

IN FOCUS

A quarterly newsletter of stories from across the Wesfarmers Group



A MESSAGE FROM ROB

As we enter our second year living with a global pandemic, the focus is very much turning to how Australia manages the next phase of COVID-19 and how we transition our economy to one which is fit for the future.

If I think about that from a corporate perspective, the imperative to change, to adapt, and to invest is a matter of survival. There has never been a time when there has been such enormous disruption to industries, through technology change, changes to consumer behaviour and ways of working. Add in the huge changes to energy supply and use through the shift to decarbonisation and the impact on business is profound. There is simply no choice but to respond.

In many ways this applies to Australia as well. Our governments deserve recognition for the very significant role they have played to manage and mitigate the impact of COVID, supporting the strong recovery we have seen in our economy and a much more positive outlook. However, unless we as a country change and adapt and invest in new opportunities, our future prosperity is at risk. That means so is our ability to create new jobs, to pay higher wages, and to provide the services our communities expect.

Unfortunately, there are impediments discouraging companies from investing for the future. A lot of investors have a short-term focus and it takes courage to look beyond the short-term. A lot of the regulations and taxes we need to work with, particularly state taxes like stamp duty and payroll taxes, were set up decades ago before the internet even existed.

At Wesfarmers, we are fortunate to have access to plenty of capital and a net cash balance sheet. The challenge is finding good investment opportunities. Low interest rates are helpful but more important is anticipated future cash flows. And future cash flows are often influenced by issues like regulation, the timeframes to getting projects up and running, and around access to the right skills. We've just announced what will be, with our partner SQM, a \$1.9 billion investment in a new lithium hydroxide refinery. The complex process for various government approvals, availability of the right skills in Western Australia, and the impact of closed borders, are as relevant, if not more, than the cost and availability of capital.

To be clear, we believe regulation is essential for the protection of the environment and the community. But it must be necessary, clear, consistent, effective, proportionate and efficiently administered. Then it needs to be regularly reviewed to ensure it remains required and relevant. There are so many things that are within our control and that are cost-free to make Australia a more competitive nation, including getting regulatory settings right. Just looking to the Federal Government to solve these problems is overlooking the way our economy and federation works. It will require governments, unions, businesses and the community all working together.

— ROB SCOTT
Managing Director



K-RACKING PACE ON NEW STORE ROLLOUT

Kmart has set a cracking pace this summer in making everyday living brighter for Australian families in regional areas, opening 45 new small format K Hub stores in just over five weeks. The plan, announced last May, to convert 52 former Target Country stores to the K Hub concept has been rolled out in just eight months, giving dozens of communities and thousands of Australians easy access to everyday items they need at the lowest possible price.

K Hubs are now operating in a range of remarkable locations, from remote Katherine in the Northern Territory (pictured bottom left) to coastal towns like Port Douglas in Far North Queensland (pictured top left), to Katoomba in the Blue Mountains and dozens of locations in-between and beyond. They will also act as a one-stop shop for Target and Catch Click and Collect, giving customers in these regions greater choice.

As importantly, more than 1,000 Target team members have joined the Kmart family and an additional 1,000 new team members have joined from local communities, to support Kmart's growth.

As part of the significant changes to the Kmart and Target store networks announced last May to accelerate the growth of Kmart and address Target's then unsustainable performance, Kmart has set itself the ambitious task of converting a total of 90 stores in a single calendar year, and to transform each site in less than three weeks.

The Kmart Team has proved again that it always shines brightest when there is a big task at hand.

GREEN LIGHT FOR LITHIUM PROJECT

Wesfarmers and its joint venture partner SQM of Chile expect to be producing lithium hydroxide for the growing electric vehicle industry by the end of 2024, following a final investment decision in February on the Mt Holland lithium project in Western Australia.

The joint venture partners committed initial funding to the project, with full funding to be committed upon receiving environmental approvals for the lithium hydroxide refinery in Kwinana, Western Australia. Following receipt of all approvals, construction of the mine and concentrator at Mt Holland and the refinery is expected to commence in the second half of this calendar year.

The project is expected to create around 1,000 jobs during construction and around 250 when it is in operation.

Wesfarmers' share of the capital expenditure is estimated at approximately \$950 million and Managing Director Rob Scott says it presents an attractive, long-term investment for shareholders.

"The project capitalises on our Chemicals, Energy and Fertilisers division's chemical processing expertise and Western Australia's unique position to support growing global demand for electric



vehicle battery materials which will make a crucial contribution to global efforts to reduce greenhouse gas emissions," Rob said.

"We have been pleased with the progress of discussions with key battery manufacturers, which reflect a positive outlook for battery quality, sustainably sourced lithium hydroxide."

An updated definitive feasibility study, completed after the final investment decision was deferred in January last year, has provided greater certainty on the project's engineering design and costs, as well as an increase in concentrator and refinery production capacity from 45,000 tonnes to 50,000 tonnes per year of battery-grade lithium hydroxide.

KEEPING ON TRACK TO A GREAT CAREER

CareerTrackers was set up in 2009, and aims to create pathways and support systems for Indigenous young adults to progress through university with high marks, industry experience and bright professional futures. This year, CareerTrackers is working with over 200 businesses across Australia, including Wesfarmers, to provide 700 internships across Australia. Our CareerTrackers interns this summer include Melanie Bradbury and Dashon Ugle (pictured) at Wesfarmers corporate office in Perth.

95% CareerTrackers in full-time employment within three months of finishing university



Wesfarmers intern Melanie Bradbury, a Karajarri woman from Bidyadanga, writes about what the program has meant to her.

“ I first began working with CareerTrackers in 2019, with an advisor who guides and supports me throughout my internship and university degree by checking up on me once a month, giving me advice, and being available anytime I need help. At the time I was finishing high school in Broome, Western Australia and had to relocate to Perth to pursue my career and education prospects, which was daunting and difficult to get used to, but through the constant support of my advisor, friends and family I have been able to successfully continue forward.

Through CareerTrackers I successfully began my university degree in journalism in 2020 and an internship over the 2020/2021 summer at Wesfarmers, working with the Corporate Affairs team on several projects that have opened my eyes to the possibilities of where my degree can take me. Over the course of my internship I wrote articles about some of the artworks in The Wesfarmers Collection which were published on the Wesfarmers Arts website. I also applied some of my media skills to

take photos and helped to edit videos. I have learnt how to work in a professional environment and be more organised with researching and showcasing information at work as well as university.

Overall, my experience has been very positive and I have learnt many new things and made connections with so many amazing people. After working with CareerTrackers and interning here at Wesfarmers I now am more organised with my time, have better tools and skills to excel in my degree and am more confident in myself and my skills. I know how to better balance my home and work life through experience, and I have a better understanding of what my future career may look like.

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As an Indigenous Australian, having equal education and employment opportunities on par with non-Indigenous Australians is an important step in paving the way for reconciliation.

- Melanie Bradbury

MOVING FROM SAFE TO BRAVE LEADERSHIP



Rob Scott says his first personal engagement with Aboriginal communities was as a kid watching country footy matches in Western Australia beside his sports teacher dad.

“I had two takeaways: the phenomenal athletic prowess of many Indigenous Australians and second, what seemed to be an unfair situation, that many Indigenous kids weren’t offered the same benefits I had as a kid,” Rob says.

Many years later, as Managing Director of Wesfarmers, a listening session in Perth with Aboriginal and Torres Strait Islander team members made it clear to him how far the journey to reconciliation has to go.

“Wesfarmers should be proud of the progress we have made on our reconciliation journey, but if we are serious about closing the gap, we need to face into areas that require more work and improvement.

“One of the things all retailers focus on is shoplifting and shrinkage, it’s a really big cost. A number of our team were explaining to me how they and their

families were feeling they were being followed and targeted in stores simply because of the colour of their skin, because team members in the store felt they were more likely to steal stuff. That made me feel terrible, and it made me realise we had a job to do. So we discussed that at a leadership level and said this is not good enough, let’s go away and help educate our team on what is right. The teams in those stores, they weren’t doing it maliciously, they just hadn’t really thought about the consequences and how inconsistent it was with the type of workplace and customer experience we were trying to deliver.”

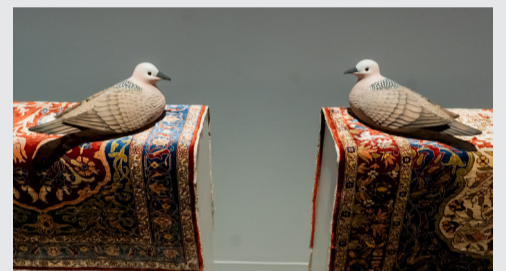
Rob’s retelling of what he describes as this welcome “frank and fearless” feedback was part of a conversation with Reconciliation Australia’s CEO Karen Mundine which opened Reconciliation Australia’s National RAP conference in February. It followed the release of the 2021 State of Reconciliation Report *Moving from safe to brave*.

Rob said another listening session in 2020 changed his perspective on the significance of the Black Lives Matter protests then occurring in the United States.

“I was almost a little embarrassed I wasn’t aware what a profound impact all this global activity and noise was having on Indigenous Australians and anyone who has experienced racism,” he said.

Wesfarmers’ current targets include employment parity of three per cent Aboriginal and Torres Strait Islander people in the Group’s 120,000 strong workforce by 2022, including among senior roles.

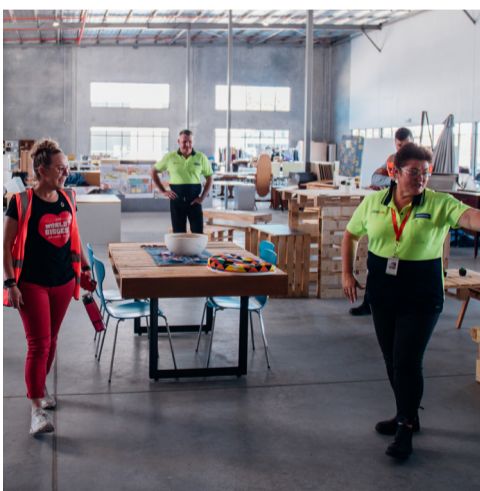
MAKING ISOLATION A BLESSING



Featuring an entirely Western Australian line-up of performing and visual arts for the first time in its 68-year history, Perth Festival 2021 offered a month-long celebration of home-grown talent supported by Wesfarmers Arts in February and March.

The dynamic program featured a record number of local commissions, with 10 works for the stage, four music compositions and over 30 new works from visual artists made possible with support from Wesfarmers Arts as Perth Festival’s long-standing Visual Arts Partner.

Among the highlights on offer is the exhibition *Everything is true* which, until 23 April, is transforming John Curtin Gallery into a dreamscape of animal and otherworldly presences by Abdul-Rahman Abdullah - one of Australia’s most compelling contemporary artists. This largest exhibition of the work of the artist to date features work held in The Wesfarmers Collection including *The language of the birds*, 2019 (pictured) and many other major public and private collections.



GARAGE SALE WITH A DIFFERENCE WINS AWARD

A partnership which demonstrates a viable solution to repairing and repurposing imperfect furniture to keep materials out of landfill has collected a leading sustainability award for Officeworks and the World’s Biggest Garage Sale (WBSG).

The Banksia Foundation’s Minister’s Award for the Environment, which recognises innovative projects with national significance that will inspire others to action, was presented by the Hon Sussan Ley MP, Federal Minister for the Environment, at the 32nd Annual Banksia Sustainability Awards in late March.

WBSG has opened Australia’s first circular economy precinct in Brisbane, taking in goods from households and businesses that otherwise might go to landfill, and repairing, repurposing, recycling and reselling them. Officeworks struck a new partnership

with WBSG in early 2020, diverting imperfect home and office furniture that was unfit for sale due to damage incurred during its transport.

The program has met a number of objectives for Officeworks, including increasing operational recycling rates and reducing waste sent to landfill, being cost neutral, and providing feedback to help avoid product damage in the first instance.

“It’s a partnership that we’re really proud of and one that plays an important role as we work to contribute to a more circular economy,” Officeworks Head of Sustainable Development and Government Relations, Ryan Swenson said. “We are now working with the team at WBSG and other interested parties to help scale the initiative across Australia as a solution for waste reduction within the retail industry.”

FUEL OF THE FUTURE SET TO POWER HEAVY VEHICLES

Australia has taken another step towards a clean energy future with the announcement by Coregas in March that it will develop the country’s first hydrogen refuelling station for heavy vehicles at Port Kembla.

Coregas, part of Wesfarmers Industrial and Safety division, will develop the station at its existing hydrogen production facility, with the support of the New South Wales Government’s Port Kembla Community Investment Fund. It is expected to be operational by early 2022 and will support the fuel needs of locally operated hydrogen fuel cell vehicles. Decarbonisation opportunities will be immediate with the project to deliver 50 per cent emissions reductions from the vehicles that use it.

Coregas Executive General Manager Alan Watkins says the project advances the business’ commitment

to developing Australia’s hydrogen mobility sector, complementing its involvement in the Hydrogen Energy Supply Chain pilot project, which aims to produce and transport clean liquid hydrogen from Victoria’s Latrobe Valley to Japan, and many years of supporting the hydrogen fuel needs of automotive companies, including Hyundai Australia. Coregas also hopes to acquire two hydrogen-powered prime movers, the first in Australia, to join its own fleet within a year.

“Coregas is committed to initiatives that drive innovation for cleaner energy with hydrogen a priority,” Alan said. “This project marks an important step in our hydrogen strategy, and we appreciate the assistance of the NSW Government in supporting our vision for a hydrogen ecosystem at Port Kembla.”

