

This Charter sets out the framework and responsibilities for the Remuneration Committee (Committee), which the Board of Wesfarmers Limited has established in accordance with the Constitution of Wesfarmers Limited (Company).

## 1 Roles and Responsibilities

- 1.1 The role of the Committee is to review and make recommendations to the Board in relation to the overall approach to remuneration for the Wesfarmers Group (Group) and, specifically:
- (a) remuneration for non-executive directors;
  - (b) remuneration for executive key management personnel (KMP) and other Wesfarmers Leadership Team roles;
  - (c) the variable remuneration frameworks for executive KMP and other Wesfarmers Leadership Team roles including the implementation of, and amendment of, any variable remuneration plans;
  - (d) the implementation of, and amendment of, any equity incentive plans;
  - (e) the annual performance review of the Group Managing Director; and
  - (f) other matters referred to the Committee by the Board.
- 1.2 In discharging its responsibilities, the Committee will have regard to the following:
- (a) establishing and implementing remuneration frameworks to attract and retain high quality directors and senior executives (including executive KMP and other Wesfarmers Leadership Team roles), and recognise and reward performance that is aligned with the activities and structure of the Group and long-term stakeholder interests;
  - (b) the Group's purpose, values and strategic direction;
  - (c) the Group's reputation and standing in the community;
  - (d) promoting the desired culture of the Group;
  - (e) encouraging the pursuit of long-term shareholder returns and success of the Group; and
  - (f) ensuring that conduct that is contrary to the Group's values or risk appetite, as determined and set by the Board, is not rewarded.
- 1.3 The main responsibilities of the Committee are to:
- Remuneration for non-executive directors, executive key management personnel and other Wesfarmers Leadership Team roles**
- (a) review and make recommendations to the Board on remuneration of non-executive directors, including the aggregate fee level, Board and committee fees, superannuation, travel and other benefits and any non-executive director equity plan;
  - (b) monitor equity holdings by the non-executive directors to assess conformance with the Group's minimum shareholding requirements;

- (c) review and make recommendations to the Board on the contract terms for the Group Managing Director and executive KMP and any changes to these terms;
- (d) review and make recommendations to the Board on the fixed remuneration and variable remuneration of the Group Managing Director, including participation in incentive plans, incentive plan opportunity levels, incentive plan terms, performance targets, awards and vestings. In addition, review and make recommendations to the Board on the remuneration arrangements upon the cessation of employment of the Group Managing Director;
- (e) in consultation with the Group Managing Director, review and make recommendations to the Board on the fixed remuneration and variable remuneration of the other executive KMP, including participation in incentive plans, incentive plan opportunity levels, incentive plan terms, performance targets, awards and vestings. In addition, in consultation with the Group Managing Director, determine the remuneration arrangements upon cessation of employment of the other executive;
- (f) determine, on the recommendation of the Group Managing Director, the contract terms, fixed remuneration and variable remuneration of the other Wesfarmers Leadership Team roles, including participation in incentive plans, incentive plan opportunity levels, incentive plan terms, performance targets, awards and vestings. In addition, in consultation with the Group Managing Director, determine the remuneration arrangements upon cessation of employment of the other Wesfarmers Leadership Team roles;
- (g) oversee the Group's compliance obligations in relation to the remuneration of directors and executive KMP;
- (h) ensure no non-executive director, executive KMP, other Wesfarmers Leadership Team role or other senior executive is involved in deciding his or her own remuneration;

#### **Remuneration of other executives**

- (i) other than where the Board has delegated the decision to management, determine, on the recommendation of the Group Managing Director, the remuneration arrangements for other executives including participation in incentive plans;

#### **Equity incentive plans**

- (j) review and recommend any proposed new equity incentive plans to the Board for approval, or the amendment of the terms of such existing equity incentive plans for the executive KMP;
- (k) approve amendment to the terms of any existing equity incentive plans for roles other than the executive KMP;
- (l) delegate power for the operation and administration of all Group equity incentive plans to management (as appropriate);

#### **Annual performance reviews**

- (m) assist the Chairman of the Board in the annual performance review of the Group Managing Director;

### **Remuneration Approach**

- (n) oversee the approach to remuneration applied across the Wesfarmers Group, and recommend to the Board any changes to the overall approach as appropriate;
- (o) oversee the establishment and implementation of the remuneration policy (including the overall remuneration framework approved by the Board) for the Wesfarmers Group;

### **Remuneration Report**

- (p) oversee management's preparation of the annual remuneration report for inclusion in the Group's annual report, and recommend the remuneration report to the Board for approval;
- (q) consider the overall outcome of the annual shareholder vote on the adoption of the remuneration report (and any other remuneration-related resolution) when reviewing the remuneration framework and practices in relation to the executive KMP and other roles, as appropriate; and

### **Other matters referred to the Committee by the Board**

- (r) consider any other matters referred to the Committee by the Board.

## **2 Delegated Powers of the Committee**

2.1 The Board has delegated power to the Committee pursuant to the Company's constitution in relation to:

- (a) obtaining information, managing interviews and seeking advice from external consultants or specialists where the Committee considers that necessary or appropriate;
- (b) executive remuneration changes and contractual amendments that the Board has determined do not require Board approval;
- (c) the amendment of the terms of any existing equity incentive plans for employees below executive KMP level;
- (d) oversight of the annual performance review of the executive KMP (excluding the Group Managing Director) and other Wesfarmers Leadership Team roles;
- (e) setting and administering remuneration policies (where appropriate) within the overall remuneration framework approved by the Board; and
- (f) monitoring whether there is any gender or other inappropriate bias in remuneration for directors, executives or other employees.

2.2 Where required, the Committee can delegate powers to management or one or more directors as appropriate.

2.3 In this Charter:

- (a) 'key management personnel' has the same meaning set out in section 9 of the *Corporations Act 2001* (Cth) (Corporations Act);
- (b) 'other Wesfarmers Leadership Team roles' are those roles identified by the Committee from time to time as being the roles, in addition to the key management personnel roles, that have significant opportunity to impact the performance of the Group, namely other roles within the Wesfarmers Group Leadership Team; and
- (c) 'executive' means those roles evaluated at 1000 Hay Points (or equivalent) or higher, excluding the executive KMP and other Wesfarmers Leadership Team roles.

### **3 Committee Membership and Attendance**

- 3.1 The Committee will comprise of:
- (a) only non-executive directors, a majority of whom must be independent directors; and
  - (b) at least three members.

The Chairman of the Committee will be an independent director.

- 3.2 A permanent invitation is issued to the Chairman, Audit and Risk Committee to attend meetings of the Committee.
- 3.3 A standing invitation is issued to all other non-executive directors who are not members of the Committee to attend meetings of the Committee.
- 3.4 The Committee Chairman may extend an invitation to management or any other person to attend all or part of any meeting of the Committee which it considers appropriate, including external advisers, however such persons must not be present at meetings or participate in any decisions in relation to their own remuneration or specific remuneration policies applicable to them, or otherwise as required by law.

### **4 Committee Meetings**

- 4.1 The Committee is to meet as required by the Committee Chairman, although it is intended that the Committee meet no less than five times in each year.
- 4.2 A quorum for a meeting of the Committee is three directors who are members.
- 4.3 If the Committee Chairman is absent, the Committee members who are present shall elect one of their number to chair the meeting.
- 4.4 The Company Secretary or alternate will act as secretary to the Committee, unless otherwise determined by the Committee.
- 4.5 The Chairman of the Committee, or a delegate, will report to the Board following each meeting of the Committee and a copy of the minutes of each meeting of the Committee will be made available to all members of the Board subsequent to each meeting.

### **5 Annual General Meeting**

The Chairman of the Committee will attend and be available to answer questions regarding the annual Remuneration Report at the Annual General Meeting of the Company.

### **6 Independent Advice**

- 6.1 The Committee may obtain independent professional advice or engage independent advisers at the Company's expense as considered necessary to adequately discharge its relevant duties and responsibilities. The Company shall pay all administrative expenses of the Committee, incurred in fulfilling its duties and responsibilities.
- 6.2 Where the Committee seeks external advice in relation to remuneration recommendations (as defined in section 9B of the Corporations Act) concerning key management personnel of the Group, the Committee shall engage with those advisers directly and request that any advice be provided directly to the Committee (or Chairman of the Committee).

### **7 Review and Assessment**

- 7.1 The Committee will regularly assess its effectiveness with a view to ensuring that its performance accords with best practice. The Committee will ensure its members undergo ongoing training and professional development appropriate to ensure that all members are best placed to discharge the Committee's responsibilities.
- 7.2 The Committee will from time to time review the Charter, with a view to amending the Charter if necessary, to ensure that it meets best practice standards, complies with the ASX Corporate Governance Principles and Recommendations and meets the needs of the Company and the Committee.