



Company	Wesfarmers Limited
Code	WES
Meeting	AGM
Date	12 November 2020
Venue	Virtual Meeting via Lumi platform
Monitor	John Campbell assisted by Ian Berry

Number attendees at meeting	N/A
Number of holdings represented by ASA	1131
Value of proxies	\$140.4m
Number of shares represented by ASA	2,878,806 (= 13th largest shareholder)
Market capitalisation	\$55.3 billion
Were proxies voted?	Yes, on a poll
Pre AGM-Meeting?	Yes, with chair Michael Chaney

Wesfarmers shareholders missed their ‘refreshments’ and showbags

The chair, Michael Chaney said that a large number of shareholders had queried whether physical meetings would be restored, and he said that this was the intention dependent on progress with COVID-19.

The chair restated the company’s primary objective being to provide satisfactory returns for shareholders, commenting that maintaining such returns in the long term was dependent on looking after all its stakeholders, including employees, suppliers, customers, communities and the environment. He said that the bushfire and COVID-19 emergencies during the year had provided Wesfarmers with opportunities to demonstrate its commitment to stakeholders. The group had not sought government support through the JobKeeper program but continued paying salaries to employees laid off through lockdowns, particularly in Victoria and New Zealand. Wesfarmers looked upon the additional costs incurred in bushfire support and Covid-19 measures as an investment in employees and stakeholders.

In advance of the AGM, Wesfarmers released strong revenue results for the first four months of the year, including Bunnings with 25% total sales growth and Catch with 114%. Costs related to doing business in a COVID-19 environment will offset revenue growth to a degree.

Questions were many and varied. Safety was improving incrementally. Inventory stock-out problems in July and August at K-Mart had been overcome. The Target restructure was going well with good customer support for new K-Mart Hub stores. Concerns with possible supply chain disruptions to Chinese-made goods were raised. This was being monitored and the factories had returned to full production. In diversifying sources of supply, Bunnings for instance sourced 35% of its lines from Australian producers and they were the second largest supplier to Officeworks. Wesfarmers preferred Australian goods where cost competitive to do so and urged reform of regulation and taxation to assist the manufacturing sector.

ASA had recommended against the resolutions approving the remuneration report and the grant of performance-tested shares to the CEO, whilst supporting the resolution for the grant of KEEPP-scheme shares to him. We asked why Wesfarmers did not disclose take-home pay and were told that the ASA was doing its members a disservice by requesting this disclosure because in (Mr Chaney's view) it was more misleading than the existing statutory disclosure. We also asked why WES kept fiddling with its KEEPP-scheme for remuneration and were told that it needed to maintain competitiveness and relevance, and there was no disconnect between using last year's scorecard to determine the incentive for good strategy in long-term management.

All resolutions were approved with votes ranging from 95% to 99%. In addition to the ASA's 2.9m proxy votes against the above two resolutions, there were also 15.3m votes against the remuneration report and 23.8m against the performance-tested shares grant.