



14 September 2023

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Manager,

**2023 Corporate Governance Statement**

Attached is the Coles Group Limited 2023 Corporate Governance Statement.

This announcement is authorised by the Board.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Daniella Pereira".

Daniella Pereira  
Group Company Secretary

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# 2023 Corporate Governance Statement



colesgroup

Coles Group Limited  
ABN 11 004 089 936

## Acknowledgement of Country

Coles wishes to acknowledge the Traditional Custodians of Country throughout Australia.

We recognise their strength and resilience and pay our respects to their Elders past and present.

Coles extends that respect to all Aboriginal and Torres Strait Islander people, and recognises their rich cultures and their continuing connection to land and waters.

Aboriginal and Torres Strait Islander people are advised that this report may contain names and images of people who are deceased.

All references to Indigenous and First Nations people in this report are intended to include Aboriginal and/or Torres Strait Islander people.



[www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance)

### Cover image

Coles State General Manager Queensland Jo Brown, Executive General Manager Supermarket Operations Claire Lauber, and e-Commerce graduate Shaz.

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## Our 2023 reporting suite

Our corporate reporting suite contains detailed information on Coles' strategy, risk management and governance frameworks. The suite also includes our financial and non-financial performance and progress against our sustainability and human rights commitments. We continually evolve our reporting suite in response to shareholder and stakeholder feedback, and to align with legislation, disclosure frameworks and leading practices.



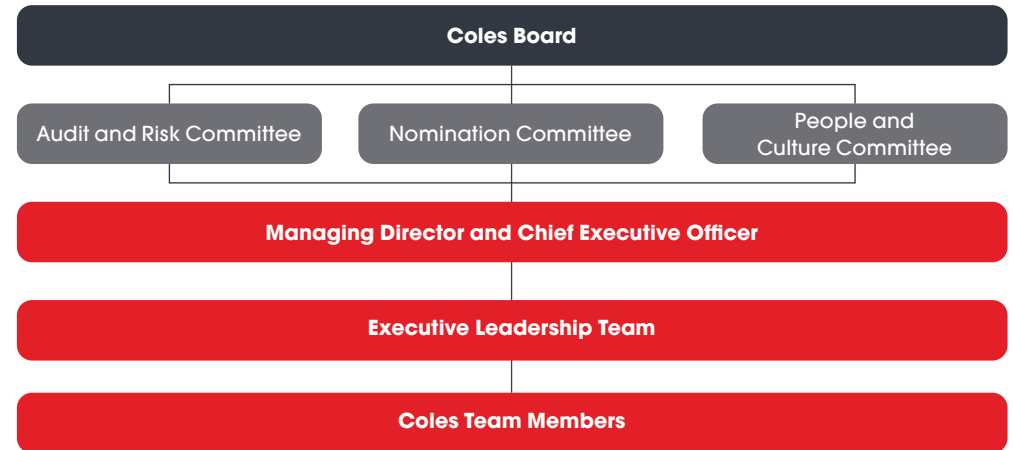
To view these reports visit [www.colesgroup.com.au](http://www.colesgroup.com.au)

# Corporate Governance Statement

The Board and the management team of Coles Group Limited ('the Company') and the entities it controls (together, 'Coles', or 'the Group') are committed to the highest standards of corporate governance and believe a robust and transparent corporate governance framework is central to the success of our business. We are committed to maintaining and building on the confidence of our shareholders, our customers, our suppliers, our team members and the broader community as we continue to strive to achieve our vision to become the most trusted retailer in Australia and to grow long-term shareholder value.

This Corporate Governance Statement sets out Coles' corporate governance framework in place during the financial period ended 25 June 2023 ('FY23' or 'reporting period'), including the key policies and practices. The Company complies with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('ASX Recommendations').

This Corporate Governance Statement is current as at 14 September 2023 and has been approved by the Board.



Further information about Coles' corporate governance framework and practices can be accessed on the Company's website at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) which includes links to each of the publicly available documents referenced in this Corporate Governance Statement.

# Our vision, purpose, strategy and values

In 2019 following demerger, Coles launched our “Winning in our second century” strategy with targets through to FY23. Since then, the Australian retail environment has changed – including COVID-19 lockdowns, bushfires and floods, supply chain disruptions, and cost of living pressures. These events have impacted all Australians and are shaping how we evolve our strategy.

## Our vision and refreshed strategy

To reflect the changing environment, we have refreshed our purpose to **Helping Australians eat and live better every day**. Our priority is to provide leading food, drink and home solutions that are delicious, sustainable, and healthy for our customers. We seek to deliver a consistent experience for our customers every day, both in-store and online.

We aim to deliver on our purpose by focusing on three strategic pillars:

- **Destination for food and drink** is why our customers come to Coles and what we aspire to be known for.
- **Accelerated by digital** is how we intend to meet our customers’ increasing digital usage by creating an easier, faster and more enjoyable omnichannel shopping experience.
- **Delivered consistently for the future** is our focus on delighting our customers with our food and drink offering each and every day, today and into the future.

Underpinning our strategic pillars are building blocks which will enable us to deliver on our refreshed purpose:

- **Win Together** is recognition that we only succeed together with our team, community and suppliers.
- **Foundations** of financial discipline, technology, and data help us deliver on our strategic pillars and enable us to drive value for our stakeholders.

By focusing on what matters most to our customers and prioritising our investment accordingly, we feel well positioned to deliver on our vision **to become the most trusted retailer in Australia and grow long-term shareholder value**.



## Our values and LEaD behaviours

Our Coles values should define what makes Coles special and act as a compass to guide decision-making at all levels of the organisation, from the Board down. Our Coles values are:

- **Customer obsession:** We constantly seek to better understand our diverse customers.
- **Passion and pace:** Enthusiasm, energy and responding at pace is us at our best.
- **Responsibility:** We always strive to do the right thing, reduce waste and take accountability for our actions.
- **Health and happiness:** We believe caring about our team members helps them do a great job in caring for our customers, suppliers and the community.

Our LEaD behaviours reinforce our values by setting the expectation of all team members, including Directors and members of the Executive Leadership Team. Our LEaD behaviours are: **Look ahead, Energise everyone** and **Deliver with pride**

We are focused on creating an inclusive environment where all team members feel respected and valued. We have recently sought input on our values from our team, with more than 65,000 team members providing feedback. This insight will help us to ensure that our values are expressed in a way that is meaningful for our team, build a strong culture and support the delivery of our strategy.

# Our Board of Directors



**James Graham AM**

Chairman of the Board  
Chairman of the Nomination Committee and  
Member of the People and Culture Committee



**Leah Weckert**

Managing Director and  
Chief Executive Officer



**Terry Bowen**

Member of the Nomination Committee  
and the Audit and Risk Committee



**Jacqueline Chow**

Member of the Nomination Committee  
and the Audit and Risk Committee



**Abi Cleland**

Member of the Nomination Committee  
and the People and Culture Committee



**Richard Freudenstein**

Chairman of the People and Culture Committee  
and Member of the Nomination Committee



**Paul O'Malley**

Chairman of the Audit and Risk Committee  
and Member of the Nomination Committee



**Scott Price**

Member of the Nomination Committee  
and the People and Culture Committee



**Wendy Stops**

Member of the Nomination Committee  
and the Audit and Risk Committee



The Board of Directors' biographical details can be found on pages 53–55 of Coles' 2023 Annual Report, which can be accessed [here](#)

# Roles and responsibilities

## Board role and responsibilities

The Board provides leadership and approves the strategic direction and objectives of the Group in the long-term interests of, and to maximise value to, shareholders.

As at the date of the statement, the Board comprises the following nine Directors:

CURRENT DIRECTORS	APPOINTED	LENGTH OF SERVICE
<b>James Graham AM</b>	19 November 2018	4 Years 9 Months
<b>Leah Weckert</b>	1 May 2023	4 Months
<b>Terry Bowen</b>	1 October 2022	11 Months
<b>Jacqueline Chow</b>	19 November 2018	4 Years 9 Months
<b>Abi Cleland</b>	19 November 2018	4 Years 9 Months
<b>Richard Freudenstein</b>	19 November 2018	4 Years 9 Months
<b>Paul O'Malley</b>	1 October 2020	2 Years 11 Months
<b>Scott Price</b>	1 October 2022	11 Months
<b>Wendy Stops</b>	19 November 2018	4 Years 9 Months



Details of the Directors, including their qualifications and experience, can be found on pages 53–55 of Coles' 2023 Annual Report, which can be accessed [here](#)

The Board has a charter that outlines its responsibilities, including powers that are expressly reserved to the Board, and powers that are specifically delegated to the CEO and management. In particular, the responsibilities of the Board include:

- approving and monitoring the implementation of the Group's core values, Code of Conduct, vision, strategic direction, business plans and policies in order to uphold corporate reputation and maximise shareholder value;
- setting the risk appetite within which the Board expects management to operate;
- reviewing, approving and monitoring the Group Risk Policy and risk management systems (for both financial and non-financial risks), including internal compliance and control mechanisms;
- approving and monitoring the progress of major capital expenditure, capital management, capital raising initiatives and major acquisitions and divestments;
- overseeing the Group's accounting and corporate reporting systems;
- monitoring and guiding the culture, reputation and standards of conduct of the Group to promote ethical and socially responsible behaviour, in accordance with the core values of the Group;

- approving the overall remuneration policy and the remuneration of the non-executive directors, the CEO, the direct reports to the CEO and any incentive and/or equity plans;
- overseeing that the remuneration policy is aligned with the vision, values, strategic objectives and risk appetite of Coles;
- receiving information regarding material breaches of the Code of Conduct and Anti-bribery and Corruption Policy and reports of material incidents under the Whistleblower Policy;
- overseeing the effectiveness of the Group's sustainability and governance policies and practices, including exposure to climate change and other environmental risks and exposure to social risks;
- determining the size, composition and structure of the Board, and the process for evaluating its performance;
- appointing and removing the CEO and the Company Secretary, and approving and reviewing succession plans for the non-executive directors, executive directors, CEO and the direct reports to the CEO; and
- satisfying itself that the Board reporting framework is appropriate and, where required, providing constructive feedback to challenge the CEO and the Executive Leadership Team.

The Board Charter was reviewed and updated in FY23.

## Management role and responsibilities

The CEO, with the support of their direct reports, is responsible for the day-to-day management of the Group and its businesses. Under the Board Charter, the Board delegates all powers to manage the day-to-day business of the Group to the CEO, apart from the powers reserved specifically to the Board and any specific delegations of authority approved by the Board.

The key responsibilities of the CEO are set out in the Board Charter and include:

- managing and administering the day-to-day operations of the Group and its businesses to grow long-term shareholder value in accordance with the core values, strategy, business plans and policies approved by the Board;
- developing strategies for the Group, its businesses and management, and making recommendations to the Board on such strategies, having regard to the Group's core values, reputation and key stakeholders;
- supporting a culture within the Group that promotes ethical and socially responsible behaviour in accordance with the Group's core values;
- developing the Group's annual budget and conducting the Group's activities within the approved annual budget;



- developing and maintaining the Group’s risk management framework and systems, including internal compliance and control mechanisms; and
- reporting regularly to the Board with accurate, timely and clear information, such that the Board is fully informed to discharge its responsibilities effectively.

While management is responsible for providing the Board with accurate, timely and clear information, the Board is responsible for satisfying itself that the framework for management reporting to the Board is sufficient. Where appropriate, the Board will provide constructive feedback to challenge the CEO and the Executive Leadership Team.

Members of the Executive Leadership Team have written employment contracts setting out the key terms of their employment, and appropriate background checks are conducted before a senior executive is appointed. These executives receive a mix of annual remuneration and ‘at-risk’ remuneration, which comprises short-term incentives and long-term incentives. Further information about Coles’ remuneration framework and the review of performance outcomes can be found in the Company’s Remuneration Report.



Coles’ Remuneration Report can be found on pages 60–78 of Coles’ 2023 Annual Report, which can be accessed [here](#)

## Role of the Chairman

The Chairman of the Board is James Graham, who is an independent, Non-executive Director. The Board Charter sets out the role of the Chairman, which includes to:

- maintain effective communication and promote constructive and respectful relationships between the Board and management;
- lead the Board;
- ensure the efficient organisation and conduct of the Board’s function;
- brief all directors in relation to issues arising at Board meetings;
- chair general meetings of the Company;
- exercise such specific and express powers as are delegated to the Chairman by the Board from time to time; and
- represent the Board in communications with shareholders and other stakeholders.

## Company Secretary

The Company Secretary is Daniella Pereira. The Company Secretary reports directly to the Board through the Chairman, and all Directors have access to the Company Secretary.

The Company Secretary’s role is outlined in the Board Charter and includes coordinating the timely completion and dispatch of Board and committee papers, ensuring that the business at Board and committee meetings is accurately recorded in the minutes and assisting the Board and its committees on governance matters.

## Director independence

The Board Charter states that the Board shall consist of a majority of non-executive directors who are considered by the Board to be independent.

The Board annually assesses the independence of each Director, having regard to:

- any disclosures made by directors regarding their independence;
- the definition of independence set out in the ASX Recommendations;
- the relationships affecting the independent status of a director as described in the ASX Recommendations; and
- any other matters the Board considers relevant.

In addition, under the Charter, directors must immediately disclose to the Company Secretary and the Chairman any information, facts or circumstances of which they become aware, that may affect their independence.

The Board has reviewed the position and relationships relevant to each of the Directors in office as at the date of this Corporate Governance Statement and considers that all Non-executive Directors are independent.

Some of the Directors hold, or have previously held, positions in companies with which Coles has commercial relationships. The Board has assessed the relationships between Coles and the companies in which Directors hold or held positions and has concluded that in all cases

the relationships do not interfere with the Directors’ exercise of objective, unfettered or independent judgement or their ability to act in the best interests of Coles.

## Conflicts of interest

Coles has a Director Conflicts of Interest Policy, which states that directors:

- have a duty not to place themselves in a position that gives rise to a real or substantial possibility of conflict of interest or duty, in relation to any matter that is, or is likely to be, brought before the Board;
- have an ongoing obligation to disclose to the Board immediately any real or substantial possibility of conflict of interest or duty;
- are required to declare material personal interests or other conflicts requiring disclosure by formal standing notices; and
- follow the obligations and procedures set out in the policy in the event of a conflict or potential conflict of interest or duty.

## Independent advice

The Board Charter states that the Board, collectively, and each director individually, may obtain independent professional advice at the Company’s expense, as considered necessary to assist in fulfilling their relevant duties and responsibilities.

# Board composition and succession

## Board composition

The Constitution states that the number of directors shall be not less than three directors and not more than 10 directors. Other than the Managing Director and CEO, directors may not retain office without re-election for more than three years or past the third annual general meeting following their last election or re-election. Any newly appointed directors are required to seek election at the first annual general meeting after their appointment.

The Board will review periodically its composition and the duration of terms served by directors, upon recommendation from the Nomination Committee.

## Director nomination and succession

The Nomination Committee is responsible under its charter for developing and reviewing Board succession plans, with the aim of maintaining an appropriate mix of skills, experience, expertise and diversity over time.

The Committee also oversees the process for recruiting new directors. Potential candidates for the Board as well as directors standing for re-election are assessed considering a number of factors including, but not limited to:

- skills, experience, expertise, personal qualities and attributes that will best complement the skill set and characteristics of existing directors and enhance Board effectiveness;
- diversity of Board composition;
- the capacity to devote the necessary time and commitment to the role; and

- potential conflicts of interest and independence.

Appropriate background checks are performed before any potential candidate is appointed by the Board or recommended to shareholders as a candidate for election.

Prior to directors seeking election or re-election at an annual general meeting, the Company provides shareholders with all material information known to the Board and relevant to a decision on whether or not to elect or re-elect that director in the notice of annual general meeting. Each director is provided with a letter setting out the terms of their appointment.

## Induction and professional development

All newly appointed directors will participate in an induction program, which includes information relevant to their new role, introductions to key staff and attendances at key sites. The induction includes briefings on the Group's business, strategy, financial, operational and risk management matters, and factors relevant to the sectors and environments in which Coles operates.

Where appropriate, the Company also provides training as part of the induction program on the following matters:

- the key duties and responsibilities of directors under the *Corporations Act 2001* (Cth) (Corporations Act) and the ASX Listing Rules (including the ASX's continuous disclosure and periodic reporting requirements); and

- accounting and financial matters.

The induction program is coordinated by the CEO, the Chief Financial Officer (CFO) and the Company Secretary.

Ongoing education programs are provided to Directors throughout the year. The Board (in consultation with the Nomination Committee) regularly assesses, including by reference to the Board skills matrix, whether there are areas in which Board members would benefit from further education. Based on this assessment, updates and information are provided to the Board from both management and external experts on various topics relevant to the Group's circumstances. This includes new and emerging business and governance issues relevant to Coles and material developments in laws and regulations.

## Performance reviews and evaluation

The Board undertakes a performance evaluation to review its performance and that of its committees and each Director at least once every two years (including the performance of the Chairman). The Chairman reports to the Board regarding the performance evaluation process and the findings of these reviews.

An external Board effectiveness review was conducted during FY23 to assess the performance of the Board as a whole and its committees. The process was undertaken with the assistance of an external service provider and included a detailed questionnaire completed by Directors and senior management which covered a number of areas including governance, Board processes,

Board culture and relationship with management. The review found that Coles had a cohesive Board which appropriately worked with management in overseeing the business. It made a number of suggestions regarding format, process and skills planning.

Executives are also subject to an annual performance review in which performance is measured against agreed outcomes and performance indicators, having regard to the Coles values and LEaD behaviours outlined on page 3. The CEO conducts this assessment of members of the Executive Leadership Team in consultation with the Board. The CEO's performance is assessed by the Chairman, in consultation with the Board, against objectives relating to Group strategy, business plans and the financial and other performance of the business.














The CEO has not been subject to a formal performance review since her appointment on 1 May 2023 to the role of CEO given her performance was separately and comprehensively assessed by the Board as part of her appointment process. The performance of members of the Company's Executive Leadership Team during FY23 was evaluated in accordance with the usual process.

## Board skills matrix

The Board recognises the importance of having directors who possess a broad range of skills, background, expertise, diversity and experience in order to facilitate constructive decision-making and good governance processes and procedures.

The Board, on the recommendation of the Nomination Committee, determines the composition, size and structure requirements for the Board and regularly reviews its mix of skills to ensure it covers the skills needed to address existing and emerging business and governance issues relevant to the Company.

The current mix of skills and experience represented on the Board as at 14 September 2023 is set out in the following skills matrix:

Skill/experience	Number of Directors with the requisite skill	Skill/experience	Number of Directors with the requisite skill
<b>Corporate governance</b> Expertise in corporate governance, including in implementing high standards of governance in a large organisation, in particular a publicly listed entity, and assessing the effectiveness of senior management.	 9	<b>Retail and FMCG expertise</b> Expertise in the retail and fast moving consumer goods (FMCG) industry, particularly in food and liquor, including merchandising, marketing, product development, exporting, logistics and customer strategy.	 7
<b>Leadership and commercial acumen</b> Expertise and demonstrated success in senior executive roles in large, complex organisations and/or publicly listed companies. Expertise in successfully leading organisational transformation and delivering sustained business success.	 9	<b>Supply chains</b> Expertise in managing or overseeing the operation of complex supply chains and distribution models.	 8
<b>Financial acumen</b> Expertise in financial accounting and reporting, internal financial and risk controls, corporate finance and/or restructuring and corporate transactions.	 9	<b>Property development and asset management</b> Experience in property development and asset management.	 6
<b>Strategic thinking</b> Expertise in critically identifying and assessing strategic opportunities and threats; setting and executing strategic objectives; and monitoring implementation of strategy, including bringing global perspectives and insights.	 9	<b>Digital technology and innovation</b> Expertise in the adoption and implementation of new technology; understanding key factors relevant to digital disruption and innovation, including opportunities to leverage digital technologies, data and analytics.	 8
<b>People, culture and remuneration</b> Expertise in assessing and overseeing a company's culture, remuneration and people management framework, including talent and succession planning.	 9	<b>Sustainability and environment</b> Expertise in managing and driving environmental management and social responsibility initiatives, including in relation to sustainability, climate change and human rights.	 7
<b>Risk management</b> Expertise in identifying and monitoring key risks to an organisation and overseeing the implementation of appropriate risk management frameworks, procedures and controls.	 9	<b>Health and safety</b> Expertise in workplace health and safety issues, including management of workplace safety, and mental and physical health.	 8
		<b>Regulatory and public policy</b> Expertise in regulatory and competition policy, particularly in relation to regulation relevant to food and liquor industries.	 9

# Board committees

The Board has established three standing committees and has delegated to each committee a number of duties to assist the Board in exercising its responsibilities and discharging its duties. Together, they play an important role in assisting the Board's oversight and governance of the Group's operations.

Each committee has a separate charter that sets out the roles and responsibilities of that committee, as well as the membership and any other requirements for the running of the committee. The committee charters were reviewed in FY23. All committees are chaired by, and comprise a majority of, independent Non-executive Directors. Each committee keeps the Board informed of its activities through the provision of the minutes of each meeting, and the Chair of each committee formally advises the Chairman of the Board of any matters or recommendations requiring the Board's attention.

The members, composition and responsibilities of each committee are set out in the following tables.



Directors' attendance at Board and committee meetings can be found on page 57 of Coles' 2023 Annual Report which can be accessed [here](#)

## Audit and Risk Committee

### Members

Paul O'Malley (Chairman), Terry Bowen, Jacqueline Chow, Wendy Stops

### Composition

- At least three members
- Only non-executive directors, a majority of whom must be independent
- An independent non-executive director as Committee Chair, who is not Chair of the Board
- Members of the Committee between them should have the accounting and financial expertise, and sufficient understanding of the industry in which the Group operates, to be able to effectively discharge the Committee's responsibilities
- The Committee Chair should have significant and relevant accounting experience

### Responsibilities include

- Meeting at least four times annually and holding additional meetings as necessary
- Overseeing the effectiveness of the systems of internal controls and the enterprise risk management framework, including monitoring risk parameters of the Group (for both financial and non-financial risks) having regard to the Group's core values
- Reviewing and assessing the Group's processes to verify the integrity of financial statements and reporting, and compliance with legal and regulatory requirements (including accounting standards), and reviewing the process to verify the integrity of periodic corporate reports that are not audited or reviewed by the external auditor
- Reviewing and assessing any non-audit assurance-related services to be provided by external auditors
- Overseeing and reporting to the Board on the Group's management of tax risks and governance and the Group's policies and practices for managing compliance with tax laws
- Reviewing and recommending to the Board the Group's Treasury policy and monitor the ongoing effectiveness of the Group's Treasury function
- Receiving reports from management on new and emerging sources of risks and the risk controls and mitigation measures that management has put in place to deal with those risks
- Evaluating the adequacy and effectiveness of the Group's identification and management of environmental and social sustainability risks and its disclosure of any material exposures to those risks (financial and non-financial)
- Reviewing the Group's risk management framework at least annually for recommendation to the Board, including satisfying itself that the risk management framework continues to be sound and that the Group is operating with due regard to the risk appetite set by the Board
- Reviewing any material incident involving fraud or a break-down of the risk controls and 'lessons learned'

## Nomination Committee

### Members

James Graham (Chairman), Terry Bowen, Jacqueline Chow, Abi Cleland, Richard Freudenstein, Paul O'Malley, Scott Price, Wendy Stops

### Composition

- All non-executive directors
- An Independent non-executive director as Committee Chair, who may be Chairman of the Board

### Responsibilities include

- Meeting at least annually and holding additional meetings as necessary
- Reviewing and making recommendations to the Board on Board composition, competencies and diversity, including assisting the Board to develop and review the Board skills matrix
- Developing and reviewing Board succession plans, director induction and continuing development programs and making recommendations to the Board
- Ensuring there is a robust and effective process for evaluating the performance of the Board, committees and individual directors
- Overseeing and making recommendations to the Board on the annual assessment of each director's independence and overseeing the disclosures made in relation to director independence

## People and Culture Committee

### Members

Richard Freudenstein (Chairman), Abi Cleland, James Graham, Scott Price

### Composition

- At least three members
- Only non-executive directors, a majority of whom must be independent
- An independent non-executive director as Committee Chair

### Responsibilities include

- Meeting at least four times annually and holding additional meetings as necessary
- Reviewing and overseeing the key people and organisational culture strategies and their alignment with the Group's overall strategy and vision
- Approving the appointment of direct reports to the CEO and the general terms of their employment contracts, including termination payments
- Overseeing the succession planning process for the CEO, direct reports to the CEO and other key leadership roles, and reviewing talent management within the Group generally
- Assisting the Chairman of the Board in the annual performance review of the CEO and overseeing the annual performance review of the CEO's direct reports
- Reviewing the Company's policies in respect of diversity and inclusion
- Reviewing and assessing the measurable objectives for achieving diversity and inclusion set by the Board and the Group's progress on achieving them on an annual basis, and recommending any changes to the Board
- Overseeing the establishment and implementation of the remuneration framework, and making recommendations to the Board on whether the Group's remuneration policies support Coles' strategic objectives, encourage and sustain a culture aligned with Coles' values, and are aligned with the Group's risk management framework and risk appetite
- Reviewing and making recommendations to the Board on non-executive director remuneration
- Reviewing and making recommendations to the Board on the CEO's remuneration arrangements and performance and, in consultation with the CEO, the CEO's direct reports
- Overseeing management's preparation of the annual Remuneration Report and making recommendations to the Board as appropriate



The Company's Board and Committee Charters can be found at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) or by clicking [here](#)

# Shareholders and reporting

## Market disclosure

The Company is committed to complying with its obligations relating to the disclosure of market sensitive information in a timely manner, and providing shareholders and the market with up-to-date information about the Group's activities. The Board receives copies of all material market announcements promptly after they have been released. The Company's Market Disclosure Policy, which was reviewed and updated in FY23, establishes procedures aimed at ensuring the Company complies with the legal and regulatory requirements under the Corporations Act and the ASX Listing Rules. These procedures include the establishment of a Disclosure Committee, which monitors the continuous disclosure framework and is responsible for ensuring the Company complies with its obligations.



The Company's Market Disclosure Policy can be found at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) or by clicking [here](#)

## Communication with shareholders

The Company aims to communicate all important information relating to Coles to its shareholders and implements processes to facilitate effective two-way communication with shareholders and other stakeholders. The Company recognises that potential investors and other interested stakeholders may wish to obtain information about Coles from time to time.

To achieve this, the Company communicates information to its shareholders and other stakeholders regularly through a range of different forums and publications, including:

- The Company encourages its shareholders to participate in its annual general meeting by attending, exercising their voting rights and asking questions of the Board. The Company will conduct voting on all

substantive resolutions at the annual general meeting on a poll, ensuring that voting outcomes reflect the proportionate holdings of all shareholders who vote (whether through direct voting, by proxy, in person, online, or by mail).

- The Company's external auditor will attend the annual general meeting and be available to answer questions from shareholders on the conduct of the audit.
- The Board will seek approval of shareholder matters as required by the Company's Constitution, the Corporations Act and the ASX Listing Rules, or where otherwise considered appropriate by Directors.
- The Company has an investor relations program in place, which includes scheduled and ad hoc briefings with analysts, investors and other stakeholders, including some briefings on a one-on-one

basis. All new and substantive investor and analyst presentation materials are lodged with the ASX and published on the Company's website prior to a briefing.

- Regular releases of information are made through the ASX market announcements platform, including the release of the annual report and full and half-year results.
- The Company's website provides up-to-date information about Coles and its operations, the corporate governance framework, the Board and management, ASX announcements, the share price, dividend distributions and other relevant information.
- The Company gives shareholders the option to receive communications from, and to send communications to, the Company and its share registry electronically.



**Pictured:** Images from Coles' 2022 Annual General Meeting which was conducted as a hybrid meeting on 9 November 2022.

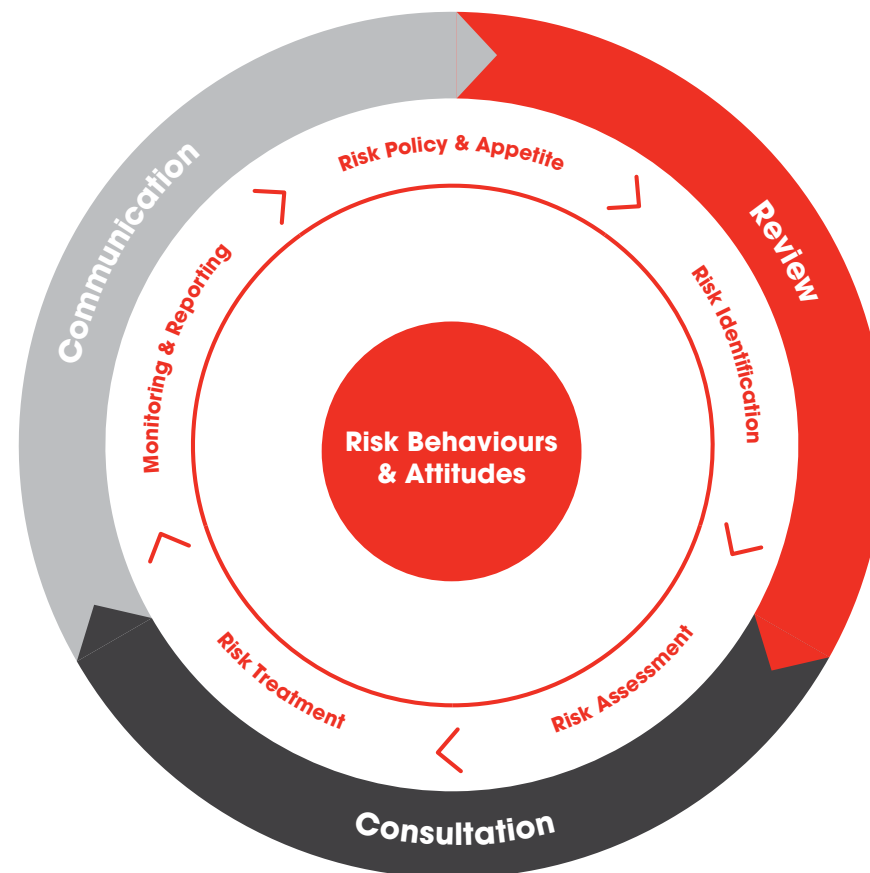
# Risk management

Coles' organisational arrangements and requirements for managing risk are set out in Coles' Risk Management Policy and Coles' Risk Management Standard (previously called the 'Framework'). In FY23, the Risk Management Policy and the Risk Management Standard were reviewed, with the Board approving amendments to the Risk Management Standard.

The design of both the Risk Management Policy and the Risk Management Standard are based on ISO 31000:2018 Risk management – Guidelines ('ISO 31000'), which provides a consistent and internationally recognised set of principles and guidelines for managing risks in organisations. The main components of Coles' risk management framework as provided for in Coles' Risk Management Policy and Coles' Risk Management Standard are:

- Risk Policy – details Coles' commitment and expectations for risk management.
- Risk Accountability – defines roles and accountabilities for managing, communicating and reporting risks.
- Key Activities and Requirements – defines key activities for risk management, responsibilities and frequency.
- Risk Appetite – defines Coles' risk appetite and articulates how it is applied and reported when managing risks.
- Risk Management Process – the risk management process that is applied within Coles' business, supported by common definitions and tools.
- Risk Behaviours and Attitudes – defines Coles' desired risk behaviours, attitudes and learning requirements.
- Tools and Technology – defines the supporting tools and technology for risk management.

## Coles Risk Management Process (as defined by ISO 31000)



Supported by three lines of defence

First line  
Operational  
responsibility

Second line  
Standard  
setting

Third line  
Independent  
assurance

The objective of Coles' risk management framework is to embed risk management within our business operations and accountabilities to:

- support the pursuit of our strategic and operational objectives while managing risks within a pre-defined level of appetite;
- inform decision-making and establish appropriate risk management responses; and
- provide the Board and Executive Leadership Team with transparent and timely information to enable appropriate oversight of Coles' risks and mitigations.

Our risk management framework is supported by our 'three lines of defence' accountability model, comprising:

- First Line – Team members within business units and functions who are responsible for identifying, assessing, and managing their risks.
- Second Line – The Group Risk and Compliance team and other second line functions (for example, Health, Safety & Wellbeing and Financial Control) who are responsible for risk and compliance frameworks, oversight and monitoring.
- Third Line – The Group Internal Audit team, who are responsible for independent assurance of governance, risk management and internal control processes.

Responsibility for overseeing Coles' risk management framework rests with the Board. The Audit and Risk Committee assists the Board in fulfilling its responsibilities by:

- reviewing the Group's risk management framework, including Coles' Risk Management Policy and Coles' Risk Management Standard, (at least annually) to satisfy itself that the framework continues to be sound;
- assessing whether the Group is operating with due regard to the risk appetite set by the Board;
- reviewing the effectiveness of the Group's systems of internal control (for both financial and non-financial risks); and
- reviewing and recommending to the Board relevant Group risk management and governance policies that require Board approval.

The CEO and Executive Leadership Team are responsible for maintaining and implementing Coles' risk management framework. This includes the identification, measurement and mitigation of risks across the Group in accordance with the risk appetite set by the Board, and leading and supporting the development of a risk-aware culture.

One of the core components of our risk management framework is the risk management process, which sets out the requirements and criteria for assessing and reporting risks to which Coles has a material exposure (i.e. 'material risks') including environmental and social risks. A summary of these risks and their mitigations is set out at

pages 35-52 of the 2023 Annual Report. Further information about our environmental and social risks, our approach to managing them, and our sustainability performance is available in our 2023 Sustainability Report.



A summary of material risks and their mitigations can be found on pages 35-52 of Coles' 2023 Annual Report which can be accessed [here](#)



A copy of Coles' 2023 Sustainability Report can be found at [www.colesgroup.com.au/sustainability](http://www.colesgroup.com.au/sustainability) or by clicking [here](#)

Material risks, along with their controls and treatment plans, are monitored for adherence to risk appetite and changes in their exposure, and are reported to the Audit and Risk Committee during the course of the year, along with information on emerging risks.

Members of the Executive Leadership Team are assigned as Risk Owners to each material risk, and are responsible for the management of that risk and presenting any additional risk reports to the Board and committees. These reports provide further discussions on the management of risk in areas that are key to the success of the business including adherence to risk appetite.

In FY23, Coles implemented initiatives that have continued to drive an uplift in its risk management maturity, including ongoing development of its technology platform to facilitate the management of risks.

We continued to track key risk indicators, risk mitigation and audit actions, and implement major compliance programs. We also continued to refine our project risk management processes and capabilities, including through enhanced program and project prioritisation, governance and oversight structures and mechanisms. Our project and program support for transformational supply chain and digital transformation initiatives was also increased.

Further, we continued to improve the design and implementation of our Goods Not For Resale ('GNFR') Third Party Management Policy and standard, which outline the minimum requirements, accountabilities and tools for managing GNFR third parties across the supplier lifecycle, including the required risk management and contract management activities.

Key internal stakeholders were surveyed to better understand current attitudes and behaviours related to risk management, and to identify current strengths and improvement opportunities. We completed our annual review of our risk management framework with the purpose of enhancing its design and identifying opportunities to further embed risk management within our operations. These opportunities inform our risk management strategy and Group Risk Plan for future years.

In respect of FY23, the Audit and Risk Committee has undertaken a review of the risk management framework in relation to the reporting period and is satisfied that it continues to be sound, and that the Group is



operating with due regard to the risk appetite set by the Board.

### **Internal audit**

Coles has an Internal Audit function that is led and overseen by internal management and supported by an independent third party. The function is responsible for independent assurance over Coles' governance, risk management and internal control processes. Under Coles' risk management framework, Internal Audit is responsible for:

- providing independent assessment and assurance to the Board and Executive Leadership Team regarding the effectiveness of controls in place to manage particular risks; and
- providing feedback to enhance the risk management framework and supporting processes and activities, with the aim of strengthening the control environment.

The Audit and Risk Committee is responsible under its charter for overseeing the performance and function of Internal Audit. This includes:

- reviewing with management the terms, including the scope, of the internal auditor's engagement in order to make recommendations to the Board concerning the appointment, re-appointment, rotation and removal of internal auditors;
- reviewing, assessing and approving the appointment, replacement or termination of the Head of Internal Audit and Assurance;

- approving the Internal Audit Charter and annual Internal Audit Plan and ensuring its alignment with the risk profile of the Group;
- receiving reports from Internal Audit and reviewing the scope and adequacy of the Internal Audit work plan; and
- reviewing, assessing and monitoring management's responsiveness to Internal Audit findings.

### **External audit**

Coles' external auditor is Ernst & Young (EY). The Audit and Risk Committee is responsible for reviewing and approving the terms and scope of the external auditor's engagement and making recommendations to the Board regarding the appointment, re-appointment, rotation and removal of the external auditor.

The Committee provides an annual report to the Board with respect to whether the non-audit services provided by the external auditor during the year were compatible with the general standards of independence for auditors in accordance with the Corporations Act.

### **Management assurances and certification**

Prior to approval of the financial statements for each full year and half year relevant to the reporting period, the Board receives written certifications from the CEO and the CFO in relation to the Company's financial reporting processes.

In respect of the financial statements for the half year ended 1 January 2023 and the full

year ended 25 June 2023, the CEO and the CFO declared that:

- in their opinion, the financial records have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the Group's financial position and performance; and
- their opinion has been formed based on a sound system of risk management and internal control which is operating effectively.

### **Integrity in financial reporting**

The Audit and Risk Committee assists the Board to fulfill its responsibilities in overseeing the Group's processes which ensure the integrity of financial statements and reporting, compliance with legal and regulatory requirements, review of material changes in accounting or reporting requirements and assessment of subsequent effects on the Group's policies and practices.

The Company's external auditor is responsible for auditing Coles' Financial Report and the Remuneration Report included in the annual Directors' Report. Coles' half year Financial Report is also reviewed by the external auditor.

For periodic corporate reports released to the market that are not audited or reviewed by the Company's external auditor, management has developed practices and guidance material that are intended to ensure the integrity of the information disclosed to the market. As part of the Company's processes, the reports are

prepared by, or under the supervision of, subject matter experts. Material statements in the reports are reviewed for accuracy and are subject to internal verification and sign-off processes. Confirmation of the verification processes are then provided to the Audit and Risk Committee and/or the Board or relevant Board Sub-Committee.

# Diversity and inclusion

We are all different and, at Coles, we know that is a good thing. Just as we have for over a century, we are making Coles somewhere everyone feels like they belong.

## Diversity and Inclusion Policy and framework

The Board is responsible for the review and oversight of Coles' Diversity and Inclusion Policy. The Policy requires the Board to set measurable objectives for achieving gender equity and to assess annually both the objectives and the Group's progress in achieving them.

In FY23, under the guidance of the Diversity & Inclusion Council (previously named Better Together Council), which supports the delivery of Coles' diversity and inclusion agenda, we have continued to make progress against our 15 commitments in five focus areas – Belonging, Accessibility, Gender equity, Pride and Indigenous engagement.

The Board continues to provide strong leadership, supporting management to achieve our ambition for 'A team that is better together', which acknowledges that our differences, backgrounds, experiences and perspectives are what set us apart and also

bring us together. Our differences help spark ideas, create connections and discover commonality, which help us to foster understanding, show empathy and build communities.

We are in the final year of our five-year 'A team that is better together' strategy. In FY23, a new strategy and commitments were endorsed for FY24-FY27 details of which can be found in our 2023 Sustainability Report.

The Company's Diversity and Inclusion Policy can be found at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) or by clicking [here](#)

## A team that is better together



### Indigenous engagement

Provide more opportunities for Aboriginal and Torres Strait Islander peoples, suppliers, customers and communities to engage with our business

### Cultural diversity

Reflect Australia's diverse multicultural community in our team, leadership and customer offerings.

### Gender equity

Achieve a gender balanced workforce to benefit all of us and our community

### Pride

Champion LGBTQI+ inclusion in the workplace and beyond

### Accessibility

Recognise and enable people with all kinds of abilities

## A team that is better together

During FY23, Coles continued to make progress against each of the five focus areas. Progress against our Gender equity objectives is set out in this section. Our progress against the remaining focus areas can be found in our 2023 Sustainability Report.

### FY23 Gender equity objectives

Coles' Gender equity objectives for FY23 and its continued progress against them was as set out below.

#### 1. Board composition to be not less than 30% of each gender

In FY23, the percentage of female Board members was 44.4%. As part of the new strategy and commitments endorsed for FY24-FY27, the Board has set a target of sustaining Board composition of 40/40/20. Further details are set out in the 2023 Sustainability Report.

#### 2. To be recognised as a WGEA Employer of Choice for Gender Equality enabling us to attract and retain the best talent at Coles

In FY23, Coles achieved its goal of citation as an Employer of Choice for Gender Equality citation from the Workplace Gender Equality Agency (WGEA).

As part of the focus on gender balance across the organisation, Coles continued to build female representation in leadership and management roles. During FY23, Coles focused on functions with traditionally less gender balance, including Technology, Operations and Supply Chain.

To support increased gender balance in all areas, Coles:

- ensured gender equity was a key consideration in recruitment, talent and promotion processes;
- piloted an innovative leadership development program called StepUp (Male Allies for Gender Equity) and continued its existing talent programs to recruit and advance talented women such as ChangeUp (Leading for Gender Equity), Store Manager Accelerator Program and Relauncher (Technology 'returnship' program);
- increased the profile of its Gender Equity Network through communications, events, and team member listening sessions;
- extended its impact beyond the workplace through key partnerships working to advance gender equity, for example Mentor Walks, Fitted for Work and Chief Executive Women (Executive Leaders Program); and
- continued to improve its support for carers, with enhanced secondary carer's leave, superannuation payments on government paid parental leave and a trial of a new platform providing support for parents, as well as carers for people with disability and elders, which will launch to the entire team next year.

#### 3. Reach 40% of women in leadership roles at an organisational level. Improve male and female representation in each function to 30% of each gender.

Coles continues to strive towards achieving these targets as set out in the following table:

The percentage of women in all leadership roles increased from 39.4% in FY22 to 41.5% in FY23, putting us ahead of our 40% women in leadership target.

In the Executive Leadership Team, the female proportion in this group has increased to 41.7%. The percentage of female senior executives (which comprises the Executive Leadership Team and General Managers) increased from 43.0% in FY22 to 46.4% in FY23. The increase in the

overall percentage of females in all leadership roles reflected the concerted effort across all functions where gender was not balanced, with a continued focus on Technology and Operations.

Looking more broadly at women in management - a category that contains leadership as well as other key leadership roles including Coles Liquor store managers, Coles Supermarket department managers, Coles Services area managers and team leaders and people leaders in the distribution centres - the percentage increased from 45.1% in FY22 to 45.6% in FY23.

Across all roles, females represent 49.1% of team members.

Population*	Executive Leadership Team <sup>1</sup>	Senior executives <sup>2</sup>	All leadership roles <sup>3</sup>
Target	40% of women in leadership positions		
FY22 female representation <sup>4</sup>	35.7%	43.0%	39.4%
FY23 female representation <sup>4</sup>	41.7%	46.4%	41.5%

\* All population categories are reported as at 28 June 2023 and on the same basis as Coles' 2022 Corporate Governance Statement

1 Includes CEO

2 Senior executives comprises Executive Leadership Team and General Managers.

3 All leadership roles comprise team members pay grade eight (being middle managers and specialist roles) and above, and Supermarket store managers

4 FY23 percentages do not include Coles Express team members following the divestment of the Coles Express fuel and convenience business on 1 May 2023. Coles Express team members were included in the FY22 percentages.

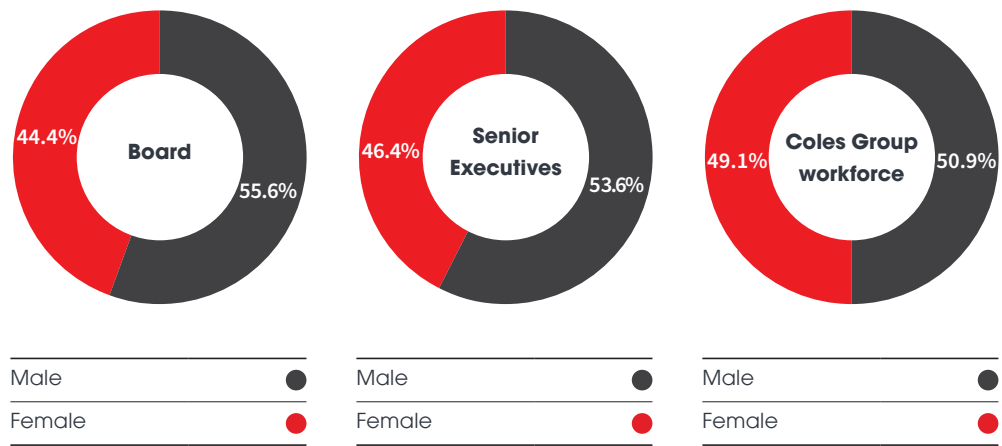
#### 4. Achieve pay parity to support the achievement of gender equality

In FY23, we achieved our goal of <1% pay gap with a reduction in the gender pay gap from 1.1% in FY22 to 0.9%. This is a result of continued investment, education, application of pay parity principles for new appointments, and annual remuneration review adjustments.

Coles is committed to maintaining pay parity by having the right policies, practices and governance in place to achieve balance and offer the same opportunities to all team members to build great careers at Coles. The continued focus on pay parity and the gender pay gap forms part of our new FY24-FY27 Diversity and Inclusion commitments.

#### Workforce profile

For FY23, the proportion of females and males on the Board, in senior executive positions (being members of the Executive Leadership Team and team members who are in the position of General Manager) and across the workforce, are illustrated in the following graphics:



**Pictured:** Team members Lily and Lachlan. In FY23 Coles was recognised as an Employer of Choice for Gender Equality.

# A culture of acting lawfully, ethically and responsibly

The Company has a number of policies that outline expected standards of behaviour and promote a culture of acting lawfully, ethically and responsibly. These policies include the following:

## Code of Conduct

The Company has a Code of Conduct that sets out the standards of behaviour expected of its directors, team members and contractors in their interactions with customers, suppliers, the community and each other. The Code of Conduct sets out the Company's values and LEaD behaviours. The Code of Conduct was reviewed and updated in FY23 to align with legislative and internal policy changes.



The Company's Code of Conduct can be found at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) or by clicking [here](#)

## Whistleblower Policy

As part of the Company's commitment to the highest standards of conduct and ethical behaviour in all its business activities, the Company has a Whistleblower Policy that encourages anyone to come forward with concerns. The Policy, which was reviewed in FY23, requires Coles team members, directors and officers who have reasonable grounds to suspect that 'Potential Misconduct' has occurred or is occurring within or against Coles to make a report. The Policy also encourages anyone else who has reasonable grounds to suspect that 'Potential Misconduct' has

occurred or is occurring within or against Coles to make a report. Potential Misconduct is any suspected or actual misconduct or an improper state of affairs or circumstances in relation to Coles. It includes any unethical, illegal, corrupt, fraudulent or undesirable conduct or any breach of the Company's policies such as its Code of Conduct by a Coles director, team member, contractor, supplier, tenderer or any other person who has business dealings with Coles.

Coles team members may raise any concerns internally. Additionally, anyone (including Coles team members, suppliers and contractors) may make anonymous reports by telephone or email to the Stopline Hotline, an independent and confidential reporting line. The Policy emphasises that Coles will not tolerate anyone being discouraged from speaking up or being adversely affected because they have reported misconduct in accordance with the Policy.



The Company's Whistleblower Policy can be found at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) or by clicking [here](#)

## Anti-bribery and Corruption Policy

The Company has an Anti-bribery and Corruption Policy, which was reviewed in FY23. The Policy stipulates that Coles has zero tolerance for bribery and corruption in any form. It prohibits directors and team members from engaging in activity that constitutes bribery or corruption, and sets out a number of guidelines to assist team members to determine what constitutes bribery or corruption. It covers any activity or behaviour undertaken in connection with Coles, regardless of the geographical location in which that activity or behaviour occurs.



The Company's Anti-bribery and Corruption Policy can be found at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) or by clicking [here](#)

## Sustainability, Health, Safety and Wellbeing

Coles is committed to providing a safe and healthy environment for team members, customers, suppliers, contractors, visitors and supply chain partners. The Health, Safety and Wellbeing Policy, which was updated in FY23, describes the systems and processes in place to manage the risks and hazards that come with operating Coles' business and ensure that Coles' actions are appropriate to our risk profile.



The Company's Health, Safety and Wellbeing Policy can be found at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) or by clicking [here](#)

The Audit and Risk Committee is responsible for overseeing the effectiveness of systems of internal controls and the risk management framework, including Coles' exposure to environmental risks.

Details of Coles' material exposure to environmental and social risks, as well as details of how Coles manages these risks, are referred to in the Risk Management and Climate Change sections of our 2023 Annual Report (noting we seek to align with the recommendations of the Taskforce on Climate-related Financial Disclosures). Additional information in relation to these risks is also available in Coles' 2023 Sustainability Report.



The Risk Management section of Coles' 2023 Annual Report can be found on pages 35–52 of Coles' 2023 Annual Report, which can be accessed [here](#)



A copy of Coles' 2023 Sustainability Report can be found at [www.colesgroup.com.au/sustainability](http://www.colesgroup.com.au/sustainability) or by clicking [here](#)

## Securities Dealing Policy

The Company has a Securities Dealing Policy to ensure compliance with insider trading laws; protect the reputation of the Group, its directors and team members; maintain confidence in the trading of the Company's securities; and prohibit specific types of transactions. In general, directors, members of the Executive Leadership Team and other executives at the general manager level and above (Restricted Persons) may not deal in the Company's securities during specified periods (known as 'blackout periods') that cover the period leading up to and immediately following the release of the quarterly retail sales results, half-yearly results and full-year results. Outside of these blackout periods, Restricted Persons must seek prior approval to deal in the Company's securities from the Company Secretary (or their delegate).

In all cases, Restricted Persons and team members more broadly (and their Connected Persons) are prohibited from dealing in securities when they are in possession of 'inside information'.

The Securities Dealing Policy, which was reviewed and updated in FY23, also covers the Company's policy on hedging of Company securities.



The Company's Securities Dealing Policy can be found at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance) or by clicking [here](#)

## Other Policies

The Company has a number of other policies that outline expected standards of behaviour of directors, team members and contractors, including:

- Appropriate Workplace Behaviour Policy
- Confidentiality Policy
- Conflict of Interest Policy
- Delegation of Authority Policy
- Environment Policy
- Ethical Sourcing Policy
- Gifts, Events and Entertainment Policy
- Political Donations Policy
- Privacy Policy
- Sanctions Policy

These policies can be accessed by team members on the Company's intranet.

The Company continually assesses and upgrades its policies and procedures to ensure compliance with corporate governance requirements.





**Coles Group Limited**

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