take-home pay basis (generally being cash and benefits and the value of equity received during the financial year). In this regard:

- The KEEPP cash component is recognised for the year in which it is earned. The KEEPP Deferred Shares are recognised as an expense over a 12-month period typically spanning two financial years and the KEEPP Performance Shares are recognised over the performance period (four years) based on the assessed value when originally granted to the executive KMP. The value recognised for the KEEPP Deferred Shares and KEEPP Performance Shares may be significantly different to their value if and/or when the incentive vests to the executive KMP. Note, as at 30 June 2022, the service and performance conditions to determine vesting of the 2022 KEEPP Deferred Shares and 2022 KEEPP Performance Shares had not yet been finalised and therefore the following table does not include the expensing of these grants.
- In some circumstances, amounts are recorded as remuneration even when no equity vests to the executive KMP and in other cases there can be negative remuneration from equity awards in a given year, for example, due to non-vesting.

	Short-term benefits				Long-term benefits[1]	Post-employment benefits[2]	Share-based payments[3]	Termination benefits	Total	Performance related[4]
	Cash salary ($)	KEEPP cash[5] ($)	Non-monetary benefits[6] ($)	Other[6] ($)	Leave ($)	Super-annuation ($)	KEEPP and other equity ($)	Termination payments ($)	($)	(%)
Executive director										
R G Scott – Group Managing Director, Wesfarmers Limited										
2022	**2,259,485**	**-**	**217,880**	**70,125**	**41,666**	**23,568**	**5,337,813**	**-**	**7,950,537**	**67.1**
2021	2,322,435	-	159,914	60,151	41,666	21,694	4,328,189	-	6,934,049	62.4
Senior executives										
A N Gianotti – Group Chief Financial Officer, Wesfarmers Limited										
2022	**1,348,266**	**-**	**54,477**	**70,125**	**23,750**	**23,568**	**2,786,596**	**-**	**4,306,782**	**64.7**
2021	1,265,531	-	66,932	60,151	22,500	21,694	2,284,596	-	3,721,404	61.4
I Bailey – Managing Director, Kmart Group										
2022	**1,476,426**	**465,000**	**3**	**70,125**	**25,000**	**23,568**	**1,829,037**	**-**	**3,889,159**	**59.0**
2021	1,328,179	405,000	3,237	60,151	22,500	21,821	1,368,823	-	3,209,711	55.3
M D Schneider – Managing Director, Bunnings Group										
2022	**1,535,027**	**510,000**	**92,724**	**70,125**	**27,500**	**23,568**	**3,161,473**	**-**	**5,420,417**	**67.7**
2021	1,398,754	450,000	83,698	60,151	25,000	21,821	3,501,107	-	5,540,531	71.3
Total										
2022	**6,619,204**	**975,000**	**365,084**	**280,500**	**117,916**	**94,272**	**13,114,919**	**-**	**21,566,895**	**-**
2021	6,314,899	855,000	313,781	240,604	111,666	87,030	11,482,715	-	19,405,695	-

1 Long-term benefits relate to leave entitlements earned during the year.

2 Post-employment benefits relate to superannuation contributions made on behalf of the executive KMP in accordance with Wesfarmers' statutory superannuation obligations. Also included is any part of the executive KMP's salary that has been sacrificed into superannuation.

3 The amounts included in share-based payments relate to the KEEPP and Performance-tested Shares, as applicable.
- The portion of the 2018 KEEPP, 2019 KEEPP and 2020 KEEPP that continue to be expensed in the 2022 financial year based on probability of vesting, as these shares are subject to performance and forfeiture conditions, together referred to as the service period. The amounts included for the 2021 KEEPP are detailed in section 5.7.
- The portion of the Performance-tested Shares that were expensed in the 2022 financial year, based on probability of vesting, as these shares are subject to performance and forfeiture conditions.
- The expensing for the Deferred Shares and Performance Shares that are yet to be granted under the 2022 KEEPP will be included in the remuneration table in the 2023 Remuneration Report.

4 The percentage performance related for the 2022 financial year is the sum of the KEEPP cash and share-based payments divided by the total remuneration, reflecting the actual percentage of remuneration at risk for the year. The percentage of total remuneration that consists of KEEPP shares only, being the amount expensed in the 2022 financial year for the 2018, 2019, 2020 and 2021 KEEPP shares, as applicable, is as follows – R G Scott 67.1 per cent, A N Gianotti 64.7 per cent, I Bailey 47.0 per cent, and M D Schneider 58.3 per cent.

5 Cash payments expected to be made in August 2022 to eligible participants in relation to the KEEPP for the 2022 financial year.

6 Short-term benefits, 'non-monetary benefits', include the cost to the company of providing vehicles, life insurance, travel and the fair value of any discounts received for goods and services acquired by the executive KMP below retail price, available under the general team member discount schemes (noting that these purchases are on the same terms and conditions as those entered into by other Group team members or customers and are minor or domestic in nature). Note that from 1 July 2021, the Group no longer provided life insurance benefits under the Group Life Insurance Policy for the executive KMP. Short-term benefits, 'Other', includes the cost of directors' and officers' liability insurance.

Remuneration report (audited)

(b) Summary of KEEPP shares that were expensed during the 2022 financial year

The table below sets out details of the KEEPP shares that were expensed during the 2022 financial year. In addition, this table shows the KEEPP shares that vested during the year.

		Deferred Shares vested during the year[2]		Performance Shares vested during the year[3]		Range that could be expensed over the remaining performance period[4]
Name	**Year[1]**	**Number**	**%**	**Number**	**%**	**($)**
R G Scott	2018 KEEPP	-	-	87,872	95.0	-
	2019 KEEPP	-	-	-	-	0 to 668,598
	2020 KEEPP	28,609	100.0	-	-	0 to 517,531
	2021 KEEPP	-	-	-	-	0 to 2,896,806
A N Gianotti	2018 KEEPP	-	-	47,450	95.0	-
	2019 KEEPP	-	-	-	-	0 to 371,073
	2020 KEEPP	16,179	100.0	-	-	0 to 292,672
	2021 KEEPP	-	-	-	-	0 to 1,764,440
I Bailey	2018 KEEPP	-	-	8,571	20.0	-
	2019 KEEPP	-	-	-	-	0 to 415,342
	2020 KEEPP	13,918	100.0	-	-	0 to 454,388
	2021 KEEPP	-	-	-	-	0 to 1,858,517
M D Schneider	2018 KEEPP	-	--	42,527	100.0	-
	2019 KEEPP	-	-	-	-	0 to 267,358
	2020 KEEPP	38,768	100.0	-	-	0 to 792,903
	2021 KEEPP	-	-	-	-	0 to 1,805,874

1 The EBIT and ROC performance conditions of the 2018 and 2019 KEEPP Performance Shares have been amended to post-AASB 16 EBT and ROC metrics. There has been no incremental change in the fair value of the awards. The share price on which the amendment was communicated to participants was $59.10.

2 The 2018 Deferred Shares were subject to a 12-month service condition and vested in December 2019, although these remain subject to a five- and six-year trading restriction until August 2023 and August 2024 respectively. The 2019 Deferred Shares were subject to a 12-month service condition and vested in December 2020, although these remain subject to a five- and six-year trading restriction until August 2024 and August 2025 respectively. The 2020 Deferred Shares were subject to a 12-month service condition and vested in December 2021, although these remain subject to a four-, five- and six-year trading restriction until August 2024, August 2025 and August 2026 respectively. The 2021 Deferred Shares remain unvested. The Deferred Shares are held in trust and can only be transferred to the executive KMP once all trading restrictions and any other conditions are met.

3 The 2018 Performance Shares were subject to a four-year performance period that ended on 30 June 2022 (see section 5.4 for further information). The 2019 Performance Shares, 2020 Performance Shares and 2021 Performance Shares will reach the end of the four-year performance period on 30 June 2023, 30 June 2024 and 30 June 2025 respectively. The Performance Shares are held in trust and can only be transferred to the executive KMP once vested.

4 Should the executive KMP resign prior to vesting, the Deferred Shares and Performance Shares would be forfeited. Accordingly, the minimum value of the unvested award would be nil. The fair value at the grant date represents the maximum possible total fair value of the shares. See the relevant Remuneration Report in the year of grant for further details.

(c) Summary of additional Kmart-related Performance-tested Shares that were expensed during the 2022 financial year

The Performance-tested Shares were granted in the 2021 financial year to the Group Managing Director, the Group Chief Financial Officer and the Managing Director, Kmart Group to ensure continued focus on the successful implementation of the Kmart Group restructure. For further information on the Performance-tested Shares, please refer to section 5.7 in the 2021 Remuneration Report.

The table below sets out details of the Performance-tested Shares that were expensed during the 2022 financial year. In addition, this table shows the Performance-tested Shares that vested during the year.

	Performance-tested Shares vested during the year[1]		Range that could be expensed over the remaining performance period[2]
	Number	**%**	**($)**
R G Scott	-	-	0 to 419,085
A N Gianotti	-	-	0 to 226,307
I Bailey	-	-	0 to 339,460

1 The Performance-tested Shares were granted on 12 November 2020 and will reach the end of the performance period on 30 June 2023. The Performance-tested Shares are held in trust and can only be transferred to the participant once vested.

2 Should the participant leave the Wesfarmers Group for any reason other than ill health prior to vesting, the Performance-tested Shares would be forfeited. Accordingly, the minimum value of the unvested award would be nil. The fair value at the grant date represents the maximum possible total fair value of the shares. See the 2021 Remuneration Report for further details.

Remuneration report (audited)

5.7 Details of equity allocated during the 2022 financial year

The 2021 KEEPP outcomes were presented in section 5.2 of the 2021 Remuneration Report, including the percentage of the 2021 KEEPP award opportunity that was forfeited.

As set out in the 2021 Remuneration Report, in June 2021, the Board changed its approach to the KEEPP such that the Deferred Shares and the Performance Shares, from the 2021 KEEPP award onwards, will be satisfied in unquoted Wesfarmers shares. These shares are identical to other ordinary Wesfarmers shares except that they are not quoted (i.e. tradeable) on the ASX and the payment of dividends during the vesting period is delayed until either the Deferred Shares and the Performance Shares vest (with the dividends then paid to the participant) or upon forfeiture (with the dividends then paid to the trustee). This means no component of any dividend will be paid to the executive KMP unless and until the vesting outcome is known. Upon the vesting or forfeiture of the Deferred Shares and the Performance Shares, as applicable, the company will apply for the unquoted shares to be quoted on the ASX.

The 2021 KEEPP Deferred Shares and Performance Shares were granted during the 2022 financial year, with any cash component paid on 30 August 2021. Approval from Wesfarmers shareholders for the issuance of these shares to the Group Managing Director was obtained under ASX Listing Rule 10.14 at the 2021 Annual General Meeting.

The terms applicable to the grant of Deferred Shares and Performance Shares for the 2021 KEEPP are set out on the following pages. Details of prior year grants are set out in the Remuneration Report for the relevant year.

Name	Deferred Shares allocated (subject to a four-, five- and six-year restriction from trading)[1, 3]	Performance Shares allocated (vesting subject to performance conditions over a four-year performance period)[2, 3]	Fair value of Deferred Shares at grant date[4] ($)	Fair value of Performance Shares at grant date[4] ($)
R G Scott	63,273	63,273	3,514,815	2,420,432
A N Gianotti	31,559	31,559	1,890,700	1,396,849
I Bailey	27,412	27,412	1,642,253	1,374,164
M D Schneider	29,943	29,943	1,793,885	1,501,033

1 The 2021 KEEPP Deferred Shares were granted on 21 October 2021 for R G Scott and on 16 November 2021 for the remaining executive KMP and are still subject to restrictions, in accordance with the relevant service conditions and ongoing tenure. No 2021 KEEPP Deferred Shares vested or were forfeited during the reporting period.

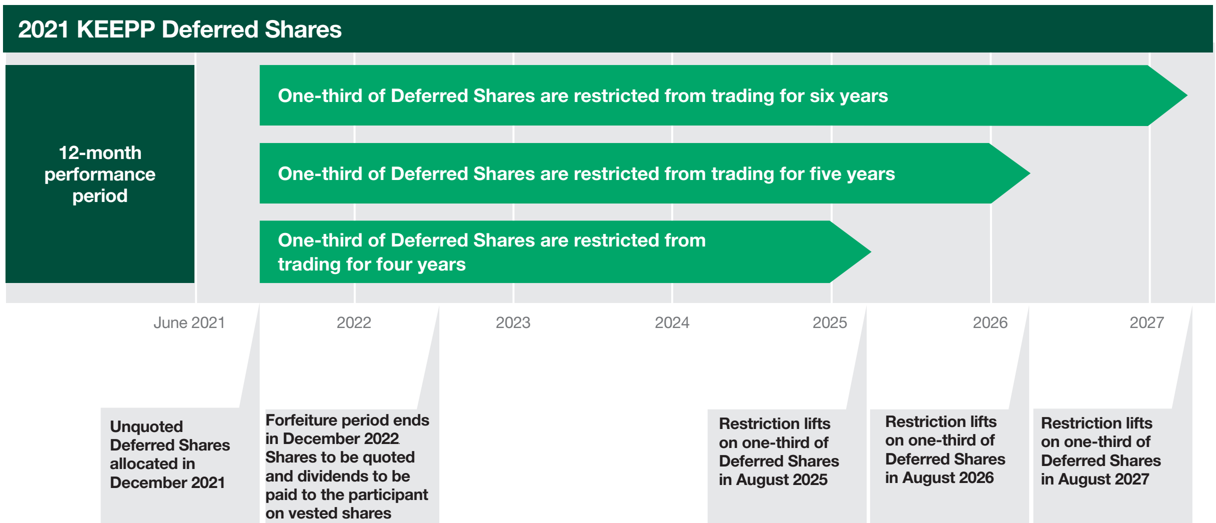
2 The 2021 KEEPP Performance Shares were granted on 21 October 2021 for R G Scott and on 16 November 2021 for the remaining executive KMP and are still subject to performance conditions until 30 June 2025. Accordingly, no 2021 KEEPP Performance Shares vested or were forfeited during the reporting period.

3 The number of Deferred Shares and Performance Shares allocated was determined using the face value of Wesfarmers shares, based upon the 10-day VWAP of Wesfarmers shares over the period following the commencement of trading ex of the capital return (i.e. 18 November – 1 December 2021) being $58.234636.

4 For accounting purposes, the fair value at grant date is shown above, in accordance with AASB 2 *Share-Based Payment*. The Performance Shares subject to market conditions (rTSR condition) have been independently valued using the Monte Carlo simulation using the Black-Scholes framework. The Deferred Shares and the Performance Shares subject to non-market conditions (e.g. divisional EBT and ROC) have been valued with reference to the Wesfarmers share price on grant date. For R G Scott, the value per Performance Share for the rTSR performance condition is $33.93 and the value per Deferred Share and per Performance Share subject to the portfolio management and investment outcomes condition is $55.55, valued as at 21 October 2021 following approval of the grant at the Wesfarmers 2021 Annual General Meeting. For all other KEEPP participants the value per Performance Share for the rTSR performance condition is $40.35 and the value per Deferred Share and per Performance Share subject to the portfolio management and investment outcomes condition or the divisional financial performance condition is $59.91, valued as at 16 November 2021. The fair value at the grant date represents the maximum possible total fair value of the shares. The minimum value of unvested shares is nil.

2021 Deferred Shares

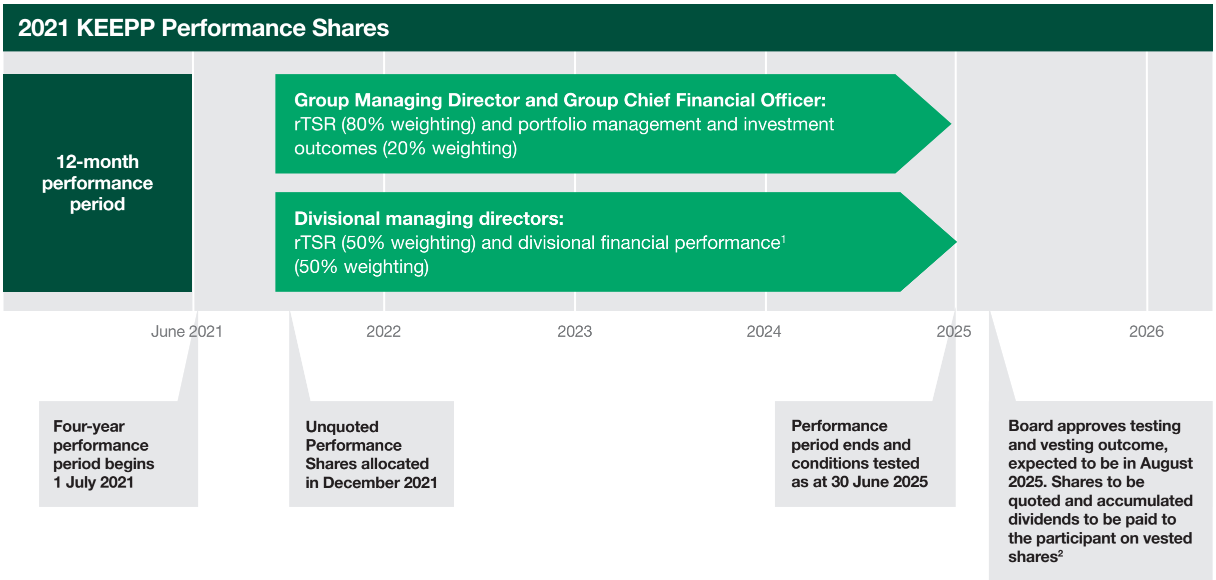
The 2021 Deferred Shares were allocated in December 2021 and did not have further conditions applied but did have a 12-month service condition (the forfeiture period) from the date they were allocated to participants and continue to be subject to trading restrictions as outlined below. Prior to allocation, the executive KMP had the option of voluntarily applying a longer restriction period to their 2021 Deferred Shares of up to 15 years.



Remuneration report (audited)

2021 Performance Shares

The 2021 Performance Shares were allocated in December 2021. The 2021 Performance Shares have performance conditions over a four-year performance period, from 1 July 2021 to 30 June 2025. The performance conditions will be tested shortly after the end of the performance period. Performance Shares will only vest based on the extent of the satisfaction of the performance conditions outlined below. Following testing, any Performance Shares that do not vest will be forfeited. The performance conditions applicable to the 2021 Performance Shares vary as set out below.



[1] Set at a divisional level through annual Corporate Planning processes.
[2] Accumulated dividends on any unvested (forfeited) shares are paid to the trust.

Assessment of the performance conditions and achievement against the performance conditions will be determined by the Board having regard to any matters that it considers relevant.

Specific divisional financial performance conditions have been set with regard to each divisional managing director and the relevant key financial measures for their respective division:

- The portion of Mr Schneider's 2021 Performance Shares subject to divisional financial performance (being 50 per cent of his overall Performance Shares allocation) will be wholly assessed against Bunnings Group EBT and ROC.
- The portion of Mr Bailey's 2021 Performance Shares subject to divisional financial performance will be assessed against Kmart Group EBT and ROC (excluding Catch) (40 per cent of his overall Performance Shares allocation) and Catch GTV and CLV/CPA ratio (10 per cent of his overall Performance Shares allocation). In June 2022, in recognition that Catch would cease to be included within the Kmart Group from 1 July 2022 and instead be included within the OneDigital division, the Board approved that from 1 July 2022, the portion of Mr Bailey's 2021 Performance Shares subject to divisional financial performance will no longer be assessed against Catch GTV and CLV/CPA ratio with Kmart Group EBT and ROC being the relevant performance conditions from this time. There was no incremental fair value on the date of this modification.

The table below provides further detail on the performance conditions including how the testing and vesting, if applicable, will occur:

<table>
<tr><th>Measure</th><th>Detail</th></tr>
<tr><td>Relative TSR</td><td>
The rTSR condition measures the performance of an ordinary Wesfarmers share (including the value of any dividend and any other shareholder benefits paid during the performance period) against total shareholder return performance of a comparator group of companies, comprising the S&P/ASX 100 Index, over the same period.
TSR performance is independently assessed over the performance period against the constituents of the S&P/ASX 100 Index as at the start of the performance period.
Vesting schedule against rTSR:
<table>
<tr><th>Percentile ranking</th><th>Percentage of awards vesting</th></tr>
<tr><td>Below the 50th percentile</td><td>0% vesting</td></tr>
<tr><td>Equal to the 50th percentile</td><td>50% vesting</td></tr>
<tr><td>Between the 50th and 75th percentile</td><td>Straight-line vesting between 50% and 100%, i.e. an additional 2% of awards vest for each percentile increase</td></tr>
<tr><td>Equal to the 75th percentile or above</td><td>100% vesting</td></tr>
</table>
Wesfarmers' rTSR was chosen because it provides a relative external market performance measure having regard to Wesfarmers' ASX 100 peers and ensures that all executive KMP are remunerated in relation to Group results.
</td></tr>
</table>

Remuneration report (audited)

Divisional financial performance

Divisional EBT and ROC

The EBT condition measures the respective division's before tax profit against its profit targets, subject to achieving an average ROC gate over the four-year performance period. ROC is calculated as divisional EBT divided by divisional rolling 12 months capital employed, where capital employed excludes right-of-use assets and lease liabilities. Both the EBT targets and average ROC gate have been calculated using the budget and targets in the respective division's Corporate Plan.

The ROC gate has been set at 90 per cent of the average ROC target over the four-year performance period. Subject to the ROC gate being passed, a portion of the Performance Shares will vest for achievement against the annual EBT targets. The annual EBT target is individually weighted for each year of the performance period, with a 40 per cent weighting to the first year of the performance period, followed by 30 per cent, 20 per cent and 10 per cent weighting for years two, three and four respectively.

The EBT and ROC results are calculated after the preparation and audit of the financial statements following the end of the final year of the performance period and assessed against the targets set.

Vesting schedule against EBT and ROC:

Subject to achieving the four-year average ROC gate,

Annual EBT result	Percentage of awards vesting
Below 90% of target	0% vesting
Equal to 90% of target	50% vesting
Between 90% and 100% of target	Straight-line vesting between 90% and 100%
Equal to 100% of target or above	100% vesting

Divisional annual EBT, subject to average ROC, was chosen to ensure that the remuneration of divisional managing directors is directly linked to the achievement of long-term financial returns for the business for which they are directly accountable.

The EBT and ROC targets may be adjusted, where the Board considers it appropriate to do so, so that participants are not unfairly advantaged or disadvantaged, for example, due to portfolio management activity.

Catch GTV and CLV/CPA ratio

The GTV condition measures the total price paid by Catch's customers for all of the items sold via Catch, subject to achieving an average CLV/CPA ratio gate over the four-year performance period. The GTV targets and the CLV/CPA ratio gate are set by the Board.

Subject to the CLV/CPA ratio gate being passed, a portion of the Performance Shares will vest for achievement of the annual GTV targets. The annual GTV target is individually weighted for each year of the performance period, with a 40 per cent weighting to the first year of the performance period. In June 2022, in recognition that Catch would cease to be included within the Kmart Group from 1 July 2022 and instead be included within the OneDigital division, the Board approved that from 1 July 2022, the portion of Mr Bailey's 2021 Performance Shares subject to divisional financial performance will no longer be assessed against Catch GTV and CLV/CPA ratio with Kmart Group EBT and ROC being the relevant performance conditions from this time.

The GTV and CLV/CPA ratio results are calculated after the preparation and audit of the financial statements following the end of the final year of the performance period and assessed against the targets set.

Vesting schedule against GTV and CLV/CPA ratio:

Subject to achieving the four-year average CLV/CPA ratio gate,

Annual GTV result	Percentage of awards vesting
Below 90% of target	0% vesting
Equal to 90% of target	50% vesting
Between 90% and 100% of target	Straight-line vesting between 90% and 100%
Equal to 100% of target or above	100% vesting

GTV and the CLV/CPA ratio were chosen as measures to ensure the remuneration of Mr Bailey is directly linked to the long-term success of Catch, noting that this requires specific metrics as Catch is a marketplace with multiple sellers transacting.

The GTV and the CLV/CPA ratio targets may be adjusted, where the Board considers it appropriate to do so, so that Mr Bailey is not unfairly advantaged or disadvantaged, for example, due to portfolio management activity.

Wesfarmers' portfolio management and investment outcomes

Wesfarmers' portfolio management and investment outcomes were chosen to recognise the criticality of decision-making with regards to potential acquisitions, investments and disposals on shareholder value creation.

At the end of the four-year performance period, the Board will consider the performance of the Group Managing Director and the Group Chief Financial Officer in relation to the acquisition, investment and disposal activities of the Group over that period.

Throughout the performance period, the Board maintains a log of the portfolio management and investment decisions and rationale, including the decisions not to proceed with portfolio changes or investments. At the end of the performance period, the Board will consider the validity of these decisions from a shareholder value creation perspective, with a greater weighting placed upon decisions made in the first year of the performance period.

Remuneration report (audited)

Further terms of the 2021 KEEPP

The table below sets out further terms applying to Deferred Shares and Performance Shares granted under the 2021 KEEPP.

Cessation of employment

If an executive KMP ceases employment with Wesfarmers before the end of the forfeiture period, restriction period or performance period (as applicable), their entitlement to the shares (if any) will depend on the circumstances of their departure. The table below summarises the treatment that will generally apply, subject to the Board's discretion to determine a different treatment to the treatment outlined below.

Reason	Deferred Shares	Performance Shares
Resignation	*During the forfeiture period (i.e. within 12 months of allocation)* – the Deferred Shares will be forfeited. *After the forfeiture period has ended* – the Deferred Shares will remain on foot and subject to the original conditions. Vesting outcomes will be assessed by the Board at the conclusion of the service period.	The Performance Shares will be forfeited.
Dismissal by the Board for cause or significant underperformance or in circumstances justifying 'bad leaver' treatment	The Deferred Shares will be forfeited.	The Performance Shares will be forfeited.
Breach of restraint under the executive’s service contract	The Deferred Shares will be forfeited.	The Performance Shares will be forfeited.
All other reasons (including due to death, disability or serious injury)	The Deferred Shares will remain on foot and subject to the original conditions. Vesting outcomes will be assessed by the Board at the conclusion of the service period.	The Performance Shares will remain on foot and subject to the original conditions. Testing and vesting (if applicable) outcomes will be assessed by the Board at the conclusion of the performance period.

Following cessation of employment (where Deferred Shares remain on foot):

If, following cessation of employment, the Board determines in good faith that:

- the executive KMP has breached any restriction or undertaking owed to the Wesfarmers Group or any compromise or arrangement in relation to their cessation of employment; or
- the executive KMP’s circumstances have changed making it no longer appropriate for them to retain the benefit of their award,

the Board may determine that:

- some or all of the executive KMP’s vested or unvested Deferred Shares will be forfeited; and/or
- the executive KMP is required to pay or repay as a debt the net proceeds of the sale of shares or dividends provided to them.

Change of control

If a change of control event occurs, the Board has broad discretion to determine the treatment of Deferred Shares and Performance Shares, having regard to any matter that the Board considers relevant.

Clawback and adjustment

The terms of the KEEPP allow for the Board to clawback or adjust any incentive awards (including cash or shares) which were granted, vest or may vest, or are released or may be released (as applicable). For example, these powers can be exercised as a result of a material misstatement in, or omission from, the financial statements or otherwise as a result of fraud, dishonesty or breach of obligations. In such circumstances, the Board may, up to the value of the overpaid remuneration, reduce or defer or otherwise require the repayment of any amount paid or payable to the executive to ensure no inappropriate benefit is derived. The Board has discretion to adjust any conditions applicable to an award, if considered appropriate.

Dividend and voting rights

The Deferred Shares and the Performance Shares carry both dividend and voting rights. While the shares are unquoted shares, any dividends determined are accumulated and are not paid until the shares are quoted. Where the Deferred Shares and the Performance Shares vest, the dividends are paid to the participant and where the Deferred Shares and the Performance Shares are forfeited, the dividends are paid to the trustee. The participant does not therefore receive any dividends on unvested Deferred Shares or Performance Shares.

Remuneration report (audited)

5.8 Executive KMP share ownership

The Board considers it an important foundation of the Wesfarmers remuneration framework that the executive KMP hold a significant number of Wesfarmers shares to encourage them to behave like long-term owners and, as at the date of this report, all current executive KMP hold significantly more than their respective FAR in Wesfarmers shares.

The following table sets out the number of shares held directly, indirectly or beneficially by the current executive KMP (including their related parties).

					Breakdown of balance at year-end			
					Held in an equity plan			
Name	Balance at beginning of year[1]	Allocated under remuneration framework[2]	Net change[3]	Balance at year-end[4]	Vested and restricted[5]	Vested and unrestricted[6]	Not vested[7]	Other shares[8]
R G Scott	990,495	126,546	(4,625)	1,112,416	309,265	222,641	260,924	319,586
A N Gianotti	422,105	63,118	(2,498)	482,725	156,196	47,450	137,969	141,110
I Bailey	199,416	54,824	(34,283)	219,957	74,068	38,974	106,915	-
M D Schneider	318,645	59,886	(42,294)	336,237	162,661	42,527	129,670	1,379
Total	1,930,661	304,374	(83,700)	2,151,335	702,190	351,592	635,478	462,075

1 This number reflects the fully-paid ordinary shares held directly, vested equity under the incentive plans as well as unvested equity under the incentive plans. The unvested equity may include the 2018 KEEPP Performance Shares, the 2019 KEEPP Performance Shares and the 2020 KEEPP Deferred Shares and Performance Shares and the Performance-tested Shares, as appropriate.

2 This number reflects the equity allocated under the 2021 KEEPP, as appropriate.

3 The net change may include changes due to personal trades and forfeited equity.

4 This number reflects the fully-paid ordinary shares held directly, vested equity under the incentive plans as well as unvested equity under the incentive plans. The unvested equity may include the 2019 KEEPP Performance Shares, the 2020 KEEPP Performance Shares and the 2021 KEEPP Deferred Shares and Performance Shares, and the Performance-tested Shares, as appropriate.

5 The vested and restricted equity includes any share-based awards received by the executive KMP that are now fully vested but remain subject to a restriction within the incentive plans. This includes the 2016 KEEPP Deferred Shares, the 2017 KEEPP Deferred Shares, the 2018 KEEPP Deferred Shares, the 2019 KEEPP Deferred Shares and the 2020 KEEPP Deferred Shares, as appropriate.

6 The vested and unrestricted equity includes any share-based awards received by the executive KMP that are now fully vested and available to be removed from the incentive plans upon instruction from the executive KMP.

7 The unvested equity includes the 2019 KEEPP Performance Shares, the 2020 KEEPP Performance Shares and the 2021 KEEPP Deferred Shares and Performance Shares, and the Performance-tested Shares, as appropriate.

8 This number reflects the fully-paid ordinary shares held directly outside of an equity plan by the executive KMP including their related parties.

5.9 Executive service agreements

The remuneration and other terms of employment for the Group Managing Director, the Group Chief Financial Officer and other executive KMP are covered in formal employment contracts. All service agreements are for unlimited duration and may be terminated immediately for serious misconduct. All executives are entitled to receive pay in lieu of any accrued but untaken annual and long service leave on cessation of employment.

The executive KMP must give a minimum 12 months' notice should they wish to resign and Wesfarmers must give 12 months' notice should it wish to terminate employment (other than for cause).

The Group Managing Director and the Group Chief Financial Officer may terminate their employment within 30 days of an event giving rise to fundamental change. This includes Mr Scott ceasing to be the most senior executive of the Group, a delisting of Wesfarmers or a material reduction in role, status or delegated authority.

In addition, and upon further payment (where required), Wesfarmers may invoke a restraint period of up to 12 months following separation, preventing the executive KMP from engaging in any business activity with competitors of the Group.

Remuneration report (audited)

Non-executive director remuneration

6. NON-EXECUTIVE DIRECTORS

6.1 Overview of non-executive director remuneration policy and arrangements

Our policy objective

To provide market competitive remuneration for non-executive directors

Aggregate fees approved by shareholders

The current maximum aggregate fee pool for non-executive directors of $3,600,000 was approved by shareholders at the 2015 Annual General Meeting. Fees paid to Wesfarmers' non-executive directors for membership of the Wesfarmers Board and committees and superannuation contributions made on behalf of the non-executive directors in accordance with Wesfarmers' statutory superannuation obligations, are included in this aggregate fee pool.

Regular reviews of remuneration

The Board periodically reviews the level of fees paid to the non-executive directors, including consideration of external benchmarking.

In June 2022, the Board reviewed the main Board member fee and the committee fees payable to the non-executive directors having regard to benchmark data, market position and relative fees. After consideration, the Board resolved to not amend the fees payable to the non-executive directors for the 2023 financial year.

6.2 Non-executive director fees and other benefits

The fees shown in the table below (inclusive of superannuation) took effect from 1 January 2021 and applied throughout the 2022 financial year.

Fees/benefits	Description	2022 ($)
Board fees	Chairman – M A Chaney	770,000
	Members – all non-executive directors[1]	240,000
Committee fees	**Audit and Risk Committee**	
	Chairman – S L Warburton	70,000
	Members – J A Westacott, S W English, A Sabharwal	40,000
	Remuneration Committee	
	Chairman – M Roche	60,000
	Members – M A Chaney[2], W G Osborn[1] , V M Wallace, A M Watkins[3], A J Cransberg[4]	30,000
	Nomination Committee	
	Chairman – M A Chaney	No fees
	Members – all non-executive directors[1]	No fees
Superannuation	Made to the Mercer Tailored Super Plan or another regulated superannuation fund. An amount is deducted from gross fees to meet statutory superannuation obligations.	

1 W G Osborn retired from the Board of Wesfarmers Limited on 21 October 2021.

2 The Chairman of the Board does not receive a separate fee for membership of any of the Board's committees.

3 A M Watkins was appointed to the Board of Wesfarmers Limited and as a member of the Remuneration Committee and the Nomination Committee , effective 1 September 2021.

4 A J Cransberg was appointed to the Board of Wesfarmers Limited and as a member of the Remuneration Committee and the Nomination Committee, effective 1 October 2021.

Remuneration report (audited)

6.3 Non-executive director remuneration

The fees paid or payable to the non-executive directors in relation to the 2022 financial year are set out below:

		Short-term benefits		Post-employment benefits	Total
		Fees – Wesfarmers Limited ($)	Other benefits[1] ($)	Superannuation[2] ($)	($)
Non-executive directors					
M A Chaney	**2022**	**746,432**	**81,636**	**23,568**	**851,636**
	2021	748,306	62,805	21,694	832,805
A J Cransberg[3]	**2022**	**184,824**	**52,450**	**17,676**	**254,950**
S W English	**2022**	**256,432**	**70,125**	**23,568**	**350,125**
	2021	253,306	60,151	21,694	335,151
M Roche	**2022**	**294,108**	**70,125**	**5,892**	**370,125**
	2021	278,729	60,151	16,271	355,151
A Sabharwal[4]	**2022**	**280,000**	**70,125**	**-**	**350,125**
	2021	112,618	24,720	4,049	141,387
V M Wallace	**2022**	**246,432**	**70,125**	**23,568**	**340,125**
	2021	248,729	60,151	16,271	325,151
S L Warburton	**2022**	**286,432**	**70,125**	**23,568**	**380,125**
	2021	283,306	60,151	21,694	365,151
A M Watkins[5]	**2022**	**205,279**	**58,213**	**19,721**	**283,213**
J A Westacott	**2022**	**280,000**	**70,125**	**-**	**350,125**
	2021	269,576	60,151	5,424	335,151
Former non-executive directors					
W G Osborn[6]	**2022**	**82,144**	**36,762**	**7,856**	**126,762**
	2021	243,306	60,151	21,694	325,151
D L Smith-Gander[7]	2021	94,219	46,809	5,424	146,452
Total	**2022**	**2,862,083**	**649,811**	**145,417**	**3,657,311**
	2021	2,532,095	495,240	134,215	3,161,550

1 Short-term benefits, 'Other benefits', includes the cost of directors' and officers' liability insurance and the cost of other business-related expenses. The amount shown under short-term benefits, 'other benefits' for W G Osborn is inclusive of a retirement gift.

2 Superannuation contributions are made on behalf of non-executive directors in accordance with Wesfarmers' statutory superannuation obligations, except where approval was obtained from the Australian Taxation Office by individual non-executive directors to be exempt from making superannuation contributions due to obligations being met by other employers. Also included is any part of a non-executive director's fees that have been sacrificed into superannuation.

3 A J Cransberg was appointed as a non-executive director on 1 October 2021.

4 A Sabharwal was appointed as a non-executive director on 1 February 2021.

5 A M Watkins was appointed as a non-executive director on 1 September 2021.

6 W G Osborn retired from the Board, effective 21 October 2021.

7 D L Smith-Gander retired from the Board, effective 12 November 2020.

Remuneration report (audited)

6.4 Non-executive director share ownership

The Board considers it an important foundation of the Wesfarmers remuneration framework that the directors hold a significant number of Wesfarmers shares to encourage them to behave like long-term owners. Directors are required to hold a minimum of 1,000 Wesfarmers shares within two months of appointment and are also expected to increase their holdings in Wesfarmers shares to the equivalent of their annual main board fee within a five-year period of appointment.

The following table sets out the number of shares held directly, indirectly or beneficially by directors and former directors (including their related parties).

Name	Balance at beginning of year[1]	Net change[2]	Balance at year-end[3]
M A Chaney	87,597	-	87,597
A J Cransberg[4]	-	4,226	4,226
S W English	3,399	110	3,509
W G Osborn[5]	14,728	-	14,728
M Roche	5,000	4,510	9,510
A Sabharwal	1,017	5,033	6,050
V M Wallace	13,983	-	13,983
S L Warburton	7,036	500	7,536
A M Watkins[6]	-	9,000	9,000
J A Westacott	6,788	-	6,788
Total	**139,548**	**23,379**	**162,927**

1 This number reflects the fully-paid ordinary shares held directly as well as vested and unrestricted equity under plans.

2 The net change includes changes due to personal trades.

3 This number reflects the fully-paid ordinary shares held directly as well as vested and unrestricted equity under plans. Where a director ceased to be a director throughout the year, 'Balance at year-end' reflects the balance of equity as at the date they ceased to be a director.

4 The information for A J Cransberg reflects his time since appointment to the Board and as a member of the KMP, from 1 October 2021.

5 W G Osborn retired from the Board and ceased to be a member of the KMP, effective 21 October 2021.

6 The information for A M Watkins reflects her time since appointment to the Board and as a member of the KMP, from 1 September 2021.

Other remuneration information

7. FURTHER INFORMATION ON REMUNERATION

7.1 Share trading restrictions

Wesfarmers' Securities Trading Policy reflects the *Corporations Act 2001* prohibition on KMP and their closely related parties entering into any arrangement that would have the effect of limiting the KMP's exposure to risk relating to an element of their remuneration that remains subject to restrictions on disposal.

Wesfarmers directors, the Wesfarmers Leadership Team, and certain members of their immediate family and controlled entities are also required to obtain clearance from the Wesfarmers Company Secretary for the sale, purchase or transfer of Wesfarmers and BWP Trust securities and for short selling, short-term trading, security interests, margin loans and hedging relating to Wesfarmers and BWP Trust securities. The Wesfarmers Company Secretary refers all requests for clearance to at least two members of the Disclosure Committee. Clearance from the Chairman is also required for requests from Wesfarmers directors. Clearance cannot be requested for dealings that are subject to the *Corporations Act 2001* prohibition referred to above.

The policy is available in the corporate governance section of the company's website at **www.wesfarmers.com.au/cg**. Breaches of the policy are subject to disciplinary action, which may include termination of employment.

7.2 Other transactions and balances with key management personnel

From time to time, the executive KMP and directors of the company or its controlled entities, or their related entities, may purchase goods or services from the Group. These purchases are on the same terms and conditions as those entered into by other Group team members or customers and are minor or domestic in nature.

There were no loans made during the year, or remaining unsettled at 30 June 2022, between Wesfarmers and its directors and executive KMP and/or their related parties.

8. INDEPENDENT AUDIT OF REMUNERATION REPORT

The remuneration report has been audited by Ernst & Young. Please see page 182 of this annual report for Ernst & Young's report on the remuneration report.

The directors' report, including the remuneration report, is signed in accordance with a resolution of the directors of Wesfarmers Limited.

M A Chaney AO
Chairman

R G Scott
Managing Director

Perth
25 August 2022

Financial statements

For the year ended 30 June 2022 – Wesfarmers Limited and its controlled entities

Financial statements

Notes to the financial statements

Income statement

For the year ended 30 June 2022

		Consolidated	
	Note	**2022 $m**	2021 $m
Revenue	1	**36,838**	33,941
Expenses			
Raw materials and inventory		**(23,438)**	(20,877)
Employee benefits expense	2	**(5,840)**	(5,500)
Freight and other related expenses		**(668)**	(540)
Occupancy-related expenses	2	**(442)**	(461)
Depreciation and amortisation	2	**(1,575)**	(1,509)
Impairment expenses	2	**(33)**	(70)
Other expenses	2	**(1,549)**	(1,457)
Total expenses		**(33,545)**	(30,414)
Other income	1	**167**	87
Share of net profits of associates and joint ventures	21	**173**	103
		340	190
Earnings before finance costs and income tax expense		**3,633**	3,717
Interest on lease liabilities	11	**(217)**	(226)
Other finance costs	2	**(96)**	(118)
Profit before income tax expense		**3,320**	3,373
Income tax expense	3	**(968)**	(993)
Profit attributable to members of the parent		**2,352**	2,380
Earnings per share attributable to ordinary equity holders of the parent	16	**cents**	cents
Basic earnings per share		**207.8**	210.4
Diluted earnings per share		**207.6**	210.2

Statement of comprehensive income

For the year ended 30 June 2022

	Note	Consolidated 2022 $m	2021 $m
Profit attributable to members of the parent		**2,352**	2,380
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation reserve	15		
Exchange differences on translation of foreign operations		**(11)**	(8)
Cash flow hedge reserve	15		
Unrealised gains/(losses) on cash flow hedges		**286**	(191)
Realised losses transferred to net profit		**-**	-
Realised (gains)/losses transferred to non-financial assets		**(175)**	308
Share of associates and joint ventures reserves		**11**	5
Tax effect	3	**(40)**	(38)
Items that will not be reclassified to profit or loss:			
Financial assets reserve	15		
Changes in the fair value of financial assets designated at fair value through other comprehensive income		**43**	(3)
Share of associates and joint ventures reserves		**(6)**	-
Tax effect	3	**(13)**	1
Retained earnings			
Remeasurement loss on defined benefit plan		**-**	-
Tax effect		**-**	-
Other comprehensive income for the year, net of tax		**95**	74
Total comprehensive income for the year, net of tax, attributable to members of the parent		**2,447**	2,454

Balance sheet

As at 30 June 2022

		Consolidated	
	Note	**2022 $m**	2021 $m
ASSETS			
Current assets			
Cash and cash equivalents	4	**705**	3,023
Trade and other receivables	5	**2,094**	1,247
Inventories	6	**6,084**	4,502
Income tax receivable		**6**	-
Derivatives	19	**452**	152
Other		**264**	172
Total current assets		**9,605**	9,096
Non-current assets			
Investments in associates and joint ventures	21	**934**	775
Other financial assets	7	**677**	1,124
Deferred tax assets	3	**572**	613
Property, plant and equipment	8	**3,621**	3,496
Goodwill and intangible assets	9	**4,651**	3,902
Mine properties	10	**1,150**	865
Right-of-use assets	11	**6,014**	6,035
Derivatives	19	**8**	282
Other		**39**	26
Total non-current assets		**17,666**	17,118
Total assets		**27,271**	26,214
LIABILITIES			
Current liabilities			
Trade and other payables		**5,362**	4,234
Interest-bearing loans and borrowings	17	**988**	950
Lease liabilities	11	**1,100**	969
Income tax payable		**-**	349
Provisions	12	**1,154**	1,152
Derivatives	19	**2**	43
Other		**287**	218
Total current liabilities		**8,893**	7,915
Non-current liabilities			
Interest-bearing loans and borrowings	17	**3,970**	2,072
Lease liabilities	11	**6,023**	6,136
Provisions	12	**374**	374
Derivatives	19	**30**	2
Total non-current liabilities		**10,397**	8,584
Total liabilities		**19,290**	16,499
Net assets		**7,981**	9,715
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	15	**13,574**	15,826
Reserved shares	15	**(102)**	(102)
Retained earnings		**485**	60
Reserves	15	**(5,976)**	(6,069)
Total equity		**7,981**	9,715

Cash flow statement

For the year ended 30 June 2022

		Consolidated	
	Note	**2022 $m**	2021 $m
Cash flows from operating activities			
Receipts from customers		**40,557**	37,403
Payments to suppliers and employees		**(36,754)**	(32,773)
Dividends and distributions received from associates		**48**	51
Dividends received from other investments		**54**	40
Interest received		**5**	12
Interest component of lease payments		**(217)**	(226)
Borrowing costs		**(92)**	(109)
Income tax paid		**(1,300)**	(1,015)
Net cash flows from operating activities	4	**2,301**	3,383
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles	4	**(802)**	(843)
Payments for mineral exploration	4	**(4)**	(22)
Payments for mine properties and development	4	**(338)**	(31)
Proceeds from sale of property, plant and equipment and intangibles	4	**260**	264
Net proceeds from sale of businesses		**-**	5
Net proceeds from disposals of interests in associates and other investments		**501**	-
Net investments in associates and joint ventures		**(28)**	(8)
Acquisition of subsidiaries, net of cash acquired	23	**(773)**	(2)
Purchase of other financial assets		**(7)**	(5)
Net cash flows used in investing activities		**(1,191)**	(642)
Cash flows from financing activities			
Proceeds from borrowings		**938**	1,000
Repayment of borrowings		**(1,166)**	(500)
Net proceeds from/(repayment of) revolving facilities		**2,023**	(71)
Principal component of lease payments		**(1,029)**	(986)
Equity dividends paid		**(1,927)**	(2,074)
Capital return paid		**(2,267)**	-
Net cash flows used in financing activities		**(3,428)**	(2,631)
Net (decrease)/increase in cash and cash equivalents		**(2,318)**	110
Cash and cash equivalents at beginning of period		**3,023**	2,913
Cash and cash equivalents at end of period	4	**705**	3,023

Statement of changes in equity

For the year ended 30 June 2022

		Attributable to equity holders of the parent				
Consolidated	Note	**Issued capital $m**	**Reserved shares $m**	**Retained earnings $m**	**Reserves $m**	**Total equity $m**
Balance at 1 July 2021		**15,826**	**(102)**	**60**	**(6,069)**	**9,715**
Net profit for the year		**-**	**-**	**2,352**	**-**	**2,352**
Other comprehensive income						
Exchange differences on translation of foreign operations	15	**-**	**-**	**-**	**(11)**	**(11)**
Changes in the fair value of cash flow hedges, net of tax	15	**-**	**-**	**-**	**82**	**82**
Changes in the fair value of financial assets designated at fair value through other comprehensive income, net of tax	15	**-**	**-**	**-**	**24**	**24**
Remeasurement loss on defined benefit plan, net of tax	15	**-**	**-**	**-**	**-**	**-**
Total other comprehensive income for the period, net of tax		**-**	**-**	**-**	**95**	**95**
Total comprehensive income for the period, net of tax		**-**	**-**	**2,352**	**95**	**2,447**
Share-based payment transactions	15	**16**	**-**	**-**	**(2)**	**14**
Equity dividends	14	**-**	**-**	**(1,927)**	**-**	**(1,927)**
Capital return	14,15	**(2,268)**	**-**	**-**	**-**	**(2,268)**
		(2,252)	**-**	**(1,927)**	**(2)**	**(4,181)**
Balance at 30 June 2022		**13,574**	**(102)**	**485**	**(5,976)**	**7,981**
Balance at 1 July 2020		15,818	(89)	(245)	(6,140)	9,344
Net profit for the year		-	-	2,380	-	2,380
Other comprehensive income						
Exchange differences on translation of foreign operations	15	-	-	-	(8)	(8)
Changes in the fair value of cash flow hedges, net of tax	15	-	-	-	84	84
Changes in the fair value of financial assets designated at fair value through other comprehensive income, net of tax	15	-	-	-	(2)	(2)
Remeasurement loss on defined benefit plan, net of tax	15	-	-	-	-	-
Total other comprehensive income for the period, net of tax		-	-	-	74	74
Total comprehensive income for the period, net of tax		-	-	2,380	74	2,454
Share-based payment transactions	15	8	-	-	(3)	5
Acquisition of shares on-market for Key Executive Equity Performance Plan (KEEPP)	15	-	(10)	-	-	(10)
Acquisition of shares on-market for Performance shares	15	-	(3)	-	-	(3)
Equity dividends	14	-	-	(2,075)	-	(2,075)
		8	(13)	(2,075)	(3)	(2,083)
Balance at 30 June 2021		15,826	(102)	60	(6,069)	9,715

Notes to the financial statements: About this report

For the year ended 30 June 2022

ABOUT THIS REPORT

Wesfarmers Limited (referred to as 'Wesfarmers') is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The nature of the operations and principal activities of Wesfarmers and its subsidiaries (referred to as 'the Group') are described in the segment information.

The consolidated financial report of the Group for the financial year ended 30 June 2022 (FY2022) was authorised for issue in accordance with a resolution of the directors on 25 August 2022. The Directors have the power to amend and reissue the financial report.

The financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- has been prepared on a historical cost basis, except for investment properties held by associates and certain financial instruments which have been measured at fair value. The carrying values of recognised assets and liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged;
- is presented in Australian dollars with all values rounded to the nearest million dollars ($'000,000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or before 1 July 2021. Refer to note 30 for further details; and
- does not early adopt Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year-end is contained in note 22.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated. Subsidiaries are consolidated from the date on which control is obtained to the date on which control is disposed. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events.

The continued impact of COVID-19 has been considered in applying the Group's key judgements and estimates. As these are subject to increased uncertainty, actual outcomes may differ from the applied estimates.

Judgements and estimates which are material to the financial report are found in the following notes:

Page		
140	Note 1	Revenue and other income
142	Note 3	Tax expense
143	Note 5	Receivables
144	Note 6	Inventories
145	Note 8	Property, plant and equipment
146	Note 9	Goodwill and intangible assets
147	Note 10	Mine properties
148	Note 11	Leases
150	Note 12	Provisions
163	Note 20	Impairment of non-financial assets
164	Note 21	Associates and joint arrangements

FOREIGN CURRENCY

The functional currencies of overseas subsidiaries are listed in note 22. As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars at the rate of exchange ruling at the balance sheet date and the income statements are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from the application of these procedures are taken to the income statement, with the exception of differences on foreign currency-denominated borrowings that provide a hedge against a net investment in a foreign entity, which are taken directly to equity until the disposal of the net investment and are then recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Notes to the financial statements: About this report

For the year ended 30 June 2022

NOTES TO THE FINANCIAL STATEMENTS

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business – for example, acquisitions, disposals and impairment writedowns; or
- it relates to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- *Group performance:* provides a breakdown of individual line items in the income statement that the directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;
- *Group balance sheet:* provides a breakdown of individual line items in the balance sheet that the directors consider most relevant and summarises the accounting policies, judgements and estimates relevant to understanding these line items;
- *Capital:* provides information about the capital management practices of the Group and shareholder returns for the year;
- *Risk:* discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks;
- *Group information:* explains aspects of the Group structure and how changes have affected the financial position and performance of the Group, as well as disclosing related party transactions and balances; and
- *Other:* provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance; and provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements.

SIGNIFICANT ITEMS IN THE CURRENT REPORTING PERIOD

Capital management

Issue of sustainability-linked bonds

In October 2021, the Group issued EUR600 million (A$938 million) of 12-year sustainability-linked bonds, maturing in October 2033. Refer to note 17 for further information.

Capital return

On 2 December 2021, a capital return of 200 cents per share was paid to shareholders. The total amount of the distribution was $2,268 million. Refer to note 14 for further information.

Acquisition of Australian Pharmaceutical Industries Ltd

On 31 March 2022, Wesfarmers, through its wholly-owned subsidiary WFM Investments Pty Ltd, completed the acquisition of Australian Pharmaceutical Industries Ltd (API) for consideration of $754 million. API is the foundation business of the Health segment. The results presented in this report are for the period from 31 March 2022 to 30 June 2022. Refer to note 23 for further information.

Wesfarmers OneDigital

In April 2022, the Group determined that from 1 July 2022, Catch will move from the Kmart Group segment and join a newly formed data and digital division, named Wesfarmers OneDigital (OneDigital). As at 30 June 2022, Catch remained part of the Kmart Group segment and OneDigital is reported within Other. This is consistent with reporting provided to the chief operating decision-makers. Subsequent to year-end, the segments were restructured to reflect these changes.

Sale of 2.1 per cent interest in Coles Group Limited

On 5 April 2022, Wesfarmers sold 28,169,015 shares in Coles Group Limited (Coles) for proceeds of $498 million, net of transaction costs. As a result of the sale, Wesfarmers' minority interest in Coles reduced from 4.9 per cent to 2.8 per cent. The interest is held as a financial asset at fair value through other comprehensive income (FVOCI). The realised gain on sale is recognised in other comprehensive income. Refer to note 7 for further information.

Impact of COVID-19

The Group's retail businesses, particularly Kmart Group, have been impacted by COVID-19-related disruptions, with a significant loss of store trading days due to government-mandated store closures between July and October 2021. Trading conditions through the middle of FY2022 were impacted by rising cases of the COVID-19 Omicron variant, which led to reduced customer traffic to stores and elevated team member absenteeism. The Group has incurred higher costs in FY2022 associated with paying team members when no meaningful work was available during lockdowns, providing additional support to team members when required to isolate, rising freight and transport costs and managing ongoing global supply chain disruptions. In addition, the rapid temporary shift to online channels, combined with team member availability, also impacted productivity and profitability during the period.

Notes to the financial statements: Segment information

For the year ended 30 June 2022

SEGMENT INFORMATION

The Group's operating segments are organised and managed separately according to the nature of the products and services provided.

Each segment represents a strategic business unit that offers different products and operates in different industries and markets. The Board and executive management team (the chief operating decision-makers) monitor the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment.

The types of products and services from which each reportable segment derives its revenues are disclosed below. Segment performance is evaluated based on operating profit or loss (segment result), which in certain respects, is presented differently from operating profit or loss in the consolidated financial statements.

Interest income and other finance costs are not allocated to operating segments, as this type of activity is managed on a Group basis.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. Those transfers are eliminated on consolidation and are not considered material.

The operating segments and their respective types of products and services are as follows:

Bunnings

- Retailer of building materials and home and garden improvement products; and
- Servicing households and commercial customers including builders, trades and businesses.

Kmart Group

- *Kmart and Target:* Retailers of apparel and general merchandise, including toys, leisure, entertainment, home and consumables.
- *Catch:* Online retailer offering branded products on a first-party basis and a third-party online marketplace.

Chemicals, Energy and Fertilisers (WesCEF)

- Manufacturer and marketer of chemicals for industry, mining and mineral processing;
- Manufacturer and marketer of broadacre and horticultural fertilisers;
- Marketer and distributor of LPG and LNG;
- Manufacturer of wood-plastic composite decking and screening products; and
- 50 per cent joint operator of the Mt Holland lithium project.

Officeworks

- Retailer and supplier of office products and solutions for households, small-to-medium sized businesses, and the education sector.

Industrial and Safety

- Supplier and distributor of maintenance, repair and operating products;
- Manufacturer and marketing of industrial gases and equipment;
- Supplier, manufacturer and distributor of workwear clothing in Australia and internationally;
- Specialised supplier and distributor of industrial safety products and services; and
- Provider of risk management and compliance services.

Health

- Wholesaler and retailer of pharmaceutical, health, wellbeing and beauty products;
- Provider of clinical cosmetic and skin care treatments; and
- Provider of retail support services to pharmacies through Priceline Pharmacy franchises and banner brands.

Other

Includes:

- *Food and staples retailing:* 2.8 per cent (2021: 4.9 per cent) interest in Coles Group Limited;
- *Forest products:* non-controlling interest in Wespine Industries Pty Ltd;
- *Property:* non-controlling interest in BWP Trust;
- *Investment banking:* non-controlling interest in Gresham Partners Group Limited;
- *OneDigital*: includes the OnePass membership and OneData asset; and
- *Corporate:* includes treasury, central and administrative support functions and other corporate entity expenses. Corporate is not considered an operating segment and includes activities that are not allocated to other operating segments.

Revenue from contracts with customers by segment for FY2022

	$m	%
Bunnings	17,751	48.4
Kmart Group	9,556	26.1
WesCEF	3,038	8.3
Officeworks	3,153	8.6
Industrial and Safety	1,925	5.2
Health	1,240	3.4
Other	16	-

Segment result for FY2022

	$m	%
Bunnings	2,204	64.5
Kmart Group	418	12.2
WesCEF	540	15.8
Officeworks	181	5.3
Industrial and Safety	92	2.7
Health	(25)	(0.7)
Other	6	0.2

Notes to the financial statements: Segment information

For the year ended 30 June 2022

SEGMENT INFORMATION

	BUNNINGS[1]		KMART GROUP		WesCEF	
	2022 $m	2021 $m	**2022 $m**	2021 $m	**2022 $m**	2021 $m
Revenue from contracts with customers	**17,751**	16,861	**9,556**	9,914	**3,038**	2,144
Other revenue	**3**	10	**79**	68	**3**	2
Segment revenue	**17,754**	16,871	**9,635**	9,982	**3,041**	2,146
EBITDA	**3,057**	2,993	**1,029**	1,326	**634**	473
Depreciation and amortisation	**(740)**	(692)	**(523)**	(539)	**(93)**	(88)
Interest on lease liabilities	**(113)**	(116)	**(88)**	(94)	**(1)**	(1)
Segment result	**2,204**	2,185	**418**	693	**540**	384
Items not included in segment result[4]	**-**	-	**-**	(59)	**-**	-
Other finance costs						
Profit before income tax expense						
Income tax expense						
Profit attributable to members of the parent						
Other segment information						
Segment assets	**8,817**	8,289	**6,103**	6,040	**4,403**	2,676
Investments in associates and joint ventures	**17**	17	**-**	-	**85**	81
Tax assets						
Total assets						
Segment liabilities	**(6,113)**	(5,944)	**(4,355)**	(4,656)	**(771)**	(473)
Tax liabilities						
Interest-bearing loans and borrowings						
Total liabilities						
Segment net assets	**2,721**	2,362	**1,748**	1,384	**3,717**	2,284
Other net assets[5]	**(2,896)**	(2,078)	**105**	428	**(2,513)**	(1,106)
Net assets	**(175)**	284	**1,853**	1,812	**1,204**	1,178
Capital expenditure[6]	**349**	445	**146**	195	**455**	137
Share of net profits of associates and joint ventures included in segment result[7]	**-**	-	**-**	-	**14**	15

1 The 2022 Bunnings segment result includes a net property contribution of $52 million (2021: loss of $10 million).

2 The 2022 Health segment result includes non-cash expenses of $11 million relating to amortisation and trade through of the incremental asset value recognised as part of the acquisition and impairment costs of $21 million relating to Priceline company owned stores.

3 The Other result includes dividends received from Wesfarmers' interest in Coles Group Limited and its 19.3 per cent interest in API which was held prior to the completion of the acquisition of API on 31 March 2022 and operating expenditure of $80 million in relation to OneDigital.

4 The 2021 Kmart Group segment result excludes restructuring costs of $59 million.

5 Other net assets relate predominantly to intercompany financing arrangements and segment tax balances.

6 Capital expenditure, inclusive of property, plant and equipment, intangibles, mineral exploration and mine properties, includes accruals for costs incurred during the year. The amount excluding movements in accruals is $1,144 million (2021: $896 million), which includes $53 million (2021: nil) in Other relating to OneDigital.

7 The share of net profits of associates and joint ventures in the Other segment includes $121 million (2021: $65 million) from Wesfarmers' 24.8 per cent share of the BWP Trust's net profit for FY2022, which is predominantly comprised of gains from property revaluations.

Notes to the financial statements: Segment information

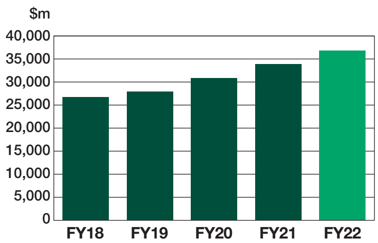
For the year ended 30 June 2022

OFFICEWORKS		INDUSTRIAL AND SAFETY		HEALTH[2]		OTHER[3]		CONSOLIDATED	
2022 $m	2021 $m	**2022 $m**	2021 $m	**2022 $m**	2021 $m	**2022 $m**	2021 $m	**2022 $m**	2021 $m
3,153	3,014	**1,925**	1,855	**1,240**	-	**16**	9	**36,679**	33,797
16	15	**-**	-	**-**	-	**58**	49	**159**	144
3,169	3,029	**1,925**	1,855	**1,240**	-	**74**	58	**36,838**	33,941
303	328	**171**	148	**(2)**	-	**16**	17	**5,208**	5,285
(113)	(106)	**(75)**	(74)	**(22)**	-	**(9)**	(10)	**(1,575)**	(1,509)
(9)	(10)	**(4)**	(4)	**(1)**	-	**(1)**	(1)	**(217)**	(226)
181	212	**92**	70	**(25)**	-	**6**	6	**3,416**	3,550
-	-	**-**	-	**-**	-	**-**	-	**-**	(59)
								(96)	(118)
								3,320	3,373
								(968)	(993)
								2,352	2,380
2,040	1,892	**1,805**	1,712	**2,025**	-	**566**	4,217	**25,759**	24,826
3	-	**2**	-	**-**	-	**827**	677	**934**	775
						578	613	**578**	613
								27,271	26,214
(1,041)	(985)	**(599)**	(583)	**(942)**	-	**(511)**	(487)	**(14,332)**	(13,128)
						-	(349)	**-**	(349)
						(4,958)	(3,022)	**(4,958)**	(3,022)
								(19,290)	(16,499)
1,002	907	**1,208**	1,129	**1,083**	-	**(3,498)**	1,649	**7,981**	9,715
61	175	**(847)**	(778)	**(348)**	-	**6,438**	3,359	**-**	-
1,063	1,082	**361**	351	**735**	-	**2,940**	5,008	**7,981**	9,715
68	65	**64**	62	**4**	-	**73**	2	**1,159**	906
-	-	**2**	-	**-**	-	**157**	88	**173**	103

Total revenue

from continuing operations

$36,838m ▲ 8.5%



	$m
FY22	**36,838**
FY21	33,941
FY20	30,846
FY19	27,920
FY18	26,763

GEOGRAPHICAL INFORMATION

The table below provides information on the geographical location of revenue from contracts with customers and non-current assets (other than financial instruments, deferred tax assets and pension assets). Revenue from contracts with customers is allocated to a geography based on the location of the operation in which it was derived. Non-current assets are allocated based on the location of the operation to which they relate.

	Revenue		Non-current assets	
	2022 $m	2021 $m	**2022 $m**	2021 $m
Australia	**34,107**	31,283	**15,706**	14,821
New Zealand	**2,559**	2,488	**674**	671
United Kingdom	**1**	19	**-**	-
Other	**12**	7	**12**	14
Total	**36,679**	33,797	**16,392**	15,506

Notes to the financial statements: Group performance

For the year ended 30 June 2022

1. REVENUE AND OTHER INCOME

	Consolidated	
	2022	2021
	$m	$m
Revenue from contracts with customers		
Sale of retail goods in store	**27,068**	26,890
Sale of retail goods online	**3,440**	2,804
Sale of wholesale goods	**1,057**	-
Sale of fertilisers, chemicals, speciality gases, LPG and LNG	**3,031**	2,137
Sale of industrial products	**1,878**	1,811
Services revenue	**205**	155
	36,679	33,797
Other revenue		
Interest revenue	**5**	11
Dividend revenue	**54**	40
Other	**100**	93
	159	144
Total revenue	**36,838**	33,941
Other income		
Gains on disposal of property, plant and equipment and other assets	**58**	3
Other	**109**	84
Total other income	**167**	87

RECOGNITION AND MEASUREMENT

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group generates a significant proportion of its revenue from the following:

- **Sale of retail goods in store:** relates to merchandise sold direct to customers through the Group's in store retail operations. Control of goods typically passes at the point of sale.
- **Sale of retail goods online:** relates to merchandise sold direct to customers through online platforms. Control of goods typically passes upon delivery, or when collected by the customer.
- **Sale of wholesale goods:** includes revenue from wholesale distribution of pharmaceutical goods. Control of goods typically passes upon delivery of goods to the customer.
- **Sales of products to commercial customers:**
  - i. for which the Group has distribution rights, principally related to industrial maintenance and industrial safety; and
  - ii. produced or purchased by the Group including fertilisers, chemicals, speciality gases, LPG and LNG.
- **Services revenue:** includes revenue received from services provided to customers, such as clinical treatments, franchise services, marketing and brand support. Revenue is recognised as the performance obligations are satisfied.

The Group's contracts with customers for the sale of retail goods generally incorporate a single performance obligation. Cash payment is generally received at the point of sale. Revenue from lay-by transactions is recognised on the date when the customer completes payment and takes possession of the merchandise. Any cash received in advance of the completion of the performance obligation is recognised on the balance sheet as a contract liability.

Where satisfaction of a performance obligation is completed over time, revenue is recognised in line with the progress towards complete satisfaction of the performance obligation.

A right of return is not a separate performance obligation and the Group recognises revenue net of estimated returns. A refund liability and a corresponding asset in inventory representing the right to recover the returned products from the customer is also recognised.

Other revenue

Interest revenue

Revenue is recognised as the interest accrues on the related financial asset. Interest is determined using the effective interest rate method, which applies the interest rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument.

Dividend revenue

Revenue from dividends, other than those arising from associates, is recognised when the Group's right to receive the payment is established.

Key estimate: gift cards

Revenue from the sale of gift cards is recognised when the card is redeemed and the customer purchases goods by using the card, or when the gift card is no longer expected to be redeemed (breakage). At 30 June 2022, $155 million of revenue is deferred in relation to gift cards (2021: $128 million). Gift card liabilities are contract liabilities as payment has been received for a performance obligation to be completed at a future point in time.

The key assumption in measuring the contract liability for gift cards and vouchers is the expected breakage, which is reviewed annually based on historical information. Any reassessment of expected breakage in a particular year impacts on the revenue recognised from expiry of gift cards and vouchers (either increasing or decreasing). Any reasonably possible change in the estimate is unlikely to have a material impact.

Key judgements: loyalty programs

The Group is a participant in the Flybuys loyalty program whereby eligible customers are granted loyalty points based on the dollars they spend. The Group is an agent in this arrangement as the nature of the loyalty program is that Flybuys is responsible for supplying the awards to the customer and as such the Group's role is only to arrange for Flybuys to provide the goods or services.

The Group operates a loyalty points program, Priceline Sister Club, whereby eligible customers are granted loyalty points based on the dollars they spend. The points can then be redeemed for products, subject to a minimum number of points being obtained. Consideration received on transactions where points are issued is allocated between the products sold and the points issued. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

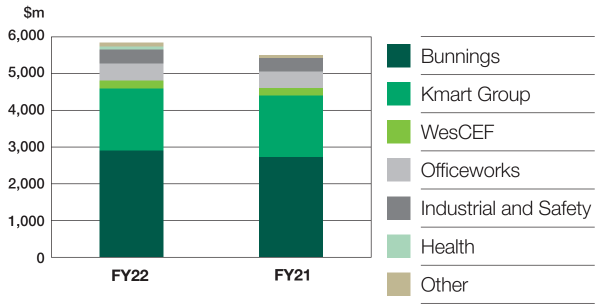
Notes to the financial statements: Group performance

For the year ended 30 June 2022

2. EXPENSES

	Consolidated	
	2022 $m	2021 $m
Remuneration, bonuses and on-costs	**5,351**	5,084
Superannuation expense	**403**	355
Share-based payments expense	**86**	61
Employee benefits expense	**5,840**	5,500
Short-term and low-value lease payments	**28**	28
Contingent rental payments	**30**	37
Outgoings and other	**384**	396
Occupancy-related expenses	**442**	461
Depreciation	**397**	393
Depreciation of right-of-use assets	**1,020**	972
Amortisation of intangibles	**85**	69
Amortisation of leasehold improvements	**73**	75
Depreciation and amortisation	**1,575**	1,509
Impairment of plant, equipment and other assets	**17**	16
Impairment of goodwill and intangible assets	**-**	12
Impairment of right-of-use assets	**4**	26
Impairment of trade and other receivables	**12**	16
Impairment expenses	**33**	70
Repairs and maintenance	**268**	247
Utilities and office expenses	**546**	510
Insurance expenses	**34**	47
Merchant fees	**140**	132
Other	**561**	521
Other expenses	**1,549**	1,457
Interest on interest-bearing loans and borrowings, net of borrowing costs capitalised	**72**	90
Discount rate adjustment	**2**	2
Amortisation of debt establishment costs	**5**	8
Other finance-related costs	**17**	18
Other finance costs	**96**	118

Employee benefits expense by segment



RECOGNITION AND MEASUREMENT

Employee benefits expense

The Group's accounting policy for liabilities associated with employee benefits is set out in note 12. The policy relating to share-based payments is set out in note 33.

The majority of employees in Australia and New Zealand are party to a defined contribution superannuation scheme and receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. The Group also operates a defined benefit superannuation scheme, the membership of which is now closed.

Depreciation and amortisation

Refer to notes 8, 9 and 11 for details on depreciation and amortisation.

Impairment

Refer to note 5 for details on the impairment of trade and other receivables, including a reconciliation of the allowance for credit losses, and note 20 for further details on impairment of non-financial assets.

Other finance costs

Other finance costs are recognised as an expense when they are incurred, except for interest charges attributable to major projects with substantial development and construction phases.

Provisions and other payables are discounted to their present value when the effect of the time value of money is significant. The impact of the unwinding of these discounts and any changes to the discounting is shown as a discount rate adjustment in finance costs.

Capitalisation of borrowing costs

To determine the amount of borrowing costs to be capitalised as part of the costs of major construction projects, the Group uses the weighted average interest rate applicable to its outstanding borrowings, including lease liabilities, during the year. For FY2022, the weighted average interest rate applicable was 3.13 per cent and $34 million of interest was capitalised to mine properties for the Mt Holland lithium project.

Notes to the financial statements: Group performance

For the year ended 30 June 2022

3. TAX EXPENSE

	Consolidated	
The major components of tax expense are:	**2022 $m**	2021 $m
Income statement		
Current income tax expense		
Current year (paid or payable)	**857**	996
Adjustment for prior years	**29**	(21)
Deferred income tax expense		
Temporary differences	**94**	9
Adjustment for prior years	**(12)**	9
Income tax expense reported in the income statement	**968**	993
Statement of changes in equity		
Net gain on revaluing cash flow hedges	**40**	38
Net gain/(loss) on revaluing financial assets	**13**	(1)
Income tax reported in equity	**53**	37
Tax reconciliation		
Profit before tax	**3,320**	3,373
Income tax rate at the statutory rate of 30%	**996**	1,012
Adjustments relating to prior years	**17**	(12)
Non-deductible items	**5**	10
Share of results of associates and joint ventures	**3**	5
Non-assessable dividends	**(16)**	(12)
Utilisation of previously unrecognised tax losses	**(25)**	-
Other	**(12)**	(10)
Income tax on profit before tax	**968**	993
Deferred income tax in the balance sheet relates to the following:		
Provisions	**103**	239
Employee benefits	**330**	293
Accruals and other payables	**110**	76
Interest-bearing loans and borrowings	**115**	146
Leases	**322**	225
Derivatives	**10**	14
Inventories	**60**	57
Property, plant and equipment	**229**	165
Other individually insignificant balances	**54**	66
Deferred tax assets	**1,333**	1,281
Accelerated depreciation for tax purposes	**208**	172
Derivatives	**138**	130
Accrued income and other	**240**	237
Intangible assets	**37**	14
Other individually insignificant balances	**138**	115
Deferred tax liabilities	**761**	668
Net deferred tax asset	**572**	613
Deferred income tax in the income statement relates to the following:		
Provisions, employee benefits and leases	**20**	(15)
Depreciation, amortisation and impairment	**3**	20
Investments in associates and joint ventures	**40**	26
Other individually insignificant balances	**19**	(13)
Deferred tax expense	**82**	18

RECOGNITION AND MEASUREMENT

Current taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to taxation authorities at the tax rates and tax laws enacted or substantively enacted by the balance sheet date.

Deferred taxes

Deferred income tax is provided using the full liability balance sheet method. Deferred income tax assets are recognised for all deductible temporary differences, carried forward unused tax assets and unused tax losses, to the extent it is probable that future taxable profits will be available to utilise them.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax is provided on temporary differences at the balance sheet date between accounting carrying amounts and the tax bases of assets and liabilities, other than for the following:

- Where they arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- Where taxable temporary differences relate to investments in subsidiaries, associates and interests in joint ventures:
  i. Deferred tax liabilities are not recognised if the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
  ii. Deferred tax assets are not recognised if it is not probable that the temporary differences will reverse in the foreseeable future and future taxable profits will not be available to utilise the temporary differences.

Deferred tax liabilities are also not recognised on recognition of goodwill or brand assets given the Group's intended approach to realisation.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Offsetting deferred tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Key judgement: unrecognised deferred tax assets

Capital losses: The Group has unrecognised benefits relating to carried forward capital losses, which can only be offset against eligible capital gains. The Group has determined that at this stage future eligible capital gains to utilise the tax assets are not currently sufficiently probable. The unrecognised deferred tax assets of $10 million (2021: $34 million) relate wholly to capital losses in Australia.

Key judgement: unrecognised deferred tax liability

A deferred tax liability has not been recognised on indefinite life intangibles for which the carrying value has been assessed as recoverable through sale, consistent with the Group's practice and strategy to maximise shareholder returns through value-adding transactions.

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

4. CASH AND CASH EQUIVALENTS

	Consolidated	
	2022 $m	2021 $m
For the purposes of the cash flow statement, cash and cash equivalents comprise the following:		
Cash held in joint operation	**188**	50
Cash on hand and in transit	**238**	228
Cash at bank and on deposit	**279**	2,745
	705	3,023
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	**2,352**	2,380
Adjusted for		
Depreciation and amortisation	**1,575**	1,509
Impairment of assets	**33**	70
Net (gain)/loss on disposal of non-current assets including investments and associates	**(53)**	38
Share of net profits of associates and joint ventures	**(173)**	(103)
Dividends and distributions received from associates	**48**	51
Loss on disposal of business	**-**	2
Discount adjustment in borrowing costs	**2**	2
Amortisation of debt establishment costs	**5**	8
Other	**13**	(6)
(Increase)/decrease in assets		
Trade and other receivables	**(212)**	(226)
Inventories	**(1,183)**	(665)
Prepayments	**(60)**	(18)
Deferred tax assets	**29**	21
Other assets	**(10)**	(4)
Increase/(decrease) in liabilities		
Trade and other payables	**322**	214
Current tax payable	**(360)**	(43)
Provisions	**(68)**	115
Other liabilities	**41**	38
Net cash flows from operating activities	**2,301**	3,383

RECOGNITION AND MEASUREMENT

Cash at bank and on deposit

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand, and short-term deposits with an original maturity of three months or less and are classified as financial assets held at amortised cost.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates.

Cash at bank and on deposit is held with banks and financial institutions with investment grade credit ratings. Refer to note 18(D) for credit risk disclosures.

Cash held in joint operation

Cash held in joint operation is only available for use within the joint operation.

4. CASH AND CASH EQUIVALENTS (CONTINUED)

	Consolidated	
	2022 $m	2021 $m
Cash capital expenditure		
Payments for property	**97**	194
Payments for plant and equipment	**531**	503
Payments for intangibles	**174**	146
Payments for mineral exploration	**4**	22
Payments for mine properties	**338**	31
	1,144	896
Proceeds from sale of property, plant, equipment and intangibles	**(260)**	(264)
Net cash capital expenditure	**884**	632

Cash capital expenditure by segment for FY2022

	$m	%
Bunnings	349	30.5
Kmart Group	150	13.1
WesCEF	455	39.8
Officeworks	68	5.9
Industrial and Safety	64	5.6
Health	3	0.3
Other	55	4.8

5. RECEIVABLES

	Consolidated	
	2022 $m	2021 $m
Trade and other		
Trade receivables	**1,938**	1,070
Allowance for credit losses	**(55)**	(33)
Other debtors	**211**	210
	2,094	1,247
Allowance for credit losses		
Movements in the allowance account for expected credit losses were as follows:		
Carrying amount at beginning of year	**33**	23
Allowance for credit losses recognised	**17**	19
Acquisition of controlled entities	**16**	-
Write-offs	**(6)**	(6)
Unused allowance for credit losses reversed	**(5)**	(3)
Carrying amount at the end of the year	**55**	33

RECOGNITION AND MEASUREMENT

Trade receivables and other debtors are all classified as financial assets held at amortised cost on the basis they are held with the objective of collecting contractual cash flows and the cash flows relate to payments of principal and interest on the principal amount outstanding.

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

5. RECEIVABLES (CONTINUED)

Trade receivables

Trade receivables generally have terms of up to 30 days, extending up to 120 days in relation to the Health segment. They are recognised initially in accordance with the Group's revenue policy and subsequently measured at amortised cost using the effective interest method, less an allowance for credit losses. Refer to note 18(D) for a description of the application of the simplified approach to determine lifetime expected credit loss (ECL) on trade receivables and details of the Group's credit risk exposure.

Other debtors

These amounts generally arise from transactions with the Group's suppliers. It is expected that other debtors' balances will be received when due.

Key estimate: recoverability of trade and other receivables

Management judgement is applied in assessing the recoverability of trade and other receivables on an ongoing basis. Recoverability of specific debtors is assessed with reference to the debtor's ability to repay, which includes:

- The anticipated liquidity of the debtor;
- The estimated value of security held by the Group over the debtor's property and assets;
- The estimated value of other security held, including retention of title of the inventory; and
- The ranking of the Group's debt compared to other creditors of the debtor.

The Group's exposure to potential bad debts is not significant and default rates have historically been very low. Trade receivables are written off when there is no reasonable expectation of recovery, which may be indicated by the debtor failing to engage in a payment plan or failing to make timely contractual payments. Reasonably possible changes in these estimates are unlikely to have a material impact on the trade and other receivables balance.

Refer to note 18(D) for further information on the Group's ECL matrix.

6. INVENTORIES

	Consolidated	
	2022	2021
	\$m	\$m
Raw materials	**28**	28
Finished goods	**6,047**	4,465
Right-of-return assets	**9**	9
	6,084	4,502

Inventories recognised as an expense for the year ended 30 June 2022 totalled \$24,222 million (2021: \$21,731 million).

RECOGNITION AND MEASUREMENT

Inventories are valued at the lower of cost and net realisable value. The net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell.

6. INVENTORIES (CONTINUED)

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials:** purchase cost on a weighted average basis.
- **Manufactured finished goods and work in progress:** cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.
- **Retail and wholesale finished goods:** purchase cost on a weighted average basis, after deducting any settlement discounts and supplier rebates, and including logistics expenses incurred in bringing the inventories to their present location and condition.

Volume-related supplier rebates, and supplier promotional rebates where they exceed spend on promotional activities, are accounted for as a reduction in the cost of inventory and recognised in the income statement when the inventory is sold.

Key estimate: net realisable value

The key assumptions, which require the use of management judgement, are the variables affecting costs recognised in bringing the inventory to their location and condition for sale, estimated costs to sell and the expected selling price. These key assumptions are reviewed at least annually. The total net expense relating to inventory writedowns during the year was \$20 million (2021: \$36 million). Any reasonably possible change in the estimate is unlikely to have a material impact.

Key estimate: supplier rebates

The recognition of certain supplier rebates in the income statement requires management to estimate both the volume of purchases that will be made during a period of time and the related product that was sold and remains in inventory at the reporting date. Management's estimates are based on existing and forecast inventory turnover levels and sales. Reasonably possible changes in these estimates are unlikely to have a material impact.

7. OTHER FINANCIAL ASSETS

	Consolidated	
	2022	2021
	\$m	\$m
Financial assets measured at FVOCI	**675**	1,124
Other	**2**	-
	677	1,124

The carrying value of the Group's 2.8 per cent (2021: 4.9 per cent) interest in Coles at 30 June 2022 was \$662 million (2021: \$1,117 million). Dividends received from Coles for the year ended 30 June 2022 totalled \$40 million (2021: \$40 million).

RECOGNITION AND MEASUREMENT

The Group's other financial assets primarily comprise equity instruments measured at fair value through other comprehensive income (FVOCI). Fair value gains and losses are presented in other comprehensive income and there is no subsequent reclassification of fair value gains and losses to profit and loss on the derecognition. Dividends are recognised in profit or loss as other revenue when the Group's right to payment is established.

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

8. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Land $m	Buildings $m	Leasehold improvements $m	Plant, vehicles and equipment $m	Total $m
Year ended 30 June 2022					
Gross carrying amount - at cost	321	489	934	7,368	9,112
Accumulated depreciation and impairment	-	(192)	(540)	(4,759)	(5,491)
Net carrying amount	321	297	394	2,609	3,621
Movement					
Net carrying amount at beginning of year	369	324	377	2,426	3,496
Additions	37	60	86	438	621
Disposals and write-offs	(87)	(93)	(1)	(1)	(182)
Impairment	-	-	(9)	(8)	(17)
Depreciation and amortisation	-	(15)	(73)	(382)	(470)
Acquisition of controlled entities	4	3	15	105	127
Transfers	-	18	-	35	53
Other including foreign exchange movements	(2)	-	(1)	(4)	(7)
Net carrying amount at the end of the year	321	297	394	2,609	3,621
Assets under construction included above:	-	46	17	334	397
Year ended 30 June 2021					
Gross carrying amount - at cost	369	506	870	6,985	8,730
Accumulated depreciation and impairment	-	(182)	(493)	(4,559)	(5,234)
Net carrying amount	369	324	377	2,426	3,496
Movement					
Net carrying amount at beginning of year	392	404	409	2,418	3,623
Additions	42	153	62	452	709
Disposals and write-offs	(65)	(219)	(19)	(18)	(321)
Impairment	-	-	-	(16)	(16)
Depreciation and amortisation	-	(19)	(75)	(374)	(468)
Acquisition of controlled entities	-	-	-	1	1
Transfers	-	5	-	(36)	(31)
Other including foreign exchange movements	-	-	-	(1)	(1)
Net carrying amount at the end of the year	369	324	377	2,426	3,496
Assets under construction included above:	-	120	40	258	418

RECOGNITION AND MEASUREMENT

The carrying value of property, plant and equipment is measured as the cost of the asset, less accumulated depreciation and impairment. The cost of the asset also includes the cost of replacing parts that are eligible for capitalisation, and the cost of major inspections.

Depreciation and amortisation

Items of property, plant and equipment are depreciated on a straight-line basis over their useful lives. The estimated useful life of buildings is between 20 and 40 years and plant, vehicles and equipment is between three and 40 years. Land is not depreciated.

Leasehold improvements are amortised over the period of the lease or the anticipated useful life of the improvements, whichever is shorter.

Impairment

Refer to note 20 for details on impairment testing.

Derecognition

An item of property, plant and equipment is derecognised when it is sold or otherwise disposed of, or when its use is expected to bring no future economic benefits. Any gain or loss from derecognising the asset (the difference between the proceeds of disposal and the carrying amount of the asset) is included in the income statement in the period the item is derecognised.

Key estimates: property, plant and equipment

The estimations of useful lives, residual value and amortisation methods require management judgement and are reviewed annually. If they need to be modified, the change is accounted for prospectively from the date of reassessment until the end of the revised useful life (for both the current and future years). Such revisions are generally required when there are changes in economic circumstances impacting specific assets or groups of assets, such as changes in store performance or changes in the long-term commodity price forecasts. These changes are limited to specific assets and as such, any reasonably possible change in the estimate is unlikely to have a material impact on the estimations of useful lives, residual value or amortisation methods.

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

9. GOODWILL AND INTANGIBLE ASSETS

Consolidated	Goodwill $m	Brand $m	Contractual and non-contractual relationships[1] $m	Software $m	Total $m
Year ended 30 June 2022					
Gross carrying amount - at cost	**3,785**	**1,334**	**131**	**896**	**6,146**
Accumulated amortisation and impairment	**(494)**	**(497)**	**(47)**	**(457)**	**(1,495)**
Net carrying amount	**3,291**	**837**	**84**	**439**	**4,651**
Movement					
Net carrying amount at beginning of year	**2,967**	**617**	**29**	**289**	**3,902**
Additions	**-**	**1**	**-**	**195**	**196**
Disposals and write-offs	**-**	**-**	**-**	**(3)**	**(3)**
Amortisation	**-**	**(1)**	**(10)**	**(74)**	**(85)**
Acquisition of controlled entities	**324**	**220**	**65**	**32**	**641**
Other including foreign exchange movements	**-**	**-**	**-**	**-**	**-**
Net carrying amount at the end of the year	**3,291**	**837**	**84**	**439**	**4,651**
Year ended 30 June 2021					
Gross carrying amount - at cost	3,461	1,113	66	609	5,249
Accumulated depreciation and impairment	(494)	(496)	(37)	(320)	(1,347)
Net carrying amount	2,967	617	29	289	3,902
Movement					
Net carrying amount at beginning of year	2,966	618	42	188	3,814
Additions	-	-	-	144	144
Impairment	-	-	-	(12)	(12)
Amortisation	-	(1)	(8)	(60)	(69)
Acquisition of controlled entities	1	-	-	-	1
Transfers	-	-	(5)	29	24
Other including foreign exchange movements	-	-	-	-	-
Net carrying amount at the end of the year	2,967	617	29	289	3,902

[1] Contractual and non-contractual relationships are intangible assets that have arisen through business combinations. They represent the value of pre-existing customer relationships in the acquired company.

RECOGNITION AND MEASUREMENT

Goodwill

Goodwill acquired in a business combination is initially measured at cost. Cost is measured as the cost of the business combination minus the net fair value of the acquired and identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Refer to note 20 for further details on impairment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less amortisation and any impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over their useful lives and tested for impairment whenever there is an indication that they may be impaired.

The amortisation period and method is reviewed at each financial year-end. Intangible assets with indefinite useful lives are tested for impairment in the same way as goodwill. Refer to note 20 for further details on impairment.

A summary of the useful lives of intangible assets is as follows:

Intangible asset	***Useful life***
Brand[1]	Indefinite and finite (up to 20 years)
Contractual and non-contractual relationships	Finite (up to 15 years)
Software	Finite (up to 10 years)

[1] Includes trade names and other intangible assets with characteristics of a brand.

Assets with an assumed indefinite useful life are reviewed at each reporting period to determine whether this assumption continues to be appropriate. If not, it is changed to a finite life and accounted for prospectively as a change in accounting estimate.

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

9. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

	Consolidated	
	2022	2021
	$m	$m
Allocation of goodwill to groups of cash generating units		
Carrying amount of goodwill		
Bunnings	**876**	876
Kmart Group	**856**	856
WesCEF	**2**	2
Officeworks	**816**	816
Industrial and Safety	**421**	417
Health	**320**	-
	3,291	2,967
Allocation of indefinite life intangible assets to groups of cash generating units		
Carrying amount of intangibles		
Bunnings	**14**	1
Kmart Group	**433**	434
Officeworks	**160**	160
Industrial and Safety	**22**	22
Health	**207**	-
Other	**1**	-
	837	617

Key judgement: useful lives of intangible assets

Certain brands have been assessed as having indefinite lives on the basis of strong brand strength, ongoing expected profitability and continuing support. The brand incorporates complementary assets such as store formats, networks and product offerings.

Key judgement: capitalisation of software costs

Configuration and customisation costs incurred in a Software-as-a-Service (SaaS) arrangement, that is a service agreement, are recognised as an operating expense. The exception is where the Group has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits. Under this scenario, an intangible asset that the Group controls is created and therefore capitalised.

10. MINE PROPERTIES

	Consolidated	
	2022	2021
	$m	$m
Mine under construction - at cost	**1,150**	865
	1,150	865
Movement		
Net carrying amount at beginning of year	**865**	-
Transfers from mineral rights	**-**	834
Transfers to property, plant and equipment	**(53)**	-
Additions[1]	**338**	31
Net carrying amount at the end of the year	**1,150**	865

[1] The 2022 additions includes the capitalisation of $34 million of borrowing costs (2021: nil).

RECOGNITION AND MEASUREMENT

Mine properties

The Group capitalises all development expenditure associated with the Mt Holland lithium project (the Project) to mine under construction, which is a subcategory of mine properties, following the reclassification of the Project from mineral rights in FY2021.

The carrying value of the mine under construction is measured at cost. The cost comprises the transferred value of mineral rights (exploration and evaluation expenditure) and subsequent construction costs, any costs directly attributable to bringing the asset into operation, the initial estimate of the rehabilitation obligation, and, for qualifying assets, borrowing costs. Refer to note 2 for further details on the capitalisation of borrowing costs.

The mine under construction is not depreciated until the construction is completed and the assets are available for their intended use.

Refer to note 20 for details on impairment testing.

Key judgement: classification of mine properties

Determining when the Project moves into the production phase requires the use of management judgement, which considers the following factors:

- The level of capital expenditure incurred to date compared with the original construction cost estimates;
- The majority of assets making up the Project are substantially complete and ready for use;
- The completion of a reasonable period of testing of the mine, plant and equipment has occurred;
- The ability to produce mineral resources in a saleable form (within specifications) has been demonstrated; and
- The ability to sustain ongoing production of mineral resources has been demonstrated.

When it is determined that the assets are substantially complete and ready for their intended use, related capital expenditure will cease being classified as mine under construction and depreciation will commence from the date of the reclassification.

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

11. LEASES

Group as a lessee

The Group has leases primarily in relation to retail and distribution properties, in addition to offices, motor vehicles and office equipment. The lease terms vary significantly and can include escalation clauses, renewal or purchase options and termination rights. Escalation clauses vary between fixed rate, inflation-linked, market rent and combination reviews. Changes to rental terms linked to inflation or market rent reviews typically occur on an annual or five-yearly basis.

Set out below are the carrying amounts of the right-of-use assets and the movements during the year.

	Right-of-use assets			
Consolidated	Land $m	Buildings $m	Vehicles and other $m	Total $m
Year ended 30 June 2022				
Gross carrying amount - at cost	**87**	**8,804**	**62**	**8,953**
Accumulated depreciation and impairment	**(15)**	**(2,908)**	**(16)**	**(2,939)**
Net carrying amount	**72**	**5,896**	**46**	**6,014**
Movement				
Net carrying amount at the beginning of the year	**48**	**5,949**	**38**	**6,035**
Net additions[1]	**30**	**756**	**12**	**798**
Impairment, net of reversals	**-**	**(4)**	**-**	**(4)**
Depreciation	**(6)**	**(1,008)**	**(6)**	**(1,020)**
Acquisition of controlled entities	**-**	**216**	**2**	**218**
Other including foreign exchange movements	**-**	**(13)**	**-**	**(13)**
Net carrying amount at the end of the year	**72**	**5,896**	**46**	**6,014**
Year ended 30 June 2021				
Gross carrying amount - at cost	57	7,916	49	8,022
Accumulated depreciation and impairment	(9)	(1,967)	(11)	(1,987)
Net carrying amount	48	5,949	38	6,035
Movement				
Net carrying amount at the beginning of the year	42	6,147	23	6,212
Net additions[1]	10	791	23	824
Impairment, net of reversals	-	(26)	-	(26)
Depreciation	(4)	(960)	(8)	(972)
Other including foreign exchange movements	-	(3)	-	(3)
Net carrying amount at the end of the year	48	5,949	38	6,035

[1] Includes new leases, reassessments and remeasurements, net of terminated leases.

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

11. LEASES (CONTINUED)

Set out below are the carrying amounts of the lease liabilities and the movements during the year.

	Consolidated	
	2022 **$m**	2021 $m
Current	**1,100**	969
Non-current	**6,023**	6,136
Total lease liabilities	**7,123**	7,105
Movement		
Net carrying amount at the beginning of the year	**7,105**	7,242
Net additions[1]	**818**	852
Accretion of interest	**217**	226
Lease payments	**(1,246)**	(1,212)
Acquisition of controlled entities	**244**	-
Other including foreign exchange movements	**(15)**	(3)
Net carrying amount at the end of the year	**7,123**	7,105

[1] Includes new leases, reassessments and remeasurements, net of terminated leases.

The maturity profile of the Group's lease liabilities based on contractual undiscounted payments is provided in note 18(B).

The Group has a number of lease contracts that include extension options. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised. Further details on this key judgement are provided on the following page.

Lease extension options are available in respect of 76 per cent (2021: 82 per cent) of the Group's land and building leases. The number and extent of available lease extension options differs considerably between leases. Where the Group has deemed the exercise of available option periods to be reasonably certain, those option periods have been included in the lease term and are therefore incorporated in the recorded lease liability of $7,123 million (2021: $7,105 million). A number of available option periods, which are exercisable at the discretion of the Group as lessee, have not been included in the recorded lease liability on the basis that they are not reasonably certain to be exercised, and do not represent liabilities of the Group at 30 June 2022.

The following are the lease-related amounts recognised in the income statement.

	Consolidated	
	2022 **$m**	2021 $m
Depreciation of right-of-use assets	**1,020**	972
Interest on lease liabilities	**217**	226
Included in occupancy-related expenses:		
Short-term and low-value lease payments	**28**	28
Contingent rental payments	**30**	37
Outgoings and other	**384**	396
Total amount recognised in the income statement	**1,679**	1,659

RECOGNITION AND MEASUREMENT

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful lives of the right-of-use land and building assets are between one and 42 years and right-of-use vehicles and other assets are between one and 20 years. The right-of-use assets are also subject to impairment, assessed in accordance with the Group's impairment policy.

Lease liabilities

Lease liabilities are recognised by the Group at the commencement date of the lease. Lease liabilities are measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

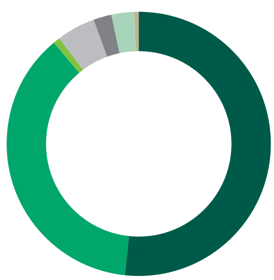
In calculating the present value of lease payments, the Group uses its incremental borrowing rate (IBR) at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liability is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

Short-term leases and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases, which are defined as those leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Lease liabilities by segment

as at 30 June 2022



	$m	%
Bunnings	3,692	51.8
Kmart Group	2,642	37.1
WesCEF	61	0.9
Officeworks	345	4.8
Industrial and Safety	157	2.2
Health	199	2.8
Other	27	0.4

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

11. LEASES (CONTINUED)

Key judgements and estimates: leases

Lease term

The lease term is considered to be a key judgement. At lease commencement, Wesfarmers considers an option to extend a lease to be reasonably certain when there is a clear economic incentive for extension, such as:

- favourable contractual terms and conditions in the option period compared to market rates;
- leasehold improvements have recently been undertaken and are likely to have significant residual value at the end of the current lease period;
- significant termination costs exist; or
- the underlying asset is important to the Group's operations.

After lease commencement, options to extend are reassessed upon the occurrence of a significant event or change in circumstance.

Discount rate

The discount rates applied in measuring the lease liability are a key estimate area. As at 30 June 2022, the rates were between 0.8 and 5.0 per cent (2021: 1.0 and 3.7 per cent) for the Group's land and buildings leases. On commencement of a lease, the future lease payments are discounted using the IBR where the interest rate implicit in the lease is not readily available. The lessee's IBR reflects the Group's IBR adjusted for lease tenure and the currency of the lease. Where there is a lease modification, a revised discount rate is applied in remeasuring the lease liability.

Stand-alone price of lease and non-lease components

As applicable, the calculated lease liability excludes an estimate of the gross lease payments allocated to non-lease components. This estimate is determined on a lease-by-lease basis on inception of the lease.

In determining the stand-alone price of the lease and non-lease components, consideration is given to benchmark property outgoings and historical information of the Group's lease portfolio.

12. PROVISIONS

	Consolidated	
	2022	2021
	$m	$m
Current		
Employee benefits	**900**	889
Self-insured risks	**126**	151
Restructuring and make good	**48**	56
Other	**80**	56
	1,154	1,152
Non-current		
Employee benefits	**110**	105
Self-insured risks	**109**	118
Restructuring and make good	**154**	148
Other	**1**	3
	374	374
Total provisions	**1,528**	1,526

RECOGNITION AND MEASUREMENT

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that resources will be expended to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Key estimate: discounting

Provisions, other than employee benefits, are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability to the extent they are not included in the cash flows.

Employee benefits provision balances are calculated using discount rates derived from the high-quality corporate bond (HQCB) market in Australia provided by Milliman Australia.

Employee benefits provisions have been calculated using discount rates of between 3.6 and 5.3 per cent (2021: between 0.2 and 2.8 per cent).

Notes to the financial statements: Group balance sheet

For the year ended 30 June 2022

12. PROVISIONS (CONTINUED)

Employee benefits

The provision for employee benefits represents annual leave, long service leave entitlements and incentives accrued by employees.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits expected to be settled within 12 months of the reporting date, are recognised in provisions and other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Annual leave and long service leave

The liability for annual leave and long service leave is recognised in the provision for employee benefits. The obligation is measured using the projected unit credit method. Expected future payments are discounted using market yields at the reporting date on HQCB with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Key estimate: long service leave

Management judgement is required in determining the following key assumptions used in the calculation of long service leave at the balance sheet date:

- future increases in salaries and wages;
- future on-cost rates; and
- future probability of employee departures and period of service.

The total long service leave liability is $422 million (2021: $390 million). Given the magnitude of the liability and the nature of the key assumptions, any reasonably possible change in one or a combination of the assumptions is unlikely to have a material impact.

Self-insured risks

The Group is self-insured for workers' compensation and general liability claims. Provisions are recognised based on claims reported, and an estimate of claims incurred but not reported. These provisions are determined on a discounted basis, using an actuary valuation performed at each reporting date.

Key estimate: self-insured risks

The self-insured risk liability is based on a number of management estimates including, but not limited to:

- future inflation;
- investment return;
- average claim size;
- claim development; and
- claim administration expenses.

These assumptions are reviewed periodically and any reassessment of these assumptions will affect workers' compensation or claims expense (either increasing or decreasing the expense). Any reasonable change in these assumptions will not have a significant impact on the Group.

Make good

The Group recognises the present value of the estimated costs that may be incurred in restoring leased premises to their original condition at the end of the respective lease terms as a provision for make good. The costs are recognised as the obligation is incurred either at commencement of the lease or as a consequence of using the asset and are included in the cost of the right-of-use assets. This estimate is reviewed at each reporting date and adjusted for any known changes in the initial cost estimate.

Restructuring

Provisions for restructuring are recognised where steps have been taken to implement a detailed plan, including discussions with those impacted by it and relate principally to:

- the closure of retail outlets or distribution centres;
- restructuring; and
- associated redundancies.

Consolidated	Employee benefits $m	Self-insured risks $m	Restructuring and make good $m	Other $m	Total $m
Carrying amount at 1 July 2021	**994**	**269**	**204**	**59**	**1,526**
Net provisions arising during the year	**565**	**19**	**13**	**30**	**627**
Utilised	**(591)**	**(53)**	**(23)**	**(38)**	**(705)**
Acquisition of controlled entities	**42**	**-**	**8**	**30**	**80**
Carrying amount at 30 June 2022	**1,010**	**235**	**202**	**81**	**1,528**
Carrying amount at 1 July 2020	820	265	249	90	1,424
Net provisions arising during the year	618	65	4	48	735
Utilised	(444)	(61)	(49)	(79)	(633)
Carrying amount at 30 June 2021	994	269	204	59	1,526

Notes to the financial statements: Capital

For the year ended 30 June 2022

13. CAPITAL MANAGEMENT

The primary objective of Wesfarmers is to provide a satisfactory return to its shareholders. The Group aims to achieve this objective by:

- improving returns on invested capital relative to the cost of capital;
- ensuring a satisfactory return is made on any new capital invested; and
- returning capital to shareholders when appropriate.

Capital is defined as the combination of shareholders' equity, reserves and net debt. The Board is responsible for monitoring and approving the capital management framework within which management operates. The purpose of the framework is to safeguard the Group's ability to continue as a going concern while optimising its debt and equity structure to improve returns. Wesfarmers aims to maintain a capital structure that is consistent with a stable investment grade credit rating.

		Consolidated	
	Note	**2022 $m**	2021 $m
Equity and reserves			
Issued capital	15	**13,574**	15,826
Reserved shares	15	**(102)**	(102)
Retained earnings		**485**	60
Reserves	15	**(5,976)**	(6,069)
		7,981	9,715
Net debt - exclusive of lease liabilities			
Total interest-bearing loans and borrowings	17	**4,958**	3,022
Less:			
Cash and cash equivalents	4	**(705)**	(3,023)
		4,253	(1)
Total capital employed		**12,234**	9,714

The Group manages its capital through various means, including:

- adjusting the amount of dividends paid to shareholders;
- maintaining a dividend investment plan;
- raising or returning capital; and
- raising or repaying debt for working capital requirements, capital expenditure and acquisitions.

Wesfarmers regularly monitors its capital requirements using various benchmarks, with the main internal measures being free cash flow and debt to EBITDA. The principal external measures are the Group's credit ratings from Standard & Poor's and Moody's.

	Consolidated	
	2022 $m	2021 $m
Free cash flow		
Net cash flows from operating activities	**2,301**	3,383
Less:		
Capital expenditure	**(1,144)**	(896)
Net acquisition and disposals	**(307)**	(10)
Add:		
Proceeds from sale of property, plant and equipment and intangibles	**260**	264
Free cash flow	**1,110**	2,741
Debt to EBITDA[1]		
Total interest-bearing loans and borrowings	**4,958**	3,022
Total lease liabilities	**7,123**	7,105
Less:		
Cash and cash equivalents	**(705)**	(3,023)
Net financial debt (A)	**11,376**	7,104
Profit before income tax	**3,320**	3,373
Interest on lease liabilities	**217**	226
Other finance costs	**96**	118
Depreciation and amortisation	**1,575**	1,509
EBITDA (B)	**5,208**	5,226
Debt to EBITDA (times) (A/B)	**2.2**	1.4
Adjusted EBITDA[2] (C)	**5,208**	5,285
Debt to EBITDA (times) (A/C) (applying adjusted EBITDA)	**2.2**	1.3
Group credit ratings		
Standard & Poor's	**A-(stable)**	A-(stable)
Moody's	**A3(stable)**	A3(stable)

[1] The calculation of debt to EBITDA may differ from the metrics calculated by the credit rating agencies, which each have their own methodologies for adjustments.

[2] The FY2021 adjusted EBITDA excludes restructuring costs of $59 million in the Kmart Group.

Notes to the financial statements: Capital

For the year ended 30 June 2022

14. DIVIDENDS AND DISTRIBUTIONS

	Consolidated 2022 $m	2021 $m
Determined during the period (dividends fully-franked at 30 per cent)		
Interim dividend for 2022: $0.80 (2021: $0.88) per share	**907**	998
Final dividend for 2021: $0.90 (2020: $0.77) per share	**1,020**	873
Special dividend for 2020: $0.18[1] per share	**-**	204
Capital return for 2021: $2.00[2] per share	**2,268**	-
	4,195	2,075
Proposed and unrecognised as a liability (dividends fully-franked at 30 per cent)		
Final dividend for 2022: $1.00 (2021: $0.90) per share	**1,134**	1,020
Capital return for 2021: $2.00[2] per share	**-**	2,268
	1,134	3,288
Franking credit balance		
Franking credits available for future years at 30 per cent adjusted for debits and credits arising from the payment of income tax payable/(receivable) and from recognised dividends receivable or payable	**768**	619
Impact on the franking account of dividends proposed before the financial report was issued but not recognised as a distribution to equity holders during the year	**(486)**	(437)

[1] The fully-franked special dividend reflects the distribution of profits on the sale of the Group's 10.1 per cent interest in Coles during FY2020.

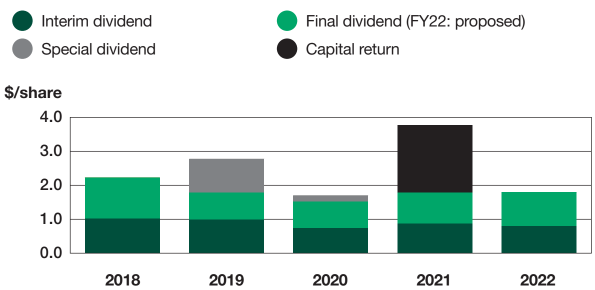
[2] On 2 December 2021, a capital return to shareholders of 200 cents per share was paid.

Wesfarmers' dividend policy considers availability of franking credits, current earnings and future cash flow requirements and targeted credit metrics.

The Group operates a dividend investment plan which allows eligible shareholders to elect to invest their dividends in ordinary shares. All holders of Wesfarmers ordinary shares with addresses in Australia or New Zealand are eligible to participate in this plan. The allocation price for shares is based on the average of the daily volume-weighted average price of Wesfarmers ordinary shares sold on the Australian Securities Exchange, calculated with reference to a pricing period as determined by the directors.

An issue of shares under the dividend investment plan results in an increase in issued capital unless the Group elects to purchase the required number of shares on-market.

Shareholder distributions



15. EQUITY AND RESERVES

The nature of the Group's contributed equity

Ordinary shares are fully paid and have no par value. They carry one vote per share and the right to dividends. They bear no special terms or conditions affecting income or capital entitlements of the shareholders and are classified as equity.

Reserved shares are ordinary shares that have been repurchased by the company and are being held for future use. They include employee reserved shares, which are shares issued to employees under the share loan plan. Once the share loan has been paid in full, they are converted to ordinary shares and issued to the employee.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. There are no shares authorised for issue that have not been issued at the reporting date.

Movement in shares on issue	Ordinary Shares '000	Ordinary Shares $m	Reserved Shares '000	Reserved Shares $m
At 1 July 2021	**1,133,840**	**15,826**	**(2,483)**	**(102)**
Exercise of in-substance options	**-**	**-**	**94**	**-**
KEEPP vested during the year	**-**	**-**	**345**	**-**
Issue of unquoted fully-paid ordinary shares for the purposes of KEEPP	**305**	**-**	**(305)**	**-**
Transfer from other reserves	**-**	**16**	**-**	**-**
Capital return	**-**	**(2,268)**	**-**	**-**
At 30 June 2022	**1,134,145**	**13,574**	**(2,349)**	**(102)**
At 1 July 2020	1,133,840	15,818	(2,535)	(89)
Exercise of in-substance options	-	-	120	-
Acquisition of shares-on-market for KEEPP	-	-	(215)	(10)
Acquisition of shares-on-market for Performance shares	-	-	(61)	(3)
KEEPP vested during the year	-	-	208	-
Transfer from other reserves	-	8	-	-
At 30 June 2021	1,133,840	15,826	(2,483)	(102)

Notes to the financial statements: Capital

For the year ended 30 June 2022

15. EQUITY AND RESERVES (CONTINUED)

	Consolidated 2022 $m	2021 $m	Nature and purpose
Capital reserve	**24**	24	The capital reserve is used to accumulate capital profits. The reserve can be used to pay dividends or issue bonus shares.
Cash flow hedge reserve	**106**	24	The hedging reserve is used to record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be in an effective hedge relationship. The change in cash flow hedge reserve for the year ended 30 June 2022 includes the after-tax net increase in the market value of cash flow hedges from 30 June 2021, and comprised $72 million (2021: $64 million) of foreign exchange rate contracts, $8 million (2021: $13 million) of cross-currency interest rate swaps, $(3) million (2021: $5 million) of commodity swaps and a $5 million (2021: $2 million) movement in associates and joint venture reserves.
Demerger reserve	**(5,860)**	(5,860)	The demerger reserve is used to recognise the gain on demerger of Coles and the demerger dividend.
Financial assets reserve	**48**	24	The financial assets reserve is used to record fair value changes on financial assets measured at fair value through other comprehensive income.
Foreign currency translation reserve	**34**	45	The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.
Leasing reserve	**(518)**	(518)	The leasing reserve is used to recognise the cumulative effect of applying AASB 16 Leases at the date of initial application.
Restructure tax reserve	**150**	150	The restructure tax reserve is used to record the recognition of tax losses arising from the equity restructuring of the Group under the 2001 Ownership Simplification Plan. These tax losses were generated on adoption by the Group of the tax consolidation regime.
Share-based payments reserve	**40**	42	The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.
Total reserves	**(5,976)**	(6,069)	

16. EARNINGS PER SHARE

	Consolidated 2022	2021
Profit attributable to ordinary equity holders of the parent ($m)	**2,352**	2,380
WANOS[1] used in the calculation of basic EPS (shares, million)[2]	**1,132**	1,131
WANOS[1] used in the calculation of diluted EPS (shares, million)[2]	**1,133**	1,132
- Basic EPS (cents per share)	**207.8**	210.4
- Diluted EPS (cents per share)	**207.6**	210.2

[1] Weighted average number of ordinary shares.

[2] The variance in the WANOS used in the calculation of the basic EPS and the diluted EPS is attributable to the dilutive effect of in-substance options and restricted shares.

There have been no transactions involving ordinary shares between the reporting date and the date of completion of these financial statements, apart from the normal conversion of employee-reserved shares (treated as in-substance options) to unrestricted ordinary shares.

Basic EPS

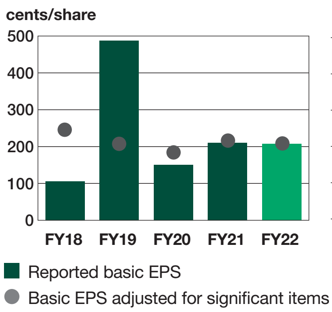
Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS

Diluted EPS is calculated as per basic earnings per share with an adjustment for the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares. Dilution arises as a result of the employee reserved shares issued under the employee share plan being accounted for as in-substance options and unvested restricted shares.

Basic earnings per share

207.8 cents



	Reported basic EPS	Adjusted basic EPS
FY22	**207.8**	**207.8**
FY21[1]	210.4	214.1
FY20[2]	150.0	183.4
FY19[3]	487.2	206.8
FY18[4]	105.8	245.1

[1] FY2021 EPS of 210.4 cents per share includes significant items relating to the restructure of the Kmart Group. Excluding these items, adjusted basic EPS is 214.1 cents per share.

[2] FY2020 EPS of 150.0 cents per share includes significant items relating to non-cash impairments, write-offs and provisions for the Kmart Group, the non-cash impairment of Industrial and Safety, the finalisation of tax positions on prior year disposals and the gain on sale of 10.1 per cent interest in Coles and subsequent revaluation of the retained interest. Excluding these items, adjusted basic EPS is 183.4 cents per share.

[3] FY2019 EPS of 487.2 cents per share includes significant items relating to the gains on disposal of Bengalla, Kmart Tyre and Auto Service and Quadrant Energy, the gain on demerger of Coles and the provision for Coles' supply chain automation. Excluding these items, adjusted basic EPS is 206.8 cents per share.

[4] FY2018 EPS of 105.8 cents per share includes significant items relating to non-cash impairments and write-offs and store closure provisions at BUKI, loss on disposal of BUKI and Target's non-cash impairment, offset by the gain on disposal of the Curragh Coal Mine. Excluding these items, adjusted basic EPS is 245.1 cents per share.

Notes to the financial statements: Capital

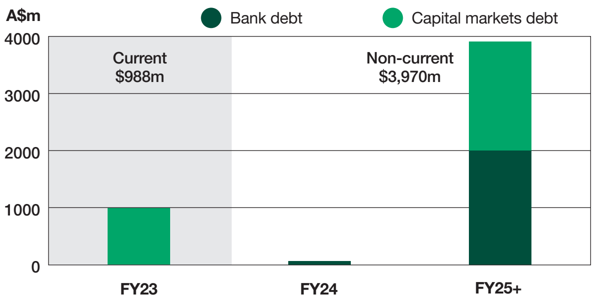
For the year ended 30 June 2022

17. INTEREST-BEARING LOANS AND BORROWINGS

	Consolidated	
	2022 $m	2021 $m
Current		
Unsecured		
Capital markets debt	**988**	950
	988	950
Non-current		
Unsecured		
Bank debt	**2,067**	48
Capital markets debt	**1,903**	2,024
	3,970	2,072
Total interest-bearing loans and borrowings	**4,958**	3,022

The illustration below provides details, including the principal repayment obligations, of all loans and borrowings on issue at 30 June 2022.

Outstanding loans and borrowings



Funding strategies

The Group's funding strategy is to maintain diversity of funding sources and a presence in key financing markets, maintain an appropriate average maturity, and balance exposures to fixed and floating rates.

In October 2021, EUR600 million (A$866 million) of bonds matured and were repaid from available cash balances.

Additionally, the Group issued EUR600 million (A$938 million) of 12-year sustainability-linked bonds in October 2021. The bonds were swapped to Australian dollars at a fixed interest rate of approximately 3.0 per cent per annum. The bonds have two sustainable performance targets (SPTs):

- SPT1: Wesfarmers' retail businesses (Bunnings, Kmart Group and Officeworks) to source 100 per cent of their electricity requirements from renewable sources by 31 December 2025.
- SPT2: WesCEF Nitric Acid Ammonium Nitrate production facility (NAAN Facility) to limit the average emission intensity to 0.25 tonne CO_2e per tonne of ammonium nitrate produced, or lower, during the SPT Measurement Period, which captures the emissions intensity for the 24 months to 31 December 2025.

If the SPTs are not met, there will be a maximum coupon step-up of 25 basis points (12.5 basis points per SPT), effective from the first interest payment date after the occurrence of the relevant trigger event until the maturity of the bonds. The SPTs will be measured and reported annually. The SPTs and coupon step-ups are consistent with the Australian dollar sustainability-linked bonds that were issued in June 2021.

Throughout the period, a number of bank bilateral agreements have been extended. The Group had unused financing facilities available at 30 June 2022 of $2,099 million (2021: $5,094 million).

RECOGNITION AND MEASUREMENT

Capital markets debt includes foreign and domestic corporate bonds. All loans and borrowings are initially recognised at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

The carrying values of liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

	Liabilities from financing activities			
Consolidated	**Borrowings due within one year $m**	**Borrowings due after one year $m**	**Assets held to hedge long-term borrowings $m**	**Total $m**
Net debt as at 1 July 2021	**950**	**2,072**	**(335)**	**2,687**
Cash inflows	**-**	**2,961**	**-**	**2,961**
Cash outflows	**(1,166)**	**-**	**-**	**(1,166)**
Transfers	**1,028**	**(1,035)**	**-**	**(7)**
Acquisition of controlled entities	**300**	**-**	**-**	**300**
Foreign exchange adjustments	**(126)**	**(25)**	**152**	**1**
Other non-cash movements	**2**	**(3)**	**(12)**	**(13)**
Net debt as at 30 June 2022	**988**	**3,970**	**(195)**	**4,763**
Net debt as at 1 July 2020	503	2,153	(386)	2,270
Cash inflows	-	1,000	-	1,000
Cash outflows	(500)	(71)	-	(571)
Transfers	981	(981)	-	-
Foreign exchange adjustments	(31)	(34)	65	-
Fair value changes, relating to hedged risk	(3)	-	3	-
Other non-cash movements	-	5	(17)	(12)
Net debt as at 30 June 2021	950	2,072	(335)	2,687

Notes to the financial statements: Risk

For the year ended 30 June 2022

18. FINANCIAL RISK MANAGEMENT

The Group holds financial instruments for the following purposes:

- **Financing:** to raise finance for the Group's operations or, in the case of short-term deposits, to invest surplus funds. The types of instruments used include bank loans, capital markets debt, cash and short-term deposits.
- **Operational:** the Group's activities generate financial instruments, including cash, trade receivables, trade payables and finance advances.
- **Risk management:** to reduce risks arising from the financial instruments described above, including forward exchange contracts and cross-currency interest rate swaps.

It is, and has been throughout the year, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The Group's holding of these financial instruments exposes it to risk. The Board reviews and agrees the Group's policies for managing each of these risks, which are summarised in the table below:

Risk	Exposure	Management
Liquidity risk (note 18(B))		
	The Group's exposure to liquidity risk arises through volatility of cash flows due to trading patterns or conditions, interruptions to cash flows due to technological incidents or banking system incidents, or interruptions to funding sources and markets. The Group's exposure also includes a risk that the Group may not be able to repay or refinance its interest-bearing loans and borrowings when due.	Liquidity risk is managed centrally by Group Treasury through detailed forecasting of the operating cash flows of the underlying businesses and maintenance of appropriate cash and bank facility arrangements to cover reasonably foreseeable events. The Group maintains diversity of funding sources and an appropriate average maturity. The Group aims to spread maturities to avoid excessive refinancing in any period. The Group also maintains investment grade credit ratings from Standard & Poor's and Moody's, which support its ability to raise additional debt in the capital markets when necessary.
Market risk (note 18(C))		
Foreign currency risk	The Group's primary currency exposure is to the US dollar and arises from sales or purchases by a division in currencies other than the division's functional currency. The Group is also exposed to the Euro through its capital markets debt. As a result of operations in New Zealand, the Group's balance sheet can also be affected by movements in the AUD/NZD exchange rate.	The objective of the Group's policy on foreign exchange hedging is to protect the Group from adverse currency fluctuations. Hedging is implemented for the following reasons: • protection of competitive position; and • greater certainty of earnings due to protection from sudden currency movements. The Group manages foreign exchange risk centrally by hedging material foreign exchange exposures for firm sales or purchases or when highly probable forecast transactions have been identified (including funding transactions). The Group aims to hedge its non-capital expenditure-related foreign currency purchases for which firm commitments or highly probable forecast transactions exist. The level of hedging is higher for near term forecast transactions than for longer term forecast transactions. The Group also aims to hedge 100 per cent of capital expenditure-related foreign currency purchases, above divisional defined limits, to match expected payment dates and these may extend beyond 12 months. The Group mitigates the effect of its translational currency exposure to its New Zealand operations by borrowing in New Zealand dollars.
Interest rate risk	The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations that have floating interest rates.	The Group maintains a balance of exposure to floating and fixed rate debt, and aims to spread debt renewals to avoid all renewals occurring in the same period. The Group may hedge borrowings to fixed or floating rates as appropriate to manage exposure levels. These swaps are designated to hedge interest costs associated with underlying debt obligations.

Notes to the financial statements: Risk

For the year ended 30 June 2022

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risk	Exposure	Management
Commodity price risk	The Group's exposure to commodity price risk is operational and arises from changes in the prices of inputs and inventory used by divisions, including where the division must reimburse a third party for costs incurred by that party (for example, fuel costs as part of transport services), which may negatively impact the Group's cash flow or profitability.	When appropriate and effective, the Group manages commodity price risk centrally by hedging material commodity exposures. Historically, the Group has entered into Brent oil futures contracts to hedge the variability in cash flows arising from movements in the natural gas price applicable to forecast natural gas purchases. In December 2017, three year hedges were taken out which ended in December 2020. An additional hedge was taken out in December 2020, which ended in December 2021. As at 30 June 2022, the Group had no current Brent oil futures contracts. The Group does not currently enter into any financial instruments that vary with movements in other commodity prices. The foreign exchange risk component may be managed as part of the Group's foreign exchange risk management policies. The Group's other commodity 'own use contracts' are outside the scope of AASB 9 *Financial Instruments*.
Credit risk (note 18(D))		
	The Group is exposed to credit risk from its operating activities (primarily from customer receivables) and from its financing activities, including deposits with financial institutions, foreign exchange transactions and other financial instruments. Credit risk is the risk that a contracting entity will not complete its obligation under a financial instrument or customer contract that will result in a financial loss to the Group.	Customer credit risk is managed by each division subject to established policies, procedures and controls relating to customer credit risk management. The Group trades primarily with recognised, creditworthy third parties. Customers who wish to trade on credit terms are subject to credit verification procedures, including an assessment of their independent credit rating, financial position, past experience and industry reputation. **Receivables** Credit risk management practices include reviews of trade receivables aging by days past due, the timely follow-up of past due amounts and the use of credit securities such as credit insurance, retention of title and letters of credit. **Financial instruments and cash deposits** Credit risk from deposits with banks and financial institutions is managed by Group Treasury in accordance with Board-approved policy. Deposits are made within credit limits assigned to each counterparty according to their credit rating which must be an investment-grade credit rating. The carrying amount of financial assets represents the maximum credit exposure. There are no significant concentrations of credit risk within the Group.

18(A) OFFSETTING FINANCIAL INSTRUMENTS

The Group presents its derivative assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements, such as an International Swaps and Derivatives Association (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The amounts set out in note 19 represent the derivative financial assets and liabilities of the Group, that are subject to the above arrangements, and are presented on a gross basis.

18(B) LIQUIDITY RISK

As at 30 June 2022, the Group has total undrawn financing facilities available of $2,099 million (2021: $5,094 million).

The table on the following page classifies the Group's financial liabilities, including net and gross settled financial instruments and lease liabilities, into relevant maturity periods based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows and will not necessarily reconcile with the amounts disclosed in the balance sheet.

Trade and other payables and lease liabilities are recognised at the gross contractual cash flows to be paid using the spot currency exchange rates applicable at the reporting date. Expected future interest payments on loans and borrowings exclude accruals recognised in trade and other payables at the reporting date and have been estimated using forward currency exchange rates and forward interest rates applicable at the reporting date. For loans and borrowings before swaps, hedged commodity swaps, cross-currency interest rate swaps and hedge forward exchange contracts, the amounts disclosed are the gross contractual cash flows to be paid estimated using forward currency exchange rates applicable at the reporting date.

Notes to the financial statements: Risk

For the year ended 30 June 2022

18(B) LIQUIDITY RISK (CONTINUED)

Consolidated	on demand or < 3 months $m	3-12 months $m	1-5 years $m	>5 years $m	Total contractual cash flows $m	Carrying amount (assets)/ liabilities $m
Year ended 30 June 2022						
Trade and other payables	**5,017**	**345**	**-**	**-**	**5,362**	**5,362**
Loans and borrowings before swaps	**989**	**-**	**2,073**	**2,151**	**5,213**	**4,958**
Expected future interest payments on loans and borrowings	**22**	**97**	**323**	**121**	**563**	**-**
Lease liabilities	**285**	**1,000**	**4,393**	**2,312**	**7,990**	**7,123**
Cross-currency interest rate swaps (gross settled)	**(223)**	**20**	**77**	**(100)**	**(226)**	**(195)**
Hedge forward exchange contracts (gross settled)	**(91)**	**(142)**	**(9)**	**-**	**(242)**	**(233)**
Total	**5,999**	**1,320**	**6,857**	**4,484**	**18,660**	**17,015**
Year ended 30 June 2021						
Trade and other payables	3,988	246	-	-	4,234	4,234
Loans and borrowings before swaps	-	951	1,085	1,000	3,036	3,022
Expected future interest payments on loans and borrowings	3	25	117	70	215	-
Lease liabilities	305	910	4,250	2,619	8,084	7,105
Hedged commodity swaps (net settled)	(2)	(2)	-	-	(4)	(4)
Cross-currency interest rate swaps (gross settled)	1	(55)	(279)	-	(333)	(335)
Hedge forward exchange contracts (gross settled)	(6)	(19)	(25)	-	(50)	(50)
Total	4,289	2,056	5,148	3,689	15,182	13,972

18(C) MARKET RISK

Foreign exchange risk

The Group's exposures to the US dollar and Euro (prior to hedging contracts) at the reporting date were as follows:

	2022		2021	
Consolidated	**USD A$m**	**EUR A$m**	USD A$m	EUR A$m
Financial assets				
Cash and cash equivalents	**35**	**-**	25	-
Trade and other receivables	**40**	**-**	24	-
Cross-currency interest rate swap	**-**	**225**	-	335
Hedge foreign exchange derivative asset	**235**	**-**	49	-
Commodity derivative asset	**-**	**-**	4	-
Financial liabilities				
Trade and other payables	**(1,449)**	**(32)**	(1,288)	(42)
Interest-bearing loans and borrowings	**-**	**(1,900)**	-	(1,979)
Cross-currency interest rate swap	**-**	**(30)**	-	-
Hedge foreign exchange derivative liability	**(2)**	**-**	-	-
Net exposure	**(1,141)**	**(1,737)**	(1,186)	(1,686)

Notes to the financial statements: Risk

For the year ended 30 June 2022

18(C) MARKET RISK (CONTINUED)

Group's sensitivity to foreign exchange movements

The sensitivity analysis below shows the impact that a reasonably possible change in foreign exchange rates over a financial year would have on profit after tax and equity, based solely on the Group's foreign exchange risk exposures existing at the balance sheet date. The Group has used the observed range of actual historical rates for the preceding five-year period, with a heavier weighting placed on recently observed market data, in determining reasonably possible exchange movements to be used for the current year's sensitivity analysis. Past movements are not necessarily indicative of future movements. The following exchange rates have been used in performing the sensitivity analysis.

	2022		2021	
Consolidated	**USD**	**EUR**	USD	EUR
Actual	**0.69**	**0.66**	0.75	0.63
+10% (2021: +10%)	**0.76**	**0.73**	0.83	0.69
-10% (2021: -10%)	**0.62**	**0.59**	0.68	0.57

The impact on profit and equity is estimated by applying the hypothetical changes in the US dollar and Euro exchange rate to the balance of financial instruments at the reporting date.

Differences from the translation of financial statements into the Group's presentation currency are not taken into consideration in the sensitivity analysis and as such the New Zealand dollar has no material impact.

The results of the foreign exchange rate sensitivity analysis are driven by three main factors, as outlined below:

- the impact of applying the above foreign exchange movements to financial instruments that are not in hedge relationships will be recognised directly in profit;
- to the extent that the foreign currency-denominated derivatives on the balance sheet form part of an effective cash flow hedge relationship, any fair value movements caused by applying the above sensitivity movements will be deferred in equity and will not affect profit; and
- movements in financial instruments forming part of an effective fair value hedge relationship will be recognised in profit. However, as a corresponding entry will be recognised for the hedged item, there will be no net impact on profit.

At 30 June 2022, had the Australian dollar moved against the US dollar and Euro, as illustrated in the table above, with all other variables held constant, the Group's profit after tax and other equity would have been affected by the change in value of its financial assets and financial liabilities as shown in the table below.

Consolidated	**2022 A$m**	2021 A$m
AUD/USD +10% (2021: +10%)		
- impact on profit	**4**	7
- impact on equity	**(144)**	(145)
AUD/USD -10% (2021: -10%)		
- impact on profit	**(5)**	11
- impact on equity	**150**	178
AUD/EUR +10% (2021: +10%)		
- impact on profit	**-**	2
- impact on equity	**7**	48
AUD/EUR -10% (2021: -10%)		
- impact on profit	**-**	(2)
- impact on equity	**(12)**	(59)

Interest rate risk

As at the reporting date, the Group had financial assets and liabilities with exposure to interest rate risk as shown in the table below. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The classification between fixed and floating interest takes into account applicable hedge instruments.

Consolidated	**2022 $m**	2021 $m
Financial assets		
Fixed rate		
Finance advances and loans	**3**	3
Floating rate		
Cash at bank, on deposit and held in joint operation	**467**	2,795
Financial liabilities		
Fixed rate		
Capital markets debt	**2,891**	2,974
Floating rate		
Unsecured bank debt	**2,067**	48
Capital markets debt	**-**	-

At 30 June 2022, after taking into account the effect of interest rate swaps and economic hedging relationships, approximately 43 per cent of the Group's borrowings are exposed to movements in variable rates (2021: approximately two per cent).

Group's sensitivity to interest rate movements

The following sensitivity analysis shows the impact that a reasonably possible change in interest rates over a financial year would have on profit after tax and equity. The impact is determined by assessing the effect that such a reasonably possible change in interest rates would have had on interest income/(expense) and the impact on financial instrument fair values existing at the balance sheet date. This sensitivity is based on reasonably possible changes over a financial year, determined using observed historical interest rate movements for the preceding five-year period, with a heavier weighting given to more recent market data.

The results of the sensitivity analysis are driven by three main factors, as outlined below:

- for unhedged floating rate financial instruments, any increase or decrease in interest rates will impact profit;
- to the extent that derivatives form part of an effective cash flow hedge relationship, there will be no impact on profit and any increase/(decrease) in the fair value of the underlying derivative instruments will be deferred in equity; and
- movements in the fair value of derivatives in an effective fair value hedge relationship will be recognised directly in profit. However, as a corresponding entry will be recognised for the hedged item, there will be no net impact on profit.

Notes to the financial statements: Risk

For the year ended 30 June 2022

18(C) MARKET RISK (CONTINUED)

The following sensitivity analysis is based on the Australian variable interest rate risk exposures in existence at balance sheet date. If interest rates had moved by +/-100bps (basis points) (2021: +/- 50bps) and with all other variables held constant, the Group's profit after tax and equity would have been affected as shown in the table below.

Consolidated	2022 $m	2021 $m
+100bps (2021: +50bps)		
- impact on profit	**(13)**	9
- impact on equity	**52**	4
-100bps (2021: -50bps)		
- impact on profit	**13**	(9)
- impact on equity	**(58)**	(4)

18(D) CREDIT RISK

The carrying amount of current receivables represents the Group's maximum credit exposure.

The Group applies the simplified approach in measuring ECLs for trade receivables and other short-term debtors, whereby an allowance for impairment is considered across all trade receivables and other short-term debtors, regardless of whether a credit event has occurred, based on the expected losses over the lifetime of the receivable. Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established the following provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic climate.

Consolidated

Trade and other receivables days past due	Estimated total gross carrying amount at default $m	Expected credit loss rate %	Lifetime expected credit loss $m
2022			
Current	**1,592**	**0.6**	**9**
Under one month	**313**	**1.3**	**4**
One to two months	**110**	**3.6**	**4**
Two to three months	**20**	**30.0**	**6**
Over three months	**114**	**28.1**	**32**
Total	**2,149**		**55**
2021			
Current	896	1.0	9
Under one month	261	1.9	5
One to two months	72	2.8	2
Two to three months	13	7.7	1
Over three months	38	42.1	16
Total	1,280		33

18(E) FAIR VALUES

The carrying amounts and estimated fair values of all the Group's financial instruments carried at amortised cost in the financial statements are materially the same with the exception of the following:

Consolidated	2022 $m	2021 $m
Capital markets debt: carrying amount	**2,891**	2,974
Capital markets debt: fair value	**2,443**	2,987

The methods and assumptions used to estimate the fair value of financial instruments are as follows.

Cash

The carrying amount is fair value due to the asset's liquid nature.

Receivables/payables

Due to the short-term nature of these financial rights and obligations, carrying amounts are estimated to represent fair values.

Other financial assets/liabilities

The fair values of capital markets debt have been calculated by discounting the expected future cash flows at prevailing interest rates using market observable inputs. The fair values of other financial assets have been calculated using market interest rates. The fair values of listed investments, classified as financial assets held at FVOCI, have been calculated using quoted share prices (Level 1).

Derivatives

The Group enters into derivative financial instruments with various counterparties, principally banks and financial institutions with investment grade credit ratings. Foreign exchange forward contracts, interest rate swap contracts, cross-currency interest rate swaps and commodity futures contracts are all valued using forward pricing techniques. This includes the use of market observable inputs, such as foreign exchange spot and forward rates, yield curves of the respective currencies, interest rate curves and forward rate curves of the underlying commodity. Accordingly, these derivatives are classified as Level 2 in the fair value measurement hierarchy.

Valuation of financial instruments

For all fair value measurements and disclosures, the Group uses the following to categorise the method used:

- Level 1: the fair value is calculated using quoted prices in active markets.
- Level 2: the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Group's financial instruments were primarily valued using market observable inputs (Level 2), with the exception of financial assets measured at FVOCI (Level 1) and shares in unlisted companies at fair value (Level 3) which were $13 million at 30 June 2022 (2021: $nil).

For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There were no transfers between Level 1 and Level 2 during the year. There were no Level 3 fair value movements during the year.

Notes to the financial statements: Risk

For the year ended 30 June 2022

19. HEDGING

Types of hedging instruments

The Group is exposed to risk from movements in foreign exchange, interest rates and commodity prices. As part of its risk management strategy set out in note 18, the Group holds the following types of derivative instruments:

Forward exchange contracts: contracts denominated in US dollars, Euro and other foreign currencies to hedge highly probable sale and purchase transactions (cash flow hedges).

Interest rate swaps: to manage the Group's exposure to fixed and floating interest rates arising from borrowings. These hedges incorporate cash flow hedges, which fix future interest payments, and fair value hedges, which reduce the Group's exposure to changes in the value of its assets and liabilities arising from interest rate movements. As at 30 June 2022, the Group had no current interest rate swaps.

Cross-currency interest rate swaps: to manage the Group's exposure to foreign exchange rate variability in its interest repayments on foreign currency-denominated borrowings (cash flow hedges) or to hedge against movements in the fair value of those liabilities due to foreign exchange and interest rate movements (fair value hedges). The borrowing margin on cross-currency interest rate swaps has been treated as a 'cost of hedging' and deferred into equity. These costs are then amortised to the profit and loss as a finance cost over the remaining life of the borrowing.

Brent oil futures contracts: to manage the Group's exposure to price variability in its forecast purchase of natural gas (cash flow hedge). As at 30 June 2022, the Group had no current Brent oil futures contracts.

	2022				2021			
	Notional	**Weighted average**	**Asset**	**Liability**	Notional	Weighted average	Asset	Liability
Consolidated	**$m**	**hedged rate**	**A$m**	**A$m**	$m	hedged rate	A$m	A$m
Foreign exchange contracts								
Cash flow hedge - sales (AUD)	**US$36**	**Asset: nil Liability: 0.72**	**-**	**(2)**	US$28	Asset: 0.71 Liability: 0.76	-	-
Cash flow hedge - purchases (AUD)	**US$2,256**	**Asset: 0.74 Liability: 0.69**	**214**	**-**	US$2,488	Asset: 0.78 Liability: 0.71	87	(42)
Cash flow hedge - purchases (NZD)	**US$149**	**Asset: 0.69 Liability: 0.62**	**21**	**-**	US$186	Asset: 0.72 Liability: 0.67	8	(2)
Cash flow hedge - purchases (AUD)	**€ 7**	**Asset: 0.66 Liability: 0.64**	**-**	**-**	€ 15	Asset: 0.64 Liability: 0.58	-	(1)
Cross-currency interest rate swaps								
Cash flow hedge	**€ 1,250**	**4.51% fixed**	**225**	**(30)**	€ 1,250	5.32% fixed	335	-
Brent oil futures contracts								
Cash flow hedge	**-**	**-**	**-**	**-**	0.138m barrels	AU$65.49 per barrel	4	-
Total derivative asset/(liability)			**460**	**(32)**			434	(45)

RECOGNITION AND MEASUREMENT

Recognition

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value as set out in note 18(E). The method of recognising any remeasurement gain or loss depends on the nature of the item being hedged. For hedging instruments, any hedge ineffectiveness is recognised directly in the income statement in the period in which it is incurred. This was immaterial in the current year.

Hedge accounting

At the start of a hedge relationship, the Group formally designates and documents the hedge relationship, including the risk management strategy for undertaking the hedge. This includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). Hedge accounting is only applied where there is an economic relationship between the hedged item and the hedging instrument and the hedge ratio of the hedging relationship is the same as that resulting from actual quantities of the hedged item and hedging instrument used.

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset, liability or firm commitment that could affect profit or loss; or
- Cash flow hedges when they hedge a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions. A hedge of the foreign exchange risk of a firm commitment is accounted for as a cash flow hedge.

The Group will discontinue hedge accounting prospectively only when the hedging relationship, or part of the hedging relationship no longer qualifies for hedge accounting, which includes where there has been a change to the risk management objective and strategy for undertaking the hedge and instances when the hedging instrument expires or is sold, terminated or exercised. For these purposes, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is consistent with our documented risk management objective.

Notes to the financial statements: Risk

For the year ended 30 June 2022

19. HEDGING (CONTINUED)

Hedges that meet the criteria for hedge accounting are classified and accounted for as follows:

Fair value hedges

The Group uses fair value hedges to mitigate the risk of changes in the fair value of foreign currency-denominated borrowings from foreign currency and interest rate fluctuations over the hedging period. Where these fair value hedges qualify for hedge accounting, gains or losses from remeasuring the fair value of the hedging instrument are recognised within finance costs in the income statement, together with gains or losses in relation to the hedged item where those gains or losses relate to the risk intended to be hedged. The net amount recognised in the income statement in FY2022 was less than $1 million (2021: less than $1 million).

If the hedged item is a firm commitment (and therefore not recognised), the subsequent cumulative change in the fair value of the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in profit or loss.

The accumulated amount of fair value adjustments which are included in the carrying amount of interest-bearing loans and borrowings in the balance sheet as at 30 June 2022 was less than $1 million (2021: less than $1 million):

	2022		2021	
	Foreign bonds	**Domestic bonds**	Foreign bonds	Domestic bonds
Consolidated	**$m**	**$m**	$m	$m
Face value at inception	**1,702**	**1,000**	1,630	1,000
Change arising from revaluation to spot rates at 30 June	**198**	**-**	349	-
	1,900	**1,000**	1,979	1,000
Balance of unamortised discount/premium	**(5)**	**(4)**	(1)	(4)
Carrying amount at amortised cost	**1,895**	**996**	1,978	996

There was no material ineffectiveness relating to financial instruments in designated fair value hedge relationships during the year (2021: nil).

Cash flow hedges

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency fluctuations over the hedging period associated with our foreign currency-denominated borrowings and ongoing business activities, predominantly where we have highly probable purchase or settlement commitments in foreign currencies. The Group also uses cash flow hedges to hedge variability in cash flows due to interest rate or natural gas price movements associated with some of our domestic borrowings or forecast natural gas purchases respectively.

For cash flow hedges, the portion of the gain or loss on the hedging instrument that is effective is recognised directly in equity, while the ineffective portion is recognised in profit or loss. The maturity profile of these hedges is shown in note 18(B) with the recognition of the gain or loss expected to be consistent with this profile.

	2022			2021		
	Trade	**Foreign bonds**	**Commodity hedge**	Trade	Foreign bonds	Commodity hedge
Consolidated	**$m**	**$m**	**$m**	$m	$m	$m
Change in the fair value of the hedged item	**183**	**(140)**	**(4)**	90	(48)	7

Amounts recognised in equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Notes to the financial statements: Risk

For the year ended 30 June 2022

20. IMPAIRMENT OF NON-FINANCIAL ASSETS

Testing for impairment

The Group tests property, plant and equipment, mine properties, goodwill, intangibles and right-of-use assets for impairment:

- at least annually for indefinite life intangibles and goodwill; and
- where there is an indication that the asset may be impaired (which is assessed at least at each reporting date); or
- where there is an indication that previously recognised impairment (on assets other than goodwill) may have changed.

Annual impairment testing of intangibles and goodwill is performed at 31 March each year to coincide with the timing of the annual corporate plan and business forecast process.

If the asset does not generate independent cash inflows and its value in use cannot be estimated to be close to its fair value, the asset is tested for impairment as part of the cash generating unit (CGU) to which it belongs. Mineral rights, exploration and evaluation and mine properties assets are allocated to the CGU to which the exploration activity relates.

Assets are impaired if their carrying value exceeds their recoverable amount. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal (FVLCOD) and value in use (VIU).

Impairment calculations

In assessing VIU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining FVLCOD for CGUs, a discounted cash flow model is used based on a methodology consistent with that applied by the Group in determining the value of potential acquisition targets, maximising the use of market observed inputs. These calculations, classified as Level 3 on the fair value hierarchy, are compared to valuation multiples, or other fair value indicators where available, to ensure reasonableness.

Inputs to impairment calculations

For VIU calculations and FVLCOD discounted cash flow models, cash flow projections are based on Wesfarmers' corporate plans and business forecasts prepared by management and approved by the Board. The corporate plans are developed annually with a five-year outlook and, for the VIU calculations, are adjusted to exclude the costs and benefits of expansion capital and on the understanding that actual outcomes may differ from the assumptions used.

In determining FVLCOD for CGUs, these projections are discounted using a risk-adjusted discount rate commensurate with a typical market participant's assessment of the risk associated with the projected cash flows. When calculating the FVLCOD of a CGU, forecast cash flows also incorporate reasonably available market participant assumptions.

Cash flows beyond the five-year corporate plan period are extrapolated using estimated growth rates, which are based on Group estimates, taking into consideration historical performance as well as expected long-term operating conditions. Growth rates do not exceed the consensus forecasts of the long-term average growth rate for the industry in which the CGU operates.

The potential impacts of climate change have been considered in the Group's impairment testing through downside scenario analysis.

Discount rates used in both calculations are based on the weighted average cost of capital determined by prevailing or benchmarked market inputs, risk adjusted where necessary. Other assumptions are determined with reference to external sources of information and use consistent estimates for variables such as terminal cash flow multiples.

Recognised impairment

During FY2022, impairment of $21 million, net of reversals, was recognised in respect of non-financial assets (2021: $54 million). The current period impairment primarily related to store assets where the store is planned for closure or non-renewal of the lease term. The recoverable amount of these stores based on forecast cash flows for the stores over their remaining useful lives totalled $15 million.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or have decreased, the asset is tested. If there has been a change to the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, the carrying value of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying value that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss and the depreciation charge is adjusted in future periods to allocate the asset's revised carrying value, less any residual value, on a systematic basis over its remaining useful life. Impairments recognised against goodwill are not reversed.

There were no material reversals of impairment during FY2022. In light of the current economic conditions and associated uncertainty, there was not sufficient evidence available to indicate that conditions giving rise to previously recognised impairment have reversed.

Key estimates: impairment of non-financial assets

The Group has assessed the recoverable amounts of CGUs with goodwill and other indefinite life intangible assets using FVLCOD calculations. Post-tax discount rates applied in the impairment testing for the CGUs and associated assets ranged from 7.9 per cent to 11.3 per cent and terminal growth rates ranged from 2.0 per cent to 2.5 per cent. Key assumptions in the CGU's cash flow projections include growth rates and gross margins which are based on the corporate plans that take into consideration historic performance, forecast macroeconomic conditions and the estimated effect of strategies.

For all CGUs with material goodwill or indefinite life intangible assets, other than Health, FVLCOD calculations determined headroom in excess of 25 per cent of the CGU's carrying value.

Based on current economic conditions and CGU performance, no reasonably possible change in a key assumption used in the determination of the recoverable value of these CGUs would result in a material impairment to the Group. The Group's impairment testing has taken into account the impacts of COVID-19, which for the period have been largely the result of temporary store closures and supply chain constraints. Despite these downside impacts, the Group's retail businesses have remained highly profitable as they have evolved to suit the changes in customer shopping habits.

As the Health CGU was recently acquired, its carrying value approximates its fair value. Adverse changes in macroeconomic factors or failure to achieve planned growth objectives may therefore lead to future impairment.

Store CGUs and associated assets are reviewed for indicators of impairment using both external and internal sources of information. Detailed impairment testing is completed when the existence of an indication of impairment is identified. Where detailed impairment testing is required, the recoverable amount of the store CGU is determined using VIU calculations, based on forecast cash flows for the store over its remaining life.

Notes to the financial statements: Group information

For the year ended 30 June 2022

21. ASSOCIATES AND JOINT ARRANGEMENTS

	Consolidated	
	2022 $m	2021 $m
Investment in associates	**787**	660
Interest in joint ventures	**147**	115
	934	775
Movement in investment in associates		
Net carrying amount at the beginning of the year	**660**	625
Share of net profit from operations of associates	**159**	86
Dividends	**(48)**	(51)
Associates acquired during the year	**22**	-
Movements in reserves	**(6)**	-
Net carrying amount at the end of the year	**787**	660
Total comprehensive income from associates and joint ventures		
Share of net profits from associates	**159**	86
Other comprehensive loss of associates	**(6)**	-
Share of net profits from joint ventures	**14**	17
Other comprehensive income of joint ventures	**11**	5
Total comprehensive income for the year	**178**	108

RECOGNITION AND MEASUREMENT

Investment in associates

The Group's investments in its associates, being entities in which the Group has significant influence and are neither subsidiaries or joint arrangements, are accounted for using the equity method. Under this method, the investment in the associates are carried in the balance sheet at cost plus any post-acquisition changes in the Group's share of the net assets of the associate.

Goodwill relating to associates is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's investment. The income statement reflects the Group's share of the results of the operations of the associate.

Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this in the statement of comprehensive income.

Where the reporting dates of the associates and the Group vary, the associates' management accounts for the period to the Group's balance date are used for equity accounting. The accounting policies of associates are consistent with those used by the Group for like transactions and events in similar circumstances.

Investment properties owned by associates are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss of the associate, in the year in which they arise. This is consistent with the Group's policy.

BWP Trust

The Group has a 24.8 per cent interest in BWP Trust. The Group's interest in BWP Trust is accounted for using the equity method in the consolidated financial statements. The fair value of the Group's interest, by reference to the closing share price of BWP Trust on 30 June 2022, was $618 million (2021: $679 million) (Level 1 in the fair value hierarchy). The following table summarises the financial information of the Group's investment in BWP Trust.

	2022 $m	2021 $m
Summarised balance sheet		
Current assets	**21**	53
Non-current assets	**2,936**	2,557
Current liabilities	**(80)**	(83)
Non-current liabilities	**(456)**	(475)
Net assets	**2,421**	2,052
Group's share of BWP Trust's net assets	**600**	509
Summarised income statement		
Revenue	**153**	152
Expenses	**(39)**	(38)
Unrealised gains in fair value	**372**	149
Profit attributable to the unit holders of BWP Trust	**486**	263
Group's share of profit for the period	**121**	65

Interests in joint arrangements

Joint operations

The Group recognises its share of the assets, liabilities, expenses and income from the use and output of its joint operations.

Joint ventures

The Group's investments in its joint ventures are accounted for using the equity method.

Notes to the financial statements: Group information

For the year ended 30 June 2022

21. ASSOCIATES AND JOINT ARRANGEMENTS (CONTINUED)

Key judgement: control and significant influence

The Group has a number of management agreements with associates and joint arrangements it considers when determining whether it has control, joint control or significant influence. The Group assesses whether it has the power to direct the relevant activities of the investee by considering the rights it holds to appoint or remove key management and the decision-making rights and scope of powers specified in the contract.

Where the Group has the unilateral power to direct the relevant activities of an investee, the Group then assesses whether the power it holds is for its own benefit (acting as principal) or for the benefit of others (acting as agent). This determination is based on a number of factors including an assessment of the magnitude and variability of the Group's exposure to variable returns associated with its involvement with the investee. In an agency capacity, the Group is considered to be acting on behalf of other parties and therefore does not control the investee when it exercises its decision-making powers.

Interests in associates and joint arrangements

				Ownership	
				2022	2021
Associates	**Principal activity**	**Reporting date**	**Country of incorporation/ place of business**	**%**	**%**
BWP Trust	Property investment	30 June	Australia	**24.8**	24.8
Geared Up Culcha Pty Ltd	Industrial workwear supplier	30 June	Australia	**49.0**	-
Gresham AC Trust No. 2	Investment trust	30 June	Australia	**(a)**	-
Gresham Partners Group Limited	Investment banking	30 September	Australia	**50.0**	50.0
Queensland Nitrates Management Pty Ltd	Chemical manufacture	30 June	Australia	**50.0**	50.0
Queensland Nitrates Pty Ltd	Chemical manufacture	30 June	Australia	**50.0**	50.0
Wespine Industries Pty Ltd	Pine sawmillers	30 June	Australia	**50.0**	50.0
World's Biggest Garage Sale Pty Ltd	Restoration and resale of used goods	30 June	Australia	**21.4**	-
Joint operations					
Sodium Cyanide	Sodium cyanide manufacture	30 June	Australia	**75.0**	75.0
Mt Holland Lithium	Lithium development	31 December	Australia	**50.0**	50.0
Joint ventures					
BPI NO 1 Pty Ltd	Property management	30 June	Australia	**(b)**	(b)
Covalent Lithium Pty Ltd	Management company	31 December	Australia	**50.0**	50.0
Loyalty Pacific Pty Ltd[1]	Loyalty programs	26 June	Australia	**50.0**	50.0

[1] A wholly-owned subsidiary, Wesfarmers Loyalty Management Pty Ltd, has a 50.0 per cent interest in Loyalty Pacific Pty Ltd (Flybuys).

(a) Gresham AC Trust No. 2: While the Group's interest in the unit holders' funds of Gresham AC Trust No.2 amounts to greater than 50.0 per cent, it is not a controlled entity as the Group does not have the practical ability to direct its relevant activities.

(b) BPI NO 1 Pty Ltd: While the Group owns the only equity share in BPI NO 1 Pty Ltd, the Group's effective interest approximates 50.0 per cent and joint control is effected through contractual arrangements with the joint venture partner.

Notes to the financial statements: Group information

For the year ended 30 June 2022

22. SUBSIDIARIES

The consolidated financial statements include the financial statements of Wesfarmers Limited and the subsidiaries listed in the following table:

Entity		2022 %	2021 %
A.C.N. 003 921 873 Pty Limited		**100**	100
A.C.N. 004 191 646 Pty Ltd		**100**	100
A.C.N. 007 870 484 Pty Ltd		**100**	100
A.C.N. 061 462 593 Pty Ltd		**100**	100
A.C.N. 092 194 904 Pty Ltd		**100**	100
A.C.N. 112 719 918 Pty Ltd		**100**	100
A.C.N. 645 670 711 Pty Ltd		**100**	100
A.C.N. 645 674 102 Pty Ltd		**100**	100
A.C.N. 655 875 620 Pty Ltd	@	**100**	-
AEC Environmental Pty Ltd	~	**-**	100
ANKO Global Holdings Pty Ltd	+	**100**	100
ANKO Retail Incorporated	◤	**100**	100
API (Canberra) Pty Ltd	@	**100**	-
API Financial Services Australia Pty Limited	@	**100**	-
API Healthcare Holdings (NZ) Limited	■ @	**100**	-
API Leasing Pty Ltd	@	**100**	-
API Owned CSC Pty Ltd	@	**100**	-
API Services Australia Pty Ltd	@	**100**	-
API Victoria Pty Ltd	@	**100**	-
Australian Gold Reagents Pty Ltd		**75**	75
Australian Graphics Pty Ltd		**100**	100
Australian International Insurance Limited	+	**100**	100
Australian Light Minerals Pty Ltd		**100**	100
Australian Pharmaceutical Industries Ltd	@	**100**	-
Australian Pharmaceutical Industries (Queensland) Pty Ltd	@	**100**	-
Australian Underwriting Holdings Limited	+	**100**	100
Australian Underwriting Services Pty Ltd		**100**	100
Australian Vinyls Corporation Pty Ltd	+	**100**	100
AVC Holdings Pty Ltd	+	**100**	100
AVC Trading Pty Ltd	+	**100**	100
BBC Hardware Limited	+	**100**	100
BBC Hardware Properties (NSW) Pty Ltd		**100**	100
BBC Hardware Properties (Vic) Pty Ltd		**100**	100
Beaumont Australia Pty Limited	@	**100**	-
Beaumont Bathrooms Renovator (SA) Pty Limited	@	**100**	-
Beaumont's Discount Tile Warehouse Pty Limited	@	**100**	-
Beaumont Tiles NZ Pty Limited	@	**100**	-
Beaumont Tiles (Vic) Pty Limited	@	**100**	-
Blacksmith Jacks Pty Ltd		**100**	100

Entity		2022 %	2021 %
Blackwoods 4PL Pty Ltd		**100**	100
Blackwoods Training Pty Ltd	~	**-**	100
Blackwoods Xpress Pty Ltd		**100**	100
BPI Management Pty Ltd		**100**	100
BrandsExclusive (Australia) Pty Ltd		**100**	100
Brenahan Exploration Pty Ltd	@	**100**	-
Bresnahan Exploration Pty Ltd	@	**100**	-
BUKI (Australia) Pty Ltd	+	**100**	100
Bullivants International Pty Ltd		**100**	100
Bullivants Pty Limited	+	**100**	100
Bunnings (NZ) Limited	■	**100**	100
Bunnings Group Limited	+	**100**	100
Bunnings Joondalup Pty Ltd		**100**	100
Bunnings Limited	# ■	**100**	100
Bunnings Management Services Pty Ltd	+	**100**	100
Bunnings Properties Pty Ltd	+	**100**	100
Bunnings Technologies India Private Limited	●	**100**	100
BWP Management Limited	<	**100**	100
C S Holdings Pty Limited	+	**100**	100
Campbells Hardware & Timber Pty Limited		**100**	100
Canberra Pharmaceutical Supplies Trust	@	**100**	-
Catch Essentials Pty Ltd		**100**	100
Catch Group Holdings Limited	+	**100**	100
Catch Group Share Holdings Pty Ltd		**100**	100
Catch.com.au Pty Ltd	+	**100**	100
CGNZ Finance Limited	■	**100**	100
Chemical Holdings Kwinana Pty Ltd	+	**100**	100
Clearskincare Adelaide Street Pty Ltd	@	**100**	-
Clearskincare Bendigo Pty Ltd	@	**100**	-
Clearskincare Bondi Beach Pty Ltd	@	**100**	-
Clearskincare Bondi Junction Pty Ltd	@	**100**	-
Clearskincare Brighton Pty Ltd	@	**100**	-
Clearskincare Canberra City Pty Ltd	@	**100**	-
Clearskincare Carindale Pty Ltd	@	**100**	-
Clearskincare Carousel Pty Ltd	@	**100**	-
Clearskincare Chatswood Pty Ltd	@	**100**	-
Clearskincare Chermside Pty Ltd	@	**100**	-
Clearskincare Chirnside Park Pty Ltd	@	**100**	-
Clearskincare City Square Pty Ltd	@	**100**	-
Clearskincare Claremont Pty Ltd	@	**100**	-
Clearskincare Clarence Street Pty Ltd	@	**100**	-
Clearskincare Clinics Australia Pty Ltd	@	**100**	-
Clearskincare Clinics Payroll Pty Ltd	@	**100**	-

Notes to the financial statements: Group information

For the year ended 30 June 2022

22. SUBSIDIARIES (CONTINUED)

Entity		2022 %	2021 %
Clearskincare Clinics Pty Ltd	@	**100**	-
Clearskincare Cockburn Gateway Pty Ltd	@	**100**	-
Clearskincare Collins Street Pty Ltd	@	**100**	-
Clearskincare Cremorne Pty Ltd	@	**100**	-
Clearskincare Cronulla Pty Ltd	@	**100**	-
Clearskincare Doncaster Pty Ltd	@	**100**	-
Clearskincare Fremantle Pty Ltd	@	**100**	-
Clearskincare Hurstville Pty Ltd	@	**100**	-
Clearskincare Leichhardt Pty Ltd	@	**100**	-
Clearskincare Macarthur Square Pty Ltd	@	**100**	-
Clearskincare Macquarie Centre Pty Ltd	@	**100**	-
Clearskincare Miranda Pty Ltd	@	**100**	-
Clearskincare Moonee Ponds Pty Ltd	@	**100**	-
Clearskincare Mt Lawley Pty Ltd	@	**100**	-
Clearskincare Newmarket Limited	■ @	**100**	-
Clearskincare Northland Pty Ltd	@	**100**	-
Clearskincare Norwood Pty Ltd	@	**100**	-
Clearskincare Parramatta Pty Ltd	@	**100**	-
Clearskincare Quentin Ave Pty Ltd	@	**100**	-
Clearskincare QV Melbourne Pty Ltd	@	**100**	-
Clearskincare Robina Pty Ltd	@	**100**	-
Clearskincare Rockdale Pty Ltd	@	**100**	-
Clearskincare South Australia Pty Ltd	@	**100**	-
Clearskincare South Yarra Pty Ltd	@	**100**	-
Clearskincare Southland Pty Ltd	@	**100**	-
Clearskincare Southport Pty Ltd	@	**100**	-
Clearskincare Sunshine Plaza Pty Ltd	@	**100**	-
Clearskincare Takapuna Limited	■ @	**100**	-
Clearskincare Toowong Pty Ltd	@	**100**	-
Clearskincare Ventures Pty Ltd	@	**100**	-
Clearskincare Warringah Mall Pty Ltd	@	**100**	-
Clearskincare West End Pty Ltd	@	**100**	-
CMNZ Investments Pty Ltd		**100**	100
ConsortiumCo Pty Ltd		**100**	100
Coo-ee Investments Pty Limited		**100**	100
Coregas NZ Limited	■	**100**	100
Coregas Pty Ltd	+	**100**	100
Crosby Tiles Pty Ltd	@	**100**	-
Crowl Creek Exploration Pty Ltd		**100**	100
CSBP Ammonia Terminal Pty Ltd		**100**	100
CSBP Limited	+	**100**	100
CSC Ashfield Mall Pty Ltd	@	**100**	-
CSC Auckland Limited	■ @	**100**	-
CSC Bayside Frankston Pty Ltd	@	**100**	-
CSC Camberwell Pty Ltd	@	**100**	-
CSC Forest Hill Pty Ltd	@	**100**	-
CSC Forrest Chase Pty Ltd	@	**100**	-
CSC Franchising Pty Ltd	@	**100**	-
CSC Holdings Australia Pty Ltd	@	**100**	-
CSC Holdings New Zealand Limited	■ @	**100**	-
CSC Joondalup Pty Ltd	@	**100**	-
CSC Manuka Pty Ltd	@	**100**	-
CSC Mordialloc Pty Ltd	@	**100**	-
CSC Mt Ommaney Pty Ltd	@	**100**	-
CSC North Sydney Pty Ltd	@	**100**	-
CSC Northbridge Pty Ltd	@	**100**	-
CSC Ponsonby Limited	■ @	**100**	-
CSC Port Melbourne Pty Ltd	@	**100**	-
CSC Products Pty Ltd	@	**100**	-
CSC Riverton Pty Ltd	@	**100**	-
CSC Shared Services Pty Ltd	@	**100**	-
CSC West Lakes Pty Ltd	@	**100**	-
CSC Whitford Pty Ltd	@	**100**	-
CTE Pty Ltd		**100**	100
Cuming Smith and Company Limited	+	**100**	100
Dairy Properties Pty Ltd		**100**	100
Dowd Corporation Pty Ltd		**100**	100
Eastfarmers Pty Ltd		**100**	100
ECC Pty Ltd	~	**-**	100
ENV.Australia Pty Ltd	~	**-**	100
Environmental and Licensing Professionals Pty Ltd	~	**-**	100
FIF Investments Pty Limited		**100**	100
Fosseys (Australia) Pty Ltd	+	**100**	100
Garrett Investments Limited	■ @	**100**	-
Geeks2U Holdings Pty Limited		**100**	100
Geeks2U International Pty Limited		**100**	100
Geeks2U IP Pty Limited		**100**	100
Geeks2U NZ Limited	■	**100**	100
Geeks2U Pty Limited		**100**	100
GPML Pty Ltd		**100**	100
Greencap Holdings Limited		**100**	100
Greencap Pty Ltd		**100**	100
HouseWorks Co Pty Ltd		**100**	100
Howard Smith Limited	+	**100**	100
J Blackwood & Son Pty Ltd	+	**100**	100
James Patrick & Co Pty Ltd (in liquidation)		**100**	100
KAS Direct Sourcing Private Limited	# ●	**100**	100
KAS Global Trading Pty Limited	♦	**100**	100
KAS International Sourcing Bangladesh Pvt Ltd	◣	**100**	100
KAS International Trading (Shanghai) Company Limited	►	**100**	100

Notes to the financial statements: Group information

For the year ended 30 June 2022

22. SUBSIDIARIES (CONTINUED)

Entity		2022 %	2021 %
KAS Pty Limited	♦	**100**	100
KAS Services India Private Limited	●	**100**	100
Kidman Barrow Creek Pty Ltd		**100**	100
Kidman Gold Pty Ltd		**100**	100
Kleenheat Pty Ltd		**100**	100
Kmart Australia Limited	+	**100**	100
Kmart Group Asia Pty Ltd		**100**	100
Kmart Holdings Pty Ltd	+	**100**	100
Kmart NZ Holdings Limited	■	**100**	100
Kwinana Nitrogen Company Proprietary Limited		**100**	100
Lawvale Pty Ltd		**100**	100
Life's Tiles Pty Ltd	@	**100**	-
Liftco Pty Limited	+	**100**	100
Loggia Pty Ltd	+	**100**	100
Making Life Easy - Mobility and Independent Living Superstore Pty Ltd	@	**100**	-
Manacol Pty Limited	+	**100**	100
MC2 Pacific Pty Ltd	~	**-**	100
Meredith Distribution (NSW) Pty Ltd		**100**	100
Meredith Distribution Pty Ltd		**100**	100
MH Gold Pty Limited		**100**	100
Millars (WA) Pty Ltd		**100**	100
MLE Unit Trust	@	**100**	-
Modwood Technologies Pty Ltd		**100**	100
Montague Resources Australia Pty Ltd		**100**	100
Moonyoora Minerals Pty Ltd		**100**	100
Mumgo Pty Ltd		**100**	100
Neat N' Trim Uniforms Pty Ltd		**100**	100
New Price Retail Finance Pty Ltd	@	**100**	-
New Price Retail Pty Ltd	@	**100**	-
New Price Retail Services Pty Ltd	@	**100**	-
NZ Finance Holdings Pty Limited	■	**100**	100
Officeworks Businessdirect Pty Ltd		**100**	100
Officeworks Holdings Pty Ltd	+	**100**	100
Officeworks Ltd	+	**100**	100
Officeworks NZ Limited	■	**100**	100
Officeworks Property Pty Ltd		**100**	100
One Data Pty Ltd	@	**100**	-
Pailou Pty Ltd	+	**100**	100
Patrick Operations Pty Ltd		**100**	100
Petersen Bros Pty Ltd		**100**	100
Pharma-Pack Pty Ltd	@	**100**	-
Premier Power Sales Pty Ltd		**100**	100
Priceline (NZ) Pty Limited	■ @	**100**	-
Priceline Proprietary Limited	@	**100**	-
PSM Healthcare Limited	■ @	**100**	-
Protector Alsafe Pty Ltd		**100**	100
Protex Healthcare (Aus) Pty Ltd	~	**-**	100

Entity		2022 %	2021 %
PT Blackwoods Indonesia	❍	**100**	100
R & N Palmer Pty Ltd		**100**	100
Rapid Evacuation Training Services Pty Ltd	~	**-**	100
Relationship Services Pty Limited		**100**	100
Retail Australia Consortium Pty Ltd		**100**	100
Retail Investments Pty Ltd		**100**	100
RJ Beaumont & Co Pty Ltd	+ @	**100**	-
Scones Jam n Cream Pty Ltd		**100**	100
Second Priceline Unit Trust	@	**100**	-
Sellers (SA) Pty Ltd		**100**	100
Share Nominees Limited		**100**	100
Sotico Pty Ltd		**100**	100
Soul Pattinson (Manufacturing) Pty Ltd	@	**100**	-
Synapse Finance Pty Ltd	@	**100**	-
Target Australia Pty Ltd	+	**100**	100
Target Australia Sourcing (Shanghai) Co Ltd	# ▶	**100**	100
Target Australia Sourcing Limited	# ♦	**100**	100
Target Holdings Pty Ltd	+	**100**	100
TheActive Pty Ltd		**100**	100
The Builders Warehouse Group Pty Limited		**100**	100
The Franked Income Fund		**100**	100
The Priceline Unit Trust	@	**100**	-
The Westralian Farmers Limited	+	**100**	100
The Workwear Group HK Limited	# ♦	**100**	100
The Workwear Group Holding Pty Ltd	+	**100**	100
The Workwear Group Pty Ltd	+	**100**	100
Tilers Plus Pty Limited	@	**100**	-
Tilewerx Pty Limited	@	**100**	-
Tincorp Holdings Pty Ltd		**100**	100
Trimevac Pty Ltd		**100**	100
Tyremaster (Wholesale) Pty Ltd		**100**	100
Ucone Pty Ltd	+	**100**	100
Validus Group Pty Ltd	~	**-**	100
Valley Investments Pty Ltd	+	**100**	100
Viking Direct Pty Limited		**100**	100
W4K.World 4 Kids Pty Ltd		**100**	100
Wesfarmers Agribusiness Limited	+	**100**	100
Wesfarmers A Plus Pty Ltd	+	**100**	100
Wesfarmers Bengalla Management Pty Ltd		**100**	100
Wesfarmers Bengalla Pty Ltd	+	**100**	100
Wesfarmers Bunnings Limited	+	**100**	100
Wesfarmers Chemical US Holdings Corp	◤	**100**	100
Wesfarmers Chemicals, Energy & Fertilisers Limited	+	**100**	100
Wesfarmers Coal Resources Pty Ltd	+	**100**	100

Notes to the financial statements: Group information

For the year ended 30 June 2022

22. SUBSIDIARIES (CONTINUED)

Entity		2022 %	2021 %
Wesfarmers Department Stores Holdings Pty Ltd	+	**100**	100
Wesfarmers Emerging Ventures Pty Ltd		**100**	100
Wesfarmers Energy (Gas Sales) Limited	+	**100**	100
Wesfarmers Energy (Industrial Gas) Pty Ltd		**100**	100
Wesfarmers Fertilizers Pty Ltd	+	**100**	100
Wesfarmers Gas Limited	+	**100**	100
Wesfarmers Holdings Pty Ltd		**100**	100
Wesfarmers Industrial & Safety Holdings NZ Limited	# ■	**100**	100
Wesfarmers Industrial & Safety NZ Limited	■	**100**	100
Wesfarmers Industrial and Safety Pty Ltd	+	**100**	100
Wesfarmers Insurance Investments Pty Ltd	+	**100**	100
Wesfarmers International Holdings Pty Ltd		**100**	100
Wesfarmers Investments Pty Ltd		**100**	100
Wesfarmers Kleenheat Gas Pty Ltd	+	**100**	100
Wesfarmers Lithium Pty Ltd		**100**	100
Wesfarmers LNG Pty Ltd	+	**100**	100
Wesfarmers Loyalty Management Pty Ltd	+	**100**	100
Wesfarmers LPG Pty Ltd	+	**100**	100
Wesfarmers New Energy Holdings Pty Ltd		**100**	100
Wesfarmers Oil & Gas Pty Ltd		**100**	100
Wesfarmers One Digital Pty Ltd	+ @	**100**	-
Wesfarmers Online Retail Holdings Pty Ltd	+	**100**	100
Wesfarmers Provident Fund Pty Ltd		**100**	100
Wesfarmers Resources Pty Ltd	+	**100**	100
Wesfarmers Retail Holdings Pty Ltd	+	**100**	100
Wesfarmers Retail Pty Ltd	+	**100**	100
Wesfarmers Risk Management (Singapore) Pte Ltd	⌘	**100**	100
Wesfarmers Securities Management Pty Ltd		**100**	100
Wesfarmers Superannuation Pty Ltd		**100**	100
Wesfarmers Transport Limited	+	**100**	100
Weskem Pty Ltd		**100**	100
Westralian Farmers Superphosphates Limited	+	**100**	100
WEV Capital Investments Pty Ltd		**100**	100
WFCL Investments Pty Ltd		**100**	100
WFM Investments Pty Ltd	+	**100**	100
WIS International Pty Ltd		**100**	100
WIS Solutions Pty Ltd		**100**	100
WIS Supply Chain Management (Shanghai) Co Ltd	▶	**100**	100
WPEQ Pty Ltd		**100**	100
WPP Holdings Pty Ltd		**100**	100
WW E-Services Australia Pty Limited		**100**	100
WWG Middle East Apparel Trading LLC	▼	**49**	49
Yakka Pty Limited		**100**	100

Entity acquired/incorporated during the year	@
Entity dissolved/deregistered during the year	~
Audited by firms of Ernst & Young International	#
Audited by other firms of accountants	<
An ASIC-approved deed of cross guarantee has been entered into by Wesfarmers Limited and these entities	+

All subsidiaries are incorporated in Australia unless identified by one of the following symbols:

Bangladesh	◣
China	▶
Hong Kong	♦
India	●
Indonesia	❍
New Zealand	■
Singapore	⌘
United Arab Emirates	▼
United States of America	◤

All entities utilise the functional currency of the country of incorporation with the exception of Wesfarmers Risk Management Limited, which utilises the Australian dollar and KAS International Trading (Shanghai) Company Limited, PT Blackwoods Indonesia and Wesfarmers Oil & Gas Pty Ltd, which utilise the US dollar.

Notes to the financial statements: Group information

For the year ended 30 June 2022

23. BUSINESS COMBINATIONS

Acquisition of Australian Pharmaceutical Industries Ltd

On 7 October 2021, Wesfarmers exercised its option to acquire a 19.3 per cent interest in Australian Pharmaceutical Industries Ltd (API), pursuant to an undertaking agreement entered into with Washington H. Soul Pattinson and Company Limited on 9 July 2021. The interest was accounted for as a financial asset at fair value through other comprehensive income. Dividends received by Wesfarmers from API on this 19.3 per cent interest totalled $5 million and have been recognised as income.

On 31 March 2022, Wesfarmers, through its wholly-owned subsidiary WFM Investments Pty Ltd, acquired the remaining 80.7 per cent interest in API and gained control. The total cash consideration for the acquisition of 100 per cent of the equity of API was $754 million.

API is a leading Australian distributor of pharmaceutical goods and operates a portfolio of complementary wholesale and retail businesses in the growing health, wellbeing and beauty sector. API provides retail support services to pharmacist-owned pharmacy partners through its Priceline Pharmacy, Soul Pattinson and Pharmacist Advice brands, and is a retailer through company-owned health and beauty stores under the Priceline brand. In addition, API operates Clear Skincare, a provider of skin treatments, laser hair removal and non-invasive cosmetic procedures, and manufactures pharmaceutical and personal care products through its Consumer Brands business.

The acquisition of API provides an opportunity to enter the growing health, wellbeing and beauty sector. API forms the basis of a new Health segment and a base from which to invest and develop capabilities in the health, wellbeing and beauty sector.

From the date of acquisition, the contribution to the Group's revenue from API was $1,240 million and a $25 million loss was included in the Group's income statement. Had the acquisition of API occurred at the beginning of the financial year, the contribution to the Group's revenue from API would have been $4,655 million.

The goodwill of $320 million arising on consolidation is attributable to various factors, including the ability to provide new products and services to customers in the Health segment, the value of growth opportunities and intangible assets that do not qualify for separate recognition. As at 30 June 2022, the provisional goodwill remains unallocated to any CGUs or groups of CGUs.

At 30 June 2022, the acquisition accounting balances are provisional due to the ongoing work finalising valuations and tax matters that may impact acquisition accounting entries.

Details of the provisional fair values of identifiable assets and liabilities as at the date of acquisition are:

	Provisional fair value recognised on acquisition $m
Assets	
Cash	31
Trade and other receivables	631
Inventories	385
Property, plant and equipment	110
Right-of-use assets	182
Intangible assets	303
Deferred tax assets	37
Other	46
Liabilities	
Trade and other payables	690
Interest-bearing loans and borrowings	300
Lease liabilities	207
Provisions	72
Other	22
Fair value of identifiable net assets	**434**
Provisional goodwill arising on acquisition	320
Purchase consideration transferred	**754**
Cash outflow on acquisition	
Net cash acquired	31
Cash paid[1]	754
Net cash outflow on acquisition	**723**
Acquisition related costs recognised as an expense	12

[1] Cash paid is inclusive of the initial 19.3 per cent interest acquired.

Notes to the financial statements: Group information

For the year ended 30 June 2022

24. PARENT DISCLOSURES

	Parent 2022 $m	2021 $m
Assets		
Current assets	**11,271**	11,667
Non-current assets	**5,735**	5,981
Total assets	**17,006**	17,648
Liabilities		
Current liabilities	**1,231**	1,623
Non-current liabilities	**4,007**	2,170
Total liabilities	**5,238**	3,793
Net assets	**11,768**	13,855
Equity		
Equity attributable to equity holders of the parent		
Issued capital	**13,467**	15,719
Employee reserved shares	**3**	3
Retained earnings	**1,582**	1,425
Dividends reserve	**292**	292
Restructure tax reserve	**150**	150
Hedging reserve	**1**	(9)
Share-based payments reserve	**37**	39
Demerger reserve	**(3,764)**	(3,764)
Total equity	**11,768**	13,855
Profit attributable to members of the parent	**2,084**	2,040
Total comprehensive income for the year, net of tax, attributable to members of the parent	**2,094**	2,053
Contingencies[1]		
Trading guarantees	**167**	150

[1] Contingent liabilities at balance date are not included in the balance sheet.

Wesfarmers is party to various legal actions that have arisen in the normal course of business. It is expected that any liabilities arising from such legal action would not have a material adverse effect on the Group's financial report.

Dividends reserve

The dividends reserve was created by the parent entity for the purposes of segregating profits from which dividends to shareholders can be paid.

Guarantees

Wesfarmers Limited and certain Australian controlled entities are parties to a Deed of Cross Guarantee (the Deed).

Parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

25. DEED OF CROSS GUARANTEE

The subsidiaries identified with a '+' in note 22 are parties to a Deed of Cross Guarantee under which each party has guaranteed to pay any deficiency in the event of the winding up of any of the members in the Closed Group. By entering into the Deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned companies) Instrument 2016/785.

These subsidiaries and Wesfarmers Limited together referred to as the 'Closed Group', either originally entered into the Deed on 27 June 2008, or have subsequently joined the Deed by way of an Assumption Deed.

The consolidated income statement and retained earnings of the entities that are members of the Closed Group is as follows:

Consolidated income statement and retained earnings	Deed 2022 $m	2021 $m
Profit before income tax expense	**3,125**	3,264
Income tax expense	**(859)**	(901)
Net profit for the year	**2,266**	2,363
Retained earnings at beginning of year	**(360)**	(648)
Adjustment for companies transferred into/out of the Closed Group	**(11)**	-
Total available for appropriation	**1,895**	1,715
Dividends provided for or paid	**(1,927)**	(2,075)
Retained earnings at end of year	**(32)**	(360)

Consolidated statement of comprehensive income	Deed 2022 $m	2021 $m
Profit for the year	**2,266**	2,363
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Changes in the fair value of cash flow hedges, net of tax	**82**	84
Items that will not be reclassified to profit or loss:		
Changes in the fair value of financial assets designated at FVOCI, net of tax	**24**	(4)
Remeasurement loss on defined benefit plan	**-**	-
Other comprehensive income for the year, net of tax	**106**	80
Total comprehensive income for the year, net of tax	**2,372**	2,443

Notes to the financial statements: Group information

For the year ended 30 June 2022

25. DEED OF CROSS GUARANTEE (CONTINUED)

The consolidated balance sheet of the entities that are members of the Closed Group is as follows:

Consolidated balance sheet	Deed 2022 $m	Deed 2021 $m
Assets		
Current assets		
Cash and cash equivalents	**230**	2,767
Trade and other receivables	**1,297**	1,078
Related party receivables	**1,912**	933
Inventories	**5,215**	4,125
Derivatives	**452**	152
Other	**175**	154
Total current assets	**9,281**	9,209
Non-current assets		
Investment in controlled entities	**3,812**	3,058
Investment in associates and joint ventures	**318**	268
Other financial assets	**664**	1,124
Deferred tax assets	**709**	741
Property, plant and equipment	**3,231**	3,336
Goodwill and intangible assets	**4,002**	3,826
Right-of-use assets	**5,404**	5,446
Derivatives	**8**	282
Other	**80**	2
Total non-current assets	**18,228**	18,083
Total assets	**27,509**	27,292
Liabilities		
Current liabilities		
Trade and other payables	**4,085**	3,664
Related party payables	**68**	-
Interest-bearing loans and borrowings	**988**	950
Lease liabilities	**979**	893
Income tax payable	**18**	333
Provisions	**1,019**	1,079
Derivatives	**2**	43
Other	**247**	219
Total current liabilities	**7,406**	7,181
Non-current liabilities		
Related party payables	**1,081**	963
Interest-bearing loans and borrowings	**3,846**	2,023
Lease liabilities	**5,439**	5,693
Provisions	**352**	336
Derivatives	**30**	2
Total non-current liabilities	**10,748**	9,017
Total liabilities	**18,154**	16,198
Net assets	**9,355**	11,094
Equity		
Issued capital	**13,574**	15,809
Reserved shares	**(102)**	(102)
Retained earnings	**(32)**	(360)
Reserves	**(4,085)**	(4,253)
Total equity	**9,355**	11,094

26. RELATED PARTY TRANSACTIONS

	Consolidated 2022 $'000	Consolidated 2021 $'000
Transactions with related parties		
Associates		
Lease rent paid	**133,096**	136,505
Financial advisory fees paid	**5,522**	10
Management fees received	**(16,122)**	(14,730)
Other receipts from associates	**(335)**	-
Other payments to associates	**-**	149
Joint ventures		
Lease rent paid	**26,498**	25,601
Payments for loyalty program	**45,548**	29,873
Receipts from loyalty program redemption	**(48,250)**	(40,039)
Other receipts from joint ventures	**(1,086)**	(1,152)
Other payments to joint ventures	**2,197**	782
Outstanding balances with related parties		
Associates		
Amounts receivable from associates	**9,684**	10,131
Amounts owing to associates	**(738)**	(163)
Joint ventures		
Amounts receivable from joint ventures	**13,525**	6,680
Amounts owing to joint ventures	**(230,104)**	(186,694)

The Group entered into transactions with related parties during the year as follows:

- Rent for retail stores and warehouses has been paid by the Group to an associated entity, BWP Trust, and to a joint venture, BPI NO 1 Pty Ltd.
- Management fees have been received from an associated entity, BWP Trust, on normal commercial terms and conditions for staff and other services provided to associates.
- Amounts have been paid to and received from Loyalty Pacific Pty Ltd for the operation of the Flybuys loyalty program.
- Partly-owned subsidiaries of an associate of the Group, Gresham Partners Group Limited, have provided advisory services to Wesfarmers and were paid fees of $5,522,022 in 2022 (2021: $10,300).

Notes to the financial statements: Other

For the year ended 30 June 2022

27. COMMITMENTS AND CONTINGENCIES

	Consolidated 2022 $m	2021 $m
Capital commitments[1]		
Within one year	**485**	359
Greater than one year but not more than five years	**49**	-
	534	359
Other expenditure commitments[1]		
Within one year	**222**	112
Greater than one year but not more than five years	**299**	120
More than five years	**277**	69
	798	301
Contingencies[1]		
Trading guarantees	**171**	150

[1] Capital commitments, other expenditure commitments and contingencies at balance date are not included in the balance sheet.

At 30 June 2022, the Group has commitments relating to lease agreements that have not yet commenced, which are not included in the above. The future lease payments (undiscounted) for non-cancellable periods are $8 million (2021: $28 million) within one year, $121 million (2021: $157 million) between one and five years and $208 million (2021: $258 million) thereafter. The commitments relate to lease agreements associated with new stores and distribution centres.

Guarantees

The Group has issued a number of bank and other guarantees to third parties for various operational and legal purposes. It is not expected that these guarantees will be called on.

Contingent liabilities

Certain companies within the Group are party to various legal actions that have arisen in the normal course of business. It is expected that any liabilities arising from such legal action would not have a material effect on the Group.

28. EVENTS AFTER THE REPORTING PERIOD

Dividends

A fully-franked final dividend of 100 cents per share resulting in a dividend payment of $1,134 million was determined with a payment date of 6 October 2022. The dividend has not been provided for in the 30 June 2022 full-year financial statements.

29. AUDITORS' REMUNERATION

	Consolidated 2022 $'000	2021 $'000
Fees to Ernst & Young (Australia)		
Fees for the audit and review of the financial reports of the Group and any controlled entities	**4,667**	4,591
Fees for other assurance and agreed-upon-procedures services	**634**	503
Fees for other services		
- tax compliance	**559**	632
- other	**94**	-
	5,954	5,726
Fees to other overseas network firms of Ernst & Young (Australia)		
Fees for the audit and review of the financial reports of the Group and any controlled entities	**613**	527
Fees for other assurance and agreed-upon-procedures services	**56**	197
Fees for other services		
- tax compliance	**128**	120
	797	844
Total auditors' remuneration	**6,751**	6,570

Other assurance and agreed-upon-procedures services and other services represent 21.8 per cent (2021: 22.1 per cent) of the total fees paid or payable to Ernst & Young and related practices for the year ended 30 June 2022.

Auditors' remuneration includes amounts reimbursed to the auditors for incidental costs incurred in completing their services.

Notes to the financial statements: Other

For the year ended 30 June 2022

30. OTHER ACCOUNTING POLICIES

(A) NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED FROM 1 JULY 2021

All new and amended Australian Accounting Standards and Interpretations mandatory to the Group as at 1 July 2021 have been adopted and include:

Reference	Description
The effects of the following standards were not material:	
AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform (Phase 2)*	This standard makes amendments to AASB 9 *Financial Instruments*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 7 *Financial Instruments: Disclosures*, AASB 4 *Insurance Contracts* and AASB 16 *Leases* to address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
AASB 2021-3 *Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions beyond 30 June 2021*	This standard extends the availability of the practical expedient by one year. The practical expedient applies to rent concessions for which any reduction in lease payments affects only the payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

(B) NEW AND AMENDED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following new and amended accounting standards and interpretations issued but not yet effective are relevant to current operations. They are available for early adoption but have not been applied by the Group in this financial report.

Reference	Description
The effects of these standards and interpretations are not expected to be material:	
AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies*	The application of this amendment is effective from 1 January 2023, and will be adopted by the Group on 1 July 2023. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirements for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adds guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.
AASB 2021-2 *Amendments to Australian Accounting Standards - Definition of Accounting Estimates*	The application of this amendment is effective from 1 January 2023, and will be adopted by the Group on 1 July 2023. The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.
AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018–2020 and Other Amendments*	The application of this amendment is effective from 1 January 2022, and will be adopted by the Group on 1 July 2022. This standard makes amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*, AASB 3, AASB 9, AASB 116 *Property, Plant and Equipment*, AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and AASB 141 *Agriculture.*
AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	The application of this amendment is effective from 1 January 2025 (as deferred by AASB 2021- 7 *Amendments to AASs – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*), and will be adopted by the Group on 1 July 2025. The amendments require a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not) and partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*	The application of this amendment is effective from 1 January 2023 (as deferred by AASB 2020- 6 *Amendments to AASs – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*), and will be adopted by the Group on 1 July 2023. This amendment to AASB 101 *Presentation of Financial Statements* clarifies the requirements for classifying liabilities as current or non-current.
AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	The application of this amendment is effective from 1 January 2023, and will be adopted by the Group on 1 July 2023. The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations.

Notes to the financial statements: Other

For the year ended 30 June 2022

30. OTHER ACCOUNTING POLICIES (CONTINUED)

(C) TAX CONSOLIDATION

Wesfarmers and its 100 per cent owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2002. Wesfarmers is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement in order to allocate income tax expense to the wholly-owned subsidiaries on a stand-alone basis. The tax sharing arrangement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. The possibility of such a default is considered remote at the date of this report.

Members of the tax consolidated group have entered into a tax funding agreement. The group has applied the group allocation approach in determining the appropriate amount of current taxes to allocate to members of the tax consolidated group. The tax funding agreement provides for each member of the tax consolidated group to pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated return and payment of the tax liability.

31. TAX TRANSPARENCY DISCLOSURES

A reconciliation of Wesfarmers' accounting profit to its tax expense and material temporary and non-temporary differences are disclosed in note 3.

A reconciliation of accounting profit to income tax paid or payable and the effective company tax rates for Australian and global operations of the Group are tabled below.

	Consolidated	
	2022	2021
	$m	$m
Tax paid or payable reconciliation		
Accounting profit	**3,320**	3,373
Income tax at the statutory rate of 30%	**996**	1,012
Non-deductible items	**5**	10
Temporary differences: deferred tax	**(94)**	(9)
Associates and other	**(25)**	(17)
Utilisation of previously unrecognised tax losses	**(25)**	-
Current year tax paid or payable	**857**	996
Effective tax rate		
Effective tax rate for Australian operations	**29.1%**	29.4%
Effective tax rate for global operations	**29.2%**	29.7%

32. DIRECTOR AND EXECUTIVE DISCLOSURES

Compensation of key management personnel

The remuneration disclosures are provided in sections one to eight of the remuneration report on pages 100 to 127 of this annual report designated as audited and forming part of the directors' report.

	Consolidated	
	2022	2021
	$'000	$'000
Short-term benefits	**11,751**	10,752
Long-term benefits	**118**	112
Post-employment benefits	**240**	221
Termination benefits	**-**	-
Share-based payments	**13,115**	11,482
	25,224	22,567

Other transactions with key management personnel

From time to time, directors of Wesfarmers or its controlled entities, or their director-related entities, may purchase goods or services from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Notes to the financial statements: Other

For the year ended 30 June 2022

33. SHARE-BASED PAYMENTS

The Group provides benefits to employees (including the executive director) of the Group through share-based incentives. Employees are paid for their services or incentivised for their performance in part through shares or rights over shares. The expense arising from these transactions is shown in note 2. The total number of ordinary Wesfarmers shares acquired on market during FY2022 to satisfy employee incentive schemes was 1,635,002 (2021: 1,961,576) at an average price of $57.45 (2021: $49.61) per share.

RECOGNITION AND MEASUREMENT

Share-based payments can either be equity-settled or cash-settled. If the employee is provided a choice of settlement options then the scheme is considered to be cash-settled.

Equity-settled transactions

The cost of equity-settled transactions with employees is measured using their fair value at the date at which they are granted. In determining the fair value, only performance conditions linked to the price of the shares of Wesfarmers Limited (market conditions) are taken into account.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance conditions (excluding market conditions) are met, ending on the date on which the employees become fully entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the proportion of the awards that are expected to ultimately vest. No expense is recognised for awards that do not ultimately vest due to a non-market performance condition not being met. The expense is recognised in full if the awards do not vest (or are not exercised) due to a market performance condition not being met.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described above.

Cash-settled transactions

The ultimate expense recognised in relation to cash-settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

ADDITIONAL INFORMATION ON AWARD SCHEMES

Key Executive Equity Performance Plan (KEEPP)

KEEPP was introduced in September 2016. Under the 2021 KEEPP, eligible executive key management personnel (KMP) were invited to receive performance shares and deferred shares in the company. From the 2021 KEEPP, newly issued unquoted fully-paid ordinary shares are allocated under the KEEPP. The company will apply for quotation of the shares upon vesting or forfeiture of the shares.

KEEPP is a single total incentive established for each executive KMP that operates over seven years. The quantum of the KEEPP award is determined against an individually personalised 12-month scorecard, split into financial, safety and Group ecosystem performance measures and individual performance objectives.

In FY2021, the earnings before interest and tax and return on capital (ROC) conditions of the 2018 and 2019 KEEPP performance shares were amended to post-AASB 16 earnings before tax and ROC metrics. There was no incremental change in the fair value of the awards. The share price on the date which the amendment was communicated to participants was $59.10 per share.

Performance shares - 2021 KEEPP

For the Group Managing Director and the Group Chief Financial Officer, the performance conditions are Wesfarmers' total shareholder return (TSR) relative to the TSR of the ASX 100 (80 per cent weighting) and portfolio management and investment outcomes (20 per cent weighting). For the divisional managing directors, the performance conditions are the divisional financial performance (50 per cent weighting) and Wesfarmers' TSR relative to the TSR of the ASX 100 (50 per cent weighting).

The fair value of the performance shares with a TSR condition is determined using an option pricing model with the following inputs:

	Group MD	Group CFO and Divisional MD
Grant date	21 Oct 2021	16 Nov 2021
Grant date share price ($)	55.55	59.91
Volatility (%)	23.22	23.53
Risk-free rate (%)	0.91	1.23
Fair value ($)	33.93	40.35

Equity-settled awards outstanding

Weighted average share price in FY2022 was $52.74 (2021: $50.19). The following table includes shares subject to trading restrictions.

	KEEPP (shares)	WESAP (shares)	WLTIP (shares)	WESP (options)
Outstanding at the beginning of the year	1,827,132	5,937,482	176,053	169,910
Granted during the year	304,374	1,761,671	-	-
Exercised during the year	(282,681)	(2,621,148)	(24,218)	(34,086)
Lapsed during the year	(5,892)	(95,426)	-	-
Other adjustments	-	(22,761)	-	-
Outstanding at the end of the year	1,842,933	4,959,818	151,835	135,824
Exercisable at the end of the year	104,312	5,358,181	212,025	803,368

Notes to the financial statements: Other

For the year ended 30 June 2022

33. SHARE-BASED PAYMENTS (CONTINUED)

Key Executive Equity Performance Plan (KEEPP) (continued)

Deferred shares - 2021 KEEPP

Eligible executive KMPs also received a deferred shares award under the KEEPP. The 2021 KEEPP deferred shares are subject to a 12-month service condition (the forfeiture period). If an executive resigns or is terminated for cause during the forfeiture period, the Board may decide to cancel that share allocation. The fair value of the award at grant date is expensed over the one-year forfeiture period.

The grant date share price is the fair value of both the deferred shares and the performance shares with divisional financial performance conditions or the portfolio management and investment outcomes condition.

Further details of the KEEPP and of the terms of the grants made during FY2022 are provided in the remuneration report.

Wesfarmers Employee Share Acquisition Plan (WESAP)

Employees other than executives

The WESAP was introduced in October 2009. Under the plan, all eligible employees are invited to acquire fully-paid ordinary shares in the company. The shares are either acquired under a salary sacrifice arrangement or are granted as an award, subject to the Group achieving a net profit after tax performance condition. Eligibility for an award of shares is dependent upon an in-service period with a participating division and being a permanent employee.

The plan qualifies as a non-discriminatory employee share scheme complying with the requirements of Division 83A of the *Income Tax Assessment Act 1997* (as amended) for Australian resident employees. The average fair value of the equity instruments granted was $52.71 (2021 average: $50.95) and was determined with reference to the share price on the date of grant.

Executives

In November 2016, WESAP was introduced to eligible executives. Under the 2021 offer, eligible executives are invited to receive performance shares and deferred shares in the company.

Performance shares - 2021 WESAP

The performance condition (with 100 per cent weighting) is Wesfarmers' TSR relative to the TSR of the ASX 100 over a four-year performance period.

The fair value of the performance shares with a TSR condition is determined using an option pricing model with the following inputs:

Grant date	**16 Nov 2021**
Grant date share price ($)	**59.91**
Volatility (%)	**23.53**
Risk-free rate (%)	**1.23**
Fair value ($)	**40.35**

Deferred shares - 2021 WESAP

Deferred shares are subject to a three-year forfeiture period. If an executive resigns or is terminated for cause within three years, the deferred shares will be forfeited.

The grant date share price is the fair value of the deferred shares and the award is expensed over the forfeiture period.

Annual incentive

In August 2021, eligible executives received a restricted (mandatory deferred) share award under the WESAP as part of their annual incentive. If an executive resigns or is terminated for cause within one year of the share allocation, the Board may decide to cancel that share allocation. The fair value of the award at grant date is expensed over the forfeiture period.

Wesfarmers Long Term Incentive Plan (WLTIP)

2020 performance-tested shares

The Board approved a one-off performance-tested share grant for the Group Managing Director, the Group Chief Financial Officer and the Managing Director, Kmart Group in relation to the restructure of Kmart Group, which was allocated in FY2021 under the WLTIP.

The performance condition (with 100 per cent weighting) is based on the conversion of Target stores to Kmart stores and measured through total cumulative converted store profit for the relevant stores, against the targeted store contribution in the Board-approved proposal.

The fair value of the equity instruments granted was $48.78 and was determined with reference to the share price on the date of grant.

Wesfarmers Employee Share Plan (WESP)

The last issue under the WESP was made in December 2004. Under the plan, employees were invited to apply for ordinary shares in the company, funded by an interest-free loan from the Group. The employees' obligation for repayment of the loans is limited to the dividends paid and capital returns by the company and, in the event the employee ceases employment, the market price achieved on the sale of the shares.

The plan is accounted for as an in-substance equity-settled award, with the contractual life of each option equivalent to the estimated loan life and no maximum term.

Directors' declaration

Wesfarmers Limited and its controlled entities

In accordance with a resolution of the directors of Wesfarmers Limited, we state that:

1. In the opinion of the directors:

1.1 the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the consolidated entity for the full-year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

1.2 the financial statements and notes comply with International Financial Reporting Standards as disclosed in the notes to the financial statements on page 135 of the 2022 Annual Report; and

1.3 there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declaration required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022.

3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group comprising the company and the controlled entities marked '+' as identified in note 22 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee referred to in note 25.

On behalf of the Board:

M A Chaney AO
Chairman

R G Scott
Managing Director

Perth
25 August 2022

Independent auditor's report

To the Members of Wesfarmers Limited

Building a better working world

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Independent auditor's report to the members of Wesfarmers Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Wesfarmers Limited ('the Company') and its subsidiaries (collectively, 'the Group'), which comprises the consolidated balance sheet as at 30 June 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Independent auditor's report

To the Members of Wesfarmers Limited

1. Acquisition of Australian Pharmaceutical Industries Ltd ('API')

Why significant

On 31 March 2022, the Group completed the acquisition of 100% of the ownership interest in API. The acquisition was achieved in stages as the Group had previously acquired a 19.3% interest in API on 7 October 2021. The acquisition has been accounted for as a business combination at the date the Group gained control of API, being 31 March 2022. Details of the transaction are disclosed in Note 23 *Business Combinations*.

The acquisition is significant to the Group and accounting for the acquisition was complex due to the judgement required by the Group to identify and determine the provisional fair values of the assets acquired and the liabilities assumed, including the allocation of purchase consideration to goodwill and separately identifiable intangible assets.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We read the Scheme Implementation Deed to gain an understanding of the key terms
- We assessed the appropriateness of the acquisition accounting applied in accordance with the requirements of Australian Accounting Standards
- We agreed the total purchase consideration paid to supporting documentation
- We assessed the reasonableness of the provisional fair values of the assets acquired and liabilities assumed, with the assistance of our valuation specialists, including considering whether the valuation methodologies applied were in accordance with the requirements of Australian Accounting Standards
- We assessed the qualifications, competence and objectivity of the Group's external experts involved in the fair value assessment process
- We considered the adequacy of the financial report disclosures.

2. Inventory valuation and existence

Why significant

At 30 June 2022, the Group held inventory balances of $6,084 million, as disclosed in Note 6 *Inventories* ('Note 6').

Inventories are valued at the lower of cost and net realisable value ('NRV'). The NRV of inventories is the estimated selling price in the ordinary course of business less estimated costs to sell, the determination of which requires significant judgement by the Group.

Key matters of judgement include:

- The estimated costs to bring the inventory to its location and condition for sale
- Estimated costs to sell
- The expected selling price.

In addition, the distribution of the Group's inventory across a high number of locations and the quantum of the inventory balances may result in an increased risk in relation to existence.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We assessed the inventory management, procurement and commercial income processes, including an evaluation of the effectiveness of relevant controls
- We tested the accuracy of the weighted average costing systems and performed overhead allocation testing on a sample of inventory
- We attended stocktakes at a sample of locations and reviewed stocktake processes for compliance with internal policies
- We tested the subsequent reconciliation of the stock count results into the inventory records and general ledger
- We tested the estimated costs to bring the inventory to its location and condition for sale, the estimated costs to sell and the pricing assumptions in the NRV testing
- We evaluated management's assessment of stock obsolescence provisions through attendance at stocktakes, enquiries and analytical procedures
- We performed inventory cut-off testing on a sample of transactions either side of year-end
- We reviewed key stock statistics, including sell-through rates, stock aging and stock turnover
- We performed analysis of shrinkage results and provision calculations
- We considered the adequacy of the financial report disclosures.

Independent auditor's report

To the Members of Wesfarmers Limited

3. Supplier rebates

Why significant

Rebates associated with the Group's retail operations are received from suppliers.

The value and timing of supplier rebates recognised requires judgement and the consideration of a number of factors including:

- The commercial terms of each individual rebate
- The appropriate timing of recognition
- Consideration of the nature of the rebate and whether the rebate amount should be applied against the carrying value of inventory or recognised in the income statement
- The accurate recognition and measurement of rebates in accordance with Australian Accounting Standards and the Group's related processes and controls.

The Group's acquisition of API has resulted in new rebate arrangements that were required to be assessed for compliance with the Group's accounting policies.

Disclosures relating to the measurement and recognition of supplier rebates can be found in Note 6.

How our audit addressed the key audit matter

Our audit procedures included the following:

- We gained an understanding of the nature of each material type of supplier rebate, including reading the significant agreements in place
- We tested the effectiveness of relevant controls in place relating to the recognition and measurement of rebate amounts
- We performed comparisons of the various rebate arrangements against the prior year and budget, including analysis of aging profiles and where material variances were identified, obtained supporting evidence
- We selected a sample of supplier rebates and tested whether documentation existed supporting the recognition and measurement of the rebates in the 30 June 2022 financial statements
- We inspected a sample of material new contracts entered into before and after the balance date and assessed whether the treatment adopted by the Group in respect to rebates arising under these contracts was appropriate
- We inquired of legal counsel and business representatives including product category merchandisers, supply chain managers and procurement staff as to the existence of any non-standard agreements or side arrangements
- We considered the adequacy of the financial report disclosures.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

Independent auditor's report

To the Members of Wesfarmers Limited

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 100 to 127 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Wesfarmers Limited for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst + Young

Ernst & Young

T S Hammond
Partner
Perth

25 August 2022

J K Newton
Partner
Perth

25 August 2022

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Five-year financial history

	Post-AASB 16			Pre-AASB 16	
All figures in $m unless shown otherwise[1]	**2022**	**2021[2]**	**2020[3]**	**2019[4]**	**2018[5]**
Summarised income statement					
Revenue from contracts with customers	**36,679**	33,797	30,753	44,485	69,595
Other revenue	**159**	144	93	199	283
Total revenue	**36,838**	33,941	30,846	44,684	69,878
Operating profit before depreciation and amortisation, finance costs and income tax	**5,208**	5,226	4,272	7,627	4,079
Depreciation and amortisation	**(1,575)**	(1,509)	(1,528)	(809)	(1,283)
Interest on lease liabilities	**(217)**	(226)	(237)	-	-
EBIT (after interest on lease liabilities)	**3,416**	3,491	2,507	6,818	2,796
Other finance costs	**(96)**	(118)	(133)	(175)	(221)
Income tax expense	**(968)**	(993)	(677)	(1,133)	(1,378)
Profit after tax from discontinued operations	**-**	-	75	3,570	(1,407)
Operating profit after income tax attributable to members of Wesfarmers Limited	**2,352**	2,380	1,697	5,510	1,197
Capital and dividends					
Ordinary shares on issue (number) 000's as at 30 June	**1,134,145**	1,133,840	1,133,840	1,133,840	1,133,840
Paid up ordinary capital as at 30 June	**13,574**	15,826	15,818	15,809	22,277
Fully-franked dividend per ordinary share (determined) (cents)	**180**	178	152	178	223
Fully-franked special dividend per ordinary share (determined) (cents)[6]	**-**	-	18	100	-
Capital return per ordinary share (cents)[7]	**-**	200	-	-	-
Financial performance					
Earnings per share (weighted average) (cents)	**207.8**	210.4	150.0	487.2	105.8
Earnings per share growth (%)	**(1.2)**	40.3	(69.2)	360.5	(58.5)
Return on average ordinary shareholders' equity (R12) (excluding significant items) (%)	**29.4**	26.1	22.1	19.2	11.7
Financial position as at 30 June					
Total assets	**27,271**	26,214	25,425	18,333	36,933
Total liabilities	**19,290**	16,499	16,081	8,362	14,179
Net assets	**7,981**	9,715	9,344	9,971	22,754
Net tangible asset backing per ordinary share ($)	**2.94**	5.14	4.89	5.21	4.33
Net debt to equity (%)[8]	**56.3**	2.3	(0.9)	25.1	17.3
Total liabilities/total assets (%)	**70.7**	62.9	63.2	45.6	38.4
Stock market capitalisation as at 30 June	**47,532**	67,010	50,830	41,000	55,966

1 All figures are presented as last reported, including discontinued operations.

2 The summarised income statement for 2021 includes pre-tax (post-tax) restructuring costs of $59 million ($41 million) in the Kmart Group.

3 The summarised income statement for 2020 includes significant items relating to the following pre-tax (post-tax) items: $525 million ($437 million) impairment of the Target brand name and other assets, $110 million ($83 million) restructuring costs and provisions in the Kmart Group and a $310 million ($298 million) impairment to Industrial and Safety, offset by a gain of $290 million ($203 million) on the sale of 10.1 per cent of the interest in Coles, a gain of $220 million ($154 million) on the revaluation of the retained 4.9 per cent interest in Coles and a benefit of $83 million from the finalisation of tax positions on prior year disposals.

4 The summarised income statement for 2019 includes significant items relating to the following pre-tax (post-tax) items: $2,319 million ($2,264 million) gain on demerger of Coles, the $679 million ($645 million) gain on disposal of Bengalla, the $267 million ($244 million) gain on disposal of KTAS, the $138 million ($120 million) gain on disposal of Quadrant Energy and $146 million ($102 million) provision for Coles supply chain automation.

5 The summarised income statement for 2018 includes significant items relating to the following pre-tax (post-tax) items: $306 million ($300 million) non-cash impairment of Target, BUKI's writedown and store closure provision of $931 million ($1,023 million), $375 million ($375 million) loss on disposal relating to BUKI, partially offset by $120 million ($123 million) gain of the Curragh Coal Mine.

6 The 2020 fully-franked special dividend reflects the distribution of after-tax profits on the sale of the Group's 10.1 per cent interest in Coles.

7 On 2 December 2021, a capital return to shareholders of 200 cents per share was paid.

8 The net debt balance excludes lease liabilities.

Shareholder information

SUBSTANTIAL SHAREHOLDERS

As at the date of this report, the following shareholders are substantial shareholders for the purposes of Part 6C.1 of the *Corporations Act 2001*:

- BlackRock Group (BlackRock Inc. and subsidiaries) holding 6.04 per cent;
- The Vanguard Group, Inc. holding 6.00 per cent; and
- State Street Corporation (and subsidiaries) holding 5.00 per cent.

VOTING RIGHTS

Wesfarmers fully-paid ordinary shares carry voting rights of one vote per share.

DISTRIBUTION OF MEMBERS AND THEIR HOLDINGS

Size of holdings	Number of shareholders	% of issued capital
1 – 1,000	408,803	11.50
1,001 – 5,000	92,400	17.06
5,001 – 10,000	10,418	6.38
10,001 – 100,000	5,164	9.19
100,001 and over	146	55.87

There were 14,118 shareholders that held less than a marketable parcel of Wesfarmers ordinary shares.

There were 0.94 per cent of shareholders with registered addresses outside Australia.

TWENTY LARGEST SHAREHOLDERS

The 20 largest shareholders of ordinary shares on the company's register as at 25 August 2022 were:

Name	Number of shares	% of issued capital
HSBC Custody Nominees (Australia) Limited	247,238,638	21.81
J P Morgan Nominees Australia Pty Limited	168,235,854	14.84
Citicorp Nominees Pty Limited	60,883,117	5.37
BNP Paribas Noms Pty Ltd (DRP)	24,852,307	2.19
National Nominees Limited	23,529,919	2.08
BNP Paribas Nominees Pty Ltd (Agency Lending DRP A/C)	18,776,904	1.66
HSBC Custody Nominees (Australia) Limited (Nt-Comnwlth Super Corp A/C)	8,748,310	0.77
Australian Foundation Investment Company Limited	7,372,000	0.65
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)	5,393,238	0.48
Argo Investments Limited	5,040,027	0.44
Netwealth Investments Limited (Wrap Services A/C)	4,171,444	0.37
CPU Share Plans Pty Limited (WESAP DFE Control A/C)	4,163,205	0.37
CPU Share Plans Pty Limited (WES Exu Control A/C)	3,469,523	0.31
Washington H Soul Pattinson and Company Limited	3,072,975	0.27
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Ltd (DRP A/C)	2,905,179	0.26
Citicorp Nominees Pty Limited (Citibank NY ADR DEP A/C)	1,999,886	0.18
Mutual Trust Pty Ltd	1,963,068	0.17
Australian Executor Trustees Limited (IPS IOOF Employer Super A/C)	1,877,122	0.17
Mr Peter Alexander Brown	1,552,825	0.14
Navigator Australia Ltd (MLC Investment Sett A/C)	1,384,952	0.12

The percentage holding of the 20 largest shareholders of Wesfarmers ordinary shares was 52.62.

Investor information

MANAGING YOUR SHAREHOLDING

The company's share registry is managed by Computershare Investor Services Pty Limited (Computershare).

The Investor Centre website is the fastest, easiest and most convenient way to view and manage your shareholding. Investor Centre enables a shareholder to:

- view the company share price;
- change your banking details;
- change your address (for non-CHESS sponsored holdings);
- update your dividend instructions;
- update your Tax File Number (TFN), Australian Business Number (ABN) or exemption;
- select your email and communication preferences;
- view your transaction and dividend history; and
- generate a holding balance letter.

Visit **www.wesdirect.com.au** and click on 'Login' for portfolio membership or click on 'Single Holding' to view your Wesfarmers shareholding information.

When communicating with Computershare or accessing your holding online you will need your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements.

You can also contact Computershare by:

Post GPO Box 2975 Melbourne, Victoria 3001 Australia

Telephone Australia 1300 558 062

Telephone International (+61 3) 9415 4631

Website www.investorcentre.com/contact

TAX FILE NUMBERS

While it is not compulsory to provide a TFN, if shareholders have not provided a TFN and Wesfarmers pays an unfranked or partly-franked dividend, the company will be required to deduct tax from the unfranked portion of the dividend at the top marginal rate plus the Medicare Levy. Shareholders can go online to update their TFN by visiting **www.wesdirect.com.au**

CHANGE OF NAME OR CONSOLIDATION OF HOLDINGS

Name changes or consolidation of multiple holdings into one single holding must be made in writing by using the required forms, which can be downloaded from **www.wesdirect.com.au** and clicking on the 'Printable Forms' button.

Uncertificated Share Register: The Wesfarmers share register is uncertificated. Two forms of uncertificated holdings are available to shareholders:

- *Issuer-sponsored holdings* – these holdings are sponsored by Wesfarmers and there is no need for shareholders to be sponsored by a stockbroker; and
- *Broker-sponsored holdings* – shareholders may arrange to be sponsored by a stockbroker who will require a signed sponsorship agreement.

Holding statements are issued to shareholders within five business days after the end of any month in which transactions occur that alter the balance of their holding. Shareholders can also access details of their shareholdings and dividends paid on their holdings by visiting **www.wesdirect.com.au**

INFORMATION ON WESFARMERS

Wesfarmers website

Up-to-date information on the company can be obtained from the company's website **www.wesfarmers.com.au**

Securities Exchange listing

Wesfarmers shares are listed on the Australian Securities Exchange under the code WES.

Share prices can be accessed from major Australian newspapers, on the Wesfarmers website or at **www.asx.com.au**

Dividend investment plan

The company's dividend investment plan was reinstated with effect from 27 February 2007. Details of the plan can be obtained from Computershare or the Wesfarmers website.

Privacy

A copy of the Wesfarmers Privacy Policy is available on the Wesfarmers website.

Wesfarmers Corporate Affairs department

Further information and publications about the company's operations are available from the Corporate Affairs department on (08) 9327 4428 (within Australia) or (+61 8) 9327 4428 (international) or from the Wesfarmers website.

Corporate directory

Wesfarmers Limited ABN 28 008 984 049

REGISTERED OFFICE

Level 14, Brookfield Place Tower 2
123 St Georges Terrace
Perth, Western Australia 6000

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Website www.wesfarmers.com.au
Email info@wesfarmers.com.au

EXECUTIVE DIRECTOR

Rob Scott
Group Managing Director and Chief Executive Officer

NON-EXECUTIVE DIRECTORS

Michael Chaney AO
Chairman

Alan Cransberg (from 1 October 2021)

The Right Honourable Sir Bill English KNZM

Wayne Osborn (to 21 October 2021)

Mike Roche

Anil Sabharwal

Vanessa Wallace

Sharon Warburton

Alison Watkins AM (from 1 September 2021)

Jennifer Westacott AO

CHIEF FINANCIAL OFFICER

Anthony Gianotti

COMPANY SECRETARY

Vicki Robinson

SHARE REGISTRY

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

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Facsimile Australia (03) 9473 2500
Facsimile International (+61 3) 9473 2500
Website www.investorcentre.com/wes

FINANCIAL CALENDAR+

Record date for final dividend	1 September 2022
Final dividend paid	6 October 2022
Annual general meeting	27 October 2022
Half-year end	31 December 2022
Half-year profit announcement	February 2023
Record date for interim dividend	February 2023
Interim dividend payable	March 2023
Year-end	30 June 2023

+ Timing of events is subject to change.

ANNUAL GENERAL MEETING

The 41st Annual General Meeting of Wesfarmers Limited will be held on Thursday 27 October 2022 at 1:00pm (Perth time) at the Perth Exhibition and Convention Centre and shareholders will also be able to participate in the meeting through an online platform. Further details will be provided in the 2022 Notice of Meeting.

WEBSITE

To view the 2022 Annual Report, shareholder and company information, news announcements, background information on Wesfarmers' businesses and historical information, visit the Wesfarmers website at **www.wesfarmers.com.au**

Wesfarmers

Bunnings

Kmart Group

From 1 July 2022

Chemicals, Energy and Fertilisers

(50%) (50%) (75%)

Officeworks

Industrial and Safety

Health

OneDigital

From 1 July 2022

Other activities

50% 24.8% 50% 50% 2.8%

wesfarmers.com.au