



14 September 2023

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Manager,

**2023 Sustainability Report**

Attached is the Coles Group Limited 2023 Sustainability Report.

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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# Working towards a more sustainable future

2023 Sustainability Report



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.



## Feedback

We welcome feedback on this report. For more information or to provide comments, please contact us at:



[sustainability@coles.com.au](mailto:sustainability@coles.com.au)

Anyone seeking to use information in this Sustainability Report to draw conclusions from the data presented should email:



[investor.relations@colesgroup.com.au](mailto:investor.relations@colesgroup.com.au)

## Cover image

Robina Bradley, Chief Executive Officer St Mary's House of Welcome and Hayden, Coles Local Store Manager, launching the SecondBite Christmas Appeal in 2022.

## Forward-looking statements

This report contains forward-looking statements in relation to Coles Group Limited ('the Company') and its controlled entities (together, 'Coles', 'Coles Group', or 'the Group'), including statements regarding the Group's intent, belief, goals, objectives, opinions, initiatives, commitments or current expectations with respect to the Group's business and operations, market conditions, results of operations and financial conditions, and risk management practices. This report also includes forward-looking statements regarding climate change and other environmental and energy transition scenarios. Forward-looking statements can generally be identified by the use of words such as 'forecast', 'estimate', 'plan', 'will', 'anticipate', 'may', 'believe', 'should', 'expect', 'intend', 'outlook', 'guidance' and other similar expressions.

Any forward-looking statements are based on the Group's current knowledge and assumptions, including with respect to financial, market, risk, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. The Group does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions that could cause the actual results, performance or achievements of the Group to be materially different from the relevant statements. There are also limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

Readers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking statements or to advise of any change in assumptions on which any such statement is based. Past performance cannot be relied on as a guide for future performance.

## Reporting scope

Unless otherwise stated, this Sustainability Report covers the period 27 June 2022 to 25 June 2023 (FY23) for the Group. This is our retail calendar, a reporting calendar based on a defined number of weeks, with the annual reporting period ending on the last Sunday in June.

The report focuses on topics that matter most to our stakeholders and our business, as determined through our 2023 materiality assessment, detailed on pages 6-7.

This report has been prepared in accordance with the Global Reporting Initiative (GRI 1: Foundation 2021). Our 2023 Sustainability data pack (available at [www.colesgroup.com.au/sustainability](http://www.colesgroup.com.au/sustainability)) includes the GRI Content Index for this report, as well as our alignment with the United Nations (UN) Global Compact Principles and the UN Sustainable Development Goals (SDGs).

EY has provided independent assurance in respect of this report, including considering whether the appropriate indicators have been reported in accordance with GRI Sustainability Reporting Standards. A copy of EY's independent limited assurance report is on pages 56-57.

## Report boundary

In this report, the terms 'Coles', 'the Group', 'Coles Group', 'our business', 'organisation', 'we', 'us', 'our' and 'ourselves' refer to Coles Group Limited and its controlled entities. This report contains information for all Coles' wholly owned businesses during FY23 (unless otherwise stated).

## Glossary

**Coles Own Brand** is the portfolio of product brands owned by Coles. It includes grocery, fresh produce, meat and non-food products that are available in Coles Supermarkets under Coles Brands (e.g. Coles Finest, Coles Nature's Kitchen) and Exclusive Own Brands (e.g. Koi, Daley St).

**Coles Liquor Own Brand** is the portfolio of brands owned by Coles Liquor. It includes liquor products that are sold in Coles Liquor stores under Coles Liquor Brands (e.g. Vintage Cellars Collaborations) and Private Label Brands (e.g. Pensilva).

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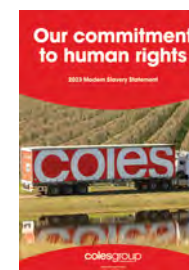
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# Our 2023 reporting suite

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)

# Sustainability Snapshot



**41.5%**

women in leadership roles<sup>1</sup>

**9.2%**

improvement in TRIFR<sup>2</sup> from FY22

**3.5%**

of team members<sup>3</sup> identify as Aboriginal or Torres Strait Islander up from **3.2%** in FY22



**27.7%**

reduction in Scope 1 and 2 emissions from FY22 (**33.5%** reduction from FY20 baseline)

**84.0%**

of total solid waste diverted from landfill

**83.8%**

of packaging across Coles Own Brand is recyclable (down from **94.6%** at the end of FY22, due to impacts associated with the collapse of REDcycle)<sup>4</sup>



**\$40.7m**

provided in community support<sup>5</sup>

**40.1m**

equivalent meals donated to SecondBite and Foodbank (20.3m kg, valued at \$133m)<sup>6</sup>

**\$3.6m**

awarded through the Coles Nurture Fund to help Australian producers innovate and grow

1 Leadership positions are composed of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.  
 2 Total Recordable Injury Frequency Rate.  
 3 Based on results of our May 2023 *mysay* engagement survey.  
 4 Overall recyclability percentage has contracted due to the suspension of the REDcycle soft plastics recycling program and the industry approach where all product packaging with soft plastic is now deemed non-recyclable.  
 5 Includes Coles' direct contribution of cash, time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations valued at \$133m are not included in this number. Coles' community support is verified by the Business for Societal Impact (B4SI) framework.  
 6 In addition to unsold edible food, the figure also includes bulk food and grocery donations to SecondBite and Foodbank.

# Message from the Chairman, and Managing Director and Chief Executive Officer



As one of Australia's prominent corporations we know we have an opportunity and responsibility to make a difference in the community and our sustainability strategy is pivotal to us achieving that outcome.

We have made substantial progress against our sustainability strategy in FY23, made possible by the hard work and commitment of our more than 120,000 team members. We have an engaged team who are passionate about supporting the communities in which they live and work, and who are committed to achieving Coles' sustainability ambitions.

We know that, now more than ever, our customers want to understand the sustainability of the products they purchase and the responsibility with which they are sourced. Waste management, including that of plastics, packaging and food, as well as ensuring animal welfare, remain top of mind. Additionally, we are committed to the reduction of emissions, which we know is also of increasing importance to our investors and other stakeholders.

Much has been achieved during the year including:

- New renewable electricity agreements to bring us closer to our target of 100% renewable electricity by the end of FY25. In addition, a three-year arrangement with Origin will see us install 20 megawatts of solar panels on top of 100 stores and batteries installed at one third of our stores to capture and store excess electricity.
- A commitment to reduce our Scope 3 emissions by working with more than 75% of our suppliers, by spend, to help them set emissions reduction targets by the end of FY27.
- Removal of soft-plastic shopping bags which is estimated to remove approximately 230 million plastic bags from circulation each year.
- Achieving 41.5% women in leadership and a company-wide gender pay parity gap of less than 1%. Coles was also awarded Employer of Choice for Gender Equality by the Workplace Gender Equality Agency for

its active commitment to achieving gender equality.

- 92% of our supermarkets across Australia now employing Aboriginal and Torres Strait Islander team members. At the end of FY23, 3.5% of team members self-identified as Aboriginal and/or Torres Strait Islander people, an increase from 3.2% in FY22.
- Presenting partner of Sydney WorldPride as part of our commitment to create a safe and welcoming environment for LGBTQI+ people across our team.
- Continued support for community organisations, including partnerships that support health, assist farmers and producers and improve food access for vulnerable Australians. Coles has now donated the equivalent of 200 million meals since 2011 through our partnership with SecondBite.

One of the key challenges in the past 12 months has been the collapse of the REDcycle program in November 2022. We appreciate that this was extremely disappointing for the

thousands of customers who were committed to collecting and returning their soft plastics to our stores for recycling.

With the permission of the Australian Competition and Consumer Commission, we have been working collaboratively with other retailers on the Soft Plastics Taskforce to manage the legacy stockpile of materials and develop an alternative recycling program for soft plastics.

Looking ahead, we have an ambitious agenda, but we recognise that we cannot achieve it on our own. We look forward to working together with our team members, customers, suppliers and other partners to create a more sustainable future for generations to come.

**James Graham AM**  
Chairman  
Coles Group Limited

**Leah Weckert**  
Managing Director and  
Chief Executive Officer  
Coles Group Limited

# Our business and strategy

Coles is one of Australia's leading retailers, with an extensive national supermarket and liquor store footprint and a range of digital platforms allowing us to deliver a full service omnichannel experience for customers.

We employ more than 120,000 team members, engage with more than 8,000 suppliers, have more than 430,000 direct shareholders and we welcome millions of customers through our store network and digital platforms every week.

## Our purpose and strategy

This year 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. We will tailor our product range, quality, value, merchandising and communication to meet and surpass our customers' needs.

- **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 two foundational building blocks:

- **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.

Our current sustainability strategy, themed under two key focus areas of 'Together to Zero' and 'Better Together', sets our ambition to reduce our impact on the environment, and work together with our team, suppliers, customers and community to make a real difference.

In FY24 we will be refreshing our sustainability strategy to ensure we continue responding to changing stakeholder expectations and are well positioned to manage the sustainability risks and opportunities we expect to emerge in the future. The updated strategy will reflect our recently refreshed purpose and focus our action on high impact sustainability and community initiatives.

By focusing on what matters most to our customers and prioritising our investment accordingly, we are confident that Coles will deliver on our vision **to become the most trusted retailer in Australia and grow long-term shareholder value.**



# Governance and risk management

Our corporate governance framework and risk management policies and processes support the effective operation and management of our business, enabling us to create value for our stakeholders.

The Board oversees and approves the strategic direction of the Group and oversees the effectiveness of Coles' sustainability and governance policies and practices, including exposure to climate change and other environmental and social risks, and opportunities. The Audit and Risk Committee supports the Board in fulfilling its responsibilities including 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, including financial and non-financial risks.

The Chief Operations and Sustainability Officer, a member of the Executive Leadership Team (ELT) who reports to the Managing Director and Chief Executive Officer, provides regular updates to the Board and the Audit and Risk Committee on sustainability risks, issues and progress against commitments. Standardised quarterly reporting, with performance monitoring against our sustainability commitments is also provided to the Board.

With the environmental, social and governance landscape continuing to rapidly evolve, we have been working in FY23 through a review of our overall sustainability governance arrangements. During this period, the primary management governance forums for sustainability have been the quarterly business reviews, attended by members of the ELT, and ELT meetings.

The Human Rights Steering Committee and Better Together Council have continued to meet regularly to discuss progress against their respective agendas.

As part of our sustainability governance review we are refreshing our Sustainability Steering Committee charter and membership and will move to bi-monthly meetings in FY24. It is intended that the Steering Committee be the key management committee with oversight of Coles' sustainability strategy and performance.



For further detail on our governance framework, see our 2023 Corporate Governance Statement available at [www.colesgroup.com.au/corporategovernance](http://www.colesgroup.com.au/corporategovernance).  
For further information on risk management, refer to our 2023 Annual Report available at [www.colesgroup.com.au/reports](http://www.colesgroup.com.au/reports).



# What matters most

Through our annual materiality assessment, we engage with internal and external stakeholders to identify the environmental and social risks and opportunities they consider Coles has the greatest ability to impact.

In FY23, an independent consultant undertook interviews with representatives of 20 of our key stakeholders. These included investors, capital providers, suppliers, trade associations, industry bodies, community, non-government organisations and academia and research organisations.

Stakeholders were provided with a list of sustainability issues (and definitions) developed by Coles, and informed by the GRI Sustainability Reporting Standards, UN Global Compact Principles, peer benchmarking and media analysis. The assessment was also informed by sustainability risks identified and managed in accordance with the Coles Risk Management Standard, which is based on ISO 31000:2018 Risk management – Guidelines.

Stakeholders were asked to discuss the top three issues they considered Coles could have the greatest impact or influence on. Our top 10 material issues for 2023, as identified through the stakeholder interviews, are in the table on the next page.

The issues identified inform the disclosures in this report. They should not be viewed individually, as in most cases they are interconnected, and action and progress in one area can lead to improvements in another. The core set of sustainability issues and opportunities has not changed significantly between FY22 and FY23.

We recognise there are other issues in addition to those identified on the following page, both of interest to stakeholders and of relevance to our business – a number of which are included in our strategy and discussed within this report.

## Aligning with global goals

Coles has been a signatory to the United Nations (UN) Global Compact ('UNGC') since 2019. This Sustainability Report informs our annual Communication on Progress on how we are implementing the UNGC's 10 principles, and supporting its broader development objectives in the areas of human rights, labour, anti-corruption and the environment. Coles is also a signatory to the UN Women's Empowerment Principles.

We are committed to the UN Sustainable Development Goals (SDGs) and consider that business has an important role to play in their achievement. Our sustainability strategy is aligned with, and supports, nine of the 17 SDGs.



## Top 10 material issues (as ranked by stakeholders)

Issue	Definition	Relevant UN SDG	Location of disclosures
 <b>Climate change</b> (Including security of supply and business continuity)	Decarbonisation across Coles' operations and value chain. Implementing initiatives for emissions reduction, renewable energy, energy management, and physical and transition risk. Building resilience to the impacts of climate-related events, in particular with respect to maintaining supply chain security and continuity. Alternative proteins to respond to customer choice and mitigate environmental impacts associated with production of animal proteins.	 	Energy and emissions - pages 14-19
 <b>Food waste</b>	Minimising food waste, both upstream and downstream in our value chain.	 	Food waste - page 21
 <b>Plastics and packaging</b>	Working with our supplier partners, government and industry to reduce unnecessary plastic packaging and increase recyclability and recycled content in packaging.	 	Sustainable packaging - pages 22- 24
 <b>Circular economy</b> (Including preventing waste to landfill)	Identifying and supporting initiatives to reduce waste to landfill and create end-markets for recovered materials - that is, product stewardship schemes.		Waste - pages 20-24
 <b>Human rights and ethical sourcing</b>	Safeguarding human rights including labour rights and identifying and addressing modern slavery risks in our own operations and in our extended supply chains. Providing team members with fair/competitive wages and working conditions.	   	Ethical sourcing - page 26
 <b>Supporting Australian farmers and producers</b>	Supporting and working with Australian farmers and producers to encourage sustainable farming practices through our Australian First Sourcing Policy, supplier partnerships, direct dairy sourcing model, and the Coles Nurture Fund.	 	Supporting Australian producers - pages 30-32
 <b>Corporate conduct</b>	Acting ethically, with integrity, transparency and 'doing what we say we will do'. Robust governance and procedures contributing positively to sustainable development.		Coles 2023 Annual Report and Corporate Governance Statement
 <b>Health, safety and wellbeing of our team</b>	Ensuring safe and healthy working conditions and providing team members with mental health and wellbeing policies, programs and initiatives.	 	Health, safety and wellbeing - pages 45-47
 <b>Biodiversity and nature</b>	Understanding the impacts of our operations and supply chain on nature and biodiversity, and minimising negative impacts (including, but not limited to, deforestation from high-risk commodities and consideration of marine ecosystems). Supporting efficient use of water throughout our operations and supply chain.	 	Sustainable products and ingredients - pages 27-29
 <b>Healthy and affordable food</b>	Promoting healthy and affordable food. Improving human health and nutrition through product development and innovation, and meeting diverse dietary and consumer needs.	  	Health and nutrition - pages 53-54. Dropped & Locked value campaign - 2023 Annual Report - page 10

# Stakeholder engagement

Coles values stakeholder feedback and insights and commits to proactive and constructive engagement with a wide range of stakeholders.

Our stakeholders include certification bodies, customers, farmers and producers, capital providers, government, industry associations, investors, local communities, non-government organisations, regulators, team members and suppliers.

Our stakeholders have the capacity to both impact, and be impacted by, our operations, and it is important we understand and respond to the issues they care about.

The following table details our key stakeholder groups, the key areas of interest raised - identified through our sustainability materiality assessment process - and examples of how we engage.

Stakeholder	Key areas of interest	Examples of how we engage
<b>Team members</b>	<ul style="list-style-type: none"> <li>• Health, safety and wellbeing</li> <li>• Career advancement</li> <li>• Learning and development</li> <li>• Equal employment opportunities</li> <li>• Flexible working</li> </ul>	<ul style="list-style-type: none"> <li>• <i>mysay</i> (our six-monthly team member engagement survey)</li> <li>• Learning and development conversations and programs</li> <li>• Performance reviews</li> <li>• Health and Safety Committees in-store</li> <li>• Daily updates and emails</li> <li>• Internal social media/collaboration tools to facilitate dialogue between team members (e.g. Yammer)</li> <li>• Sustainability Circle and Team Member Circle for team members to pose questions, share achievements and provide input on our sustainability program</li> <li>• Regular leader-led 'retail roundup' meetings to engage with employees on a range of issues, from new products to major change programs and strategic initiatives</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Sustainability of our products, including packaging and sourcing</li> <li>• Food and product quality and safety</li> <li>• Product range</li> <li>• Waste management (including soft plastics recycling)</li> <li>• Food waste</li> </ul>	<ul style="list-style-type: none"> <li>• In-store service counters</li> <li>• Online 'Tell Coles' post-shop surveys</li> <li>• Social media through Coles' Facebook, Twitter, LinkedIn and Instagram pages</li> <li>• Focused market research</li> <li>• Responding to direct calls and emails to the Coles Customer Care team</li> <li>• Customer Insights team gather consumer research to inform our innovation and marketing activities</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Community support for vulnerable people</li> <li>• Partnerships and sponsorships beneficial to communities</li> <li>• Support during natural disasters</li> <li>• Access to healthy and affordable food</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate and community support activities</li> <li>• Food donations</li> <li>• Team member volunteering</li> <li>• Partnerships and sponsorships</li> <li>• Community outreach activities</li> <li>• Disaster response and support</li> </ul>

Stakeholder	Key areas of interest	Examples of how we engage
<b>Investors, analysts and capital providers</b>	<ul style="list-style-type: none"> <li>• Company strategy (financial and non-financial performance)</li> <li>• Business outlook</li> <li>• Governance</li> <li>• Management of climate-related risks and opportunities</li> <li>• Human rights and modern slavery</li> <li>• Biodiversity</li> <li>• Cyber security</li> </ul>	<ul style="list-style-type: none"> <li>• Direct investor engagement with our senior management and Board</li> <li>• Quarterly results announcements</li> <li>• Annual General Meeting</li> <li>• Annual reporting</li> <li>• Investor roadshows</li> <li>• ASX releases</li> </ul>
<b>Non-government organisations</b>	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• Animal welfare</li> <li>• Climate change (including electric vehicles)</li> <li>• Circular economy</li> <li>• Tasmanian salmon farming</li> <li>• Deforestation</li> </ul>	<ul style="list-style-type: none"> <li>• Direct discussions</li> <li>• Partnerships to build on-the-ground sustainability programs</li> <li>• External surveys and benchmarks/assessments</li> </ul>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>• Engagement with state and federal governments</li> </ul>	<ul style="list-style-type: none"> <li>• Policy discussions</li> <li>• Responding to government inquiries and consultations</li> <li>• Working groups</li> </ul>
<b>Supply partners</b>	<ul style="list-style-type: none"> <li>• Collaborating on Coles' sustainability commitments</li> <li>• Ethical sourcing (including modern slavery risks) in the supply chain</li> <li>• Traceability of products</li> <li>• Training and development</li> </ul>	<ul style="list-style-type: none"> <li>• Coles' Supplier Portal</li> <li>• Regular meetings</li> <li>• Site visits and audits</li> <li>• Supplier training</li> <li>• Coles Supplier of the Year Awards</li> <li>• Supplier forums</li> <li>• Coles Nurture Fund</li> </ul>
<b>Trade and industry associations</b>	<ul style="list-style-type: none"> <li>• Issues of mutual interest (e.g. sustainable agriculture)</li> <li>• Public policy debate</li> </ul>	<ul style="list-style-type: none"> <li>• Through peak national bodies representing farmers, manufacturers and suppliers across Australia</li> <li>• Membership of industry associations</li> </ul>
<b>Unions</b>	<ul style="list-style-type: none"> <li>• Fair wages</li> <li>• Safe working conditions</li> <li>• Freedom of association</li> </ul>	<ul style="list-style-type: none"> <li>• Through the Ethical Retail Supply Chain Accord<sup>1</sup></li> </ul>

1 Made up of the Shop, Distributive and Allied Employees' Association (SDA), the Transport Workers' Union (TWU) and the Australian Workers' Union (AWU).

## Industry associations

We recognise industry associations play an important role in providing a collective voice for individual businesses within an industry.

At Coles, partnering with a range of industry peak bodies and trade associations is a component of our 'Win Together' strategic pillar.

Through industry association memberships, Coles discusses issues, develops standards, and seeks to establish best practice within our industry. Our participation is also intended to drive improvement on sustainability, inclusion and productivity throughout our industry and supply chain, supporting economy-wide progress and creating benefits for wider society.

Wherever possible, we seek to reach consensus on positions that are aligned with Coles Group's values and strategy. Where values or policy positions misalign, Coles Group will review the divergence and assess its impact against the benefits provided by association with the relevant body.

Relationships with industry associations are considered at the time of membership renewal where a formal agreement exists, or on an ad-hoc basis for informal relationships.

Coles holds relationships with many organisations, each with varying levels of participation and formality. For example, Coles has formal relationships and regular engagement with the Business Council of Australia (BCA) and the Australian Retailers Association (ARA).

- The BCA's core activities are to develop and advocate on public policy in all areas relating to the economy and business, including social issues impacting Australia. Coles is a general member of the BCA, with committee membership and membership to working groups, where we contribute by providing advice on relevant policy.
- The ARA's core activities are to develop and advocate on public policy specific to the retail sector. Coles is a general member, and we are involved via our membership in working groups, providing advice on relevant policy.

We also maintain relationships with other organisations such as Australian Packaging Covenant Organisation, AUSVEG, National Farmers Federation, Property Council of Australia, Retail Drinks Australia, and DrinkWise.

In the area of **product safety and quality**, we are active participants in various standards committees and working groups focused on food safety, and social and environmental sustainability. For instance, Coles is a member of the Global Food Safety Initiative Australasia Steering Committee, the Australian Food and Grocery Council Technical Leads Forum, the Allergen Collaboration and the Food Incident Forum.

In keeping with our approach to collaborate and engage with industry on **climate-related issues**, Coles has joined the Electric Vehicle Council (EVC). The EVC represents members from across the value chain of the electric vehicle sector and is focused on driving



**Pictured:** Coles Craigieburn Village store.

investment and awareness to accelerate the electrification of transport. Coles is also a member of the Climate Leaders Coalition, the Carbon Market Institute, the Australian Logistics Council and the Energy Users Association of Australia.

# Sustainability target performance summary

The following table is a snapshot of our FY23 performance against our sustainability targets.

● Achieved ● Partially achieved or in progress ● Off track

	Target	Performance	Trend
<b>Emissions</b>	Source 100% renewable electricity by the end of FY25	We have made significant progress towards our target through onsite solar and large scale generation certificate arrangements which match our consumption	○
	Reduce combined Scope 1 and 2 emissions by more than 75% (FY20 baseline) by end of FY30	27.7% reduction from FY22 (33.5% reduction from FY20)	○
	Deliver net zero greenhouse gas emissions by 2050 <sup>1</sup>	We have set a science-based Scope 1 and 2 emissions reduction target and a Scope 3 supplier engagement target	○
<b>Waste</b>	Divert 85% of the Group's solid waste from landfill by the end of FY25	84.0% (increase from 82.5% in FY22)	○
<b>Packaging<sup>2</sup> (Coles Own Brand and Coles Liquor Own Brand Packaging)</b>	100% reusable, recyclable, or compostable packaging by 2025	83.8% <sup>3</sup> (decrease from 94.6% at end of FY22)	○
	Carry the Australasian Recycling Label (ARL) by 2025	100% Coles Own Brand artworks updated to carry the ARL	●
<b>Safety</b>	Year-on-year improvement in TRIFR (Total Recordable Injury Frequency Rate)	14.8 (improvement of 9.2% from FY22)	●
<b>Belonging<sup>4</sup></b>	Make work flexible at Coles	73% of team members <sup>5</sup> feel working flexibly does not negatively impact career advancement opportunities (up 4pp from FY22)	○
	Develop inclusive leaders that reflect the communities we serve	831 leaders trained in inclusive leadership and unconscious bias	○
	Improve engagement of all diverse groups	78% of team members <sup>5</sup> feel included and like they belong at Coles (up 2pp from FY22)	○

1 At this point in time, Coles' commitment refers only to Coles' Scope 1 and Scope 2 emissions.

2 Coles Own Brand and Coles Liquor Own Brand Packaging commitments support the delivery of Australia's 2025 National Packaging Targets.

3 Overall recyclability percentage has contracted due to the suspension of the REDcycle soft plastics recycling program and the industry approach where all product packaging with soft plastic is now deemed non-recyclable.

4 Targets due to be achieved by December 2023.

5 Based on results of our May 2023 mysay engagement survey.

● Achieved ● Partially achieved or in progress ● Off track

	Target	Performance	Trend
<b>Gender equality<sup>1</sup></b>	Be recognised as a WGEA <sup>2</sup> Employer of Choice for Gender Equality	Achieved citation as a WGEA Employer of Choice for Gender Equality	●
	Reach 40% women in leadership roles at an organisational level <sup>3</sup>	41.5% women in leadership (up 2.1pp from FY22)	●
	Improve male and female representation in each function to 30% of each gender	10 of 11 functions	●
	Achieve pay parity gap target of less than 1%	-0.9% gender pay parity gap (down 0.2pp from FY22)	●
<b>Indigenous engagement<sup>1</sup></b>	Increase Aboriginal and Torres Strait Islander team member representation to 5% of our workforce	3.5% of team members <sup>4</sup> identify as Aboriginal and/or Torres Strait Islander peoples (up from 3.2% in FY22)	●
	Increase Aboriginal and Torres Strait Islander team member representation to 3% of trade and management roles	2.0% (up from 1.9% in FY22)	●
	Increase opportunities for Aboriginal and Torres Strait Islander suppliers	63 Aboriginal and Torres Strait Islander suppliers (up from 60 in FY22)	●
	Progress sustainable relationships with Indigenous customers and communities	16 Indigenous community partnerships (up from 14 in FY22)	●
<b>Accessibility<sup>1</sup></b>	Achieve 90% completion of Disability Confidence Training by customer-facing team members	90.5% (up 10.6pp from FY22)	●
	Quiet Hour being available in more than 420 supermarkets nationally	440 Coles Supermarkets (up 25 from FY22)	●
	Take part in the Australian Network on Disability's Access and Inclusion Index	Ranked #3 <sup>5</sup>	●
<b>Pride<sup>1</sup></b>	Improve our status in the Australian Workplace Equality Index	Gold tiered employer status <sup>6</sup>	●
	Provide LGBTQI+ inclusion training to all team members	12,883 team members have completed LGBTQI+ Awareness training	●
	Build a strong Pride at Coles network and actively contribute to local LGBTQI+ communities and events in all states and territories	48.8% team members <sup>4</sup> identify as an ally 9.7% team members <sup>4</sup> identify as part of the LGBTQI+ community	●

1 Targets due to be achieved by December 2023.

2 The Workplace Gender Equality Agency (WGEA) is an Australian Government statutory agency created by the *Workplace Gender Equality Act 2012 (Cth)*.

3 Leadership positions are composed of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.

4 Based on results of our May 2023 *mysay* engagement survey.

5 Assessment undertaken in FY22, with next measure in FY24.

6 Next measure in FY24.



# Together to zero

**Together to Zero sets our  
ambition to reduce our  
impact on the environment.**

**Pictured:** Coles Head of Energy Jane Mansfield and Origin Zero Executive General Manager James Magill inspect rooftop solar panels at Coles Craigieburn Village store, following a landmark agreement to co-invest in renewable energy and battery assets.



# Energy and emissions

Coles supports the goals of the Paris Agreement and recognises the need to work with our suppliers and other partners to accelerate the transition to a net zero economy.

We understand our responsibility to minimise our environmental footprint, as well as to mitigate the environmental and social impacts of climate change. We are doing this by:



Building the resilience of our business, our community and our value chain against climate change impacts, both physical and transitional (manage climate risks and opportunities).



Taking action to reduce our climate impacts (decarbonisation<sup>1</sup>).



Constructively engaging on issues and challenges associated with climate change and climate policy (influence climate action).

Building on work undertaken over the past three years to align our approach with the

2017 recommendations of the Task Force on Climate-Related Financial Disclosures, this year we commenced the development of a Climate Action Roadmap ('the Roadmap'). It is anticipated the Roadmap will include key actions for Coles over the short, medium and long term to manage climate-related risks and opportunities effectively and respond to stakeholder expectations.

## Decarbonisation

Coles is a significant energy user and producer of greenhouse gas emissions, both directly in our own operations and indirectly through our extensive supply chains. We are committed to increasing our resource efficiency and reducing emissions in areas over which we have control and influence.

In FY21, we announced targets to reduce greenhouse gas emissions including:

- to deliver net zero greenhouse gas emissions by 2050<sup>2</sup>

- to source 100% renewable electricity by the end of FY25; and
- to reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% by the end of FY30 (from a FY20 baseline). In July 2023, this target was validated by the Science-Based Targets initiative (SBTi)<sup>3</sup>, and endorsed for being ambitious and classified as 1.5°C aligned. We also recalculated our FY20 baseline to account for the sale of Coles Express in FY23.

As discussed below, in FY23 we achieved a combined Scope 1 and 2 emissions reduction of 33.5%, from a FY20 baseline.

## Scope 1 and 2 emissions

Our main sources of Scope 1 (direct) emissions include emissions from refrigerant gases, natural gas and transport fuel, with a minimal contribution from stationary LPG and diesel for onsite back-up generators.

## Influencing climate action

To identify decarbonisation pathways and support the Paris Agreement goals, we collaborate with industry and other stakeholders, as well as invest in knowledge and research. Our Managing Director and Chief Executive Officer is a member of the Australian Climate Leaders Coalition and Coles is a corporate member of the Carbon Market Institute, with representatives participating in working groups and other forums.

Following the successful pilot of the Corporate Emissions Reduction Transparency (CERT) report, co-designed by the Clean Energy Regulator and industry, in 2022 Coles continued to participate in and promote the CERT report. The 2023 submission has evolved further and helps promote emissions reductions in Australia by allowing companies to set emissions reduction targets and track progress using verified data held by the CER.

1 Coles currently does not purchase carbon offsets to decarbonise its operations. Carbon offsets are only purchased for the purpose of the Coles Finest carbon neutral products.

2 At this point in time our commitment refers only to Coles' Scope 1 and 2 emissions.

3 The SBTi is a partnership between CDP, the United Nations Global Compact, the World Resources Institute and the World Wide Fund for Nature. It provides an independent assessment and validation of net-zero science-based targets in line with a 1.5°C future.

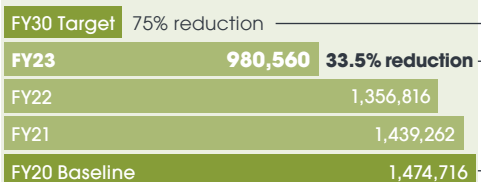
Scope 2 (indirect) emissions are those associated with our electricity use and make up the bulk of our combined Scope 1 and 2 emissions.

### Scope 1 and 2 emissions sources

Electricity	<b>70%</b>
Refrigerants	<b>24%</b>
Natural gas	<b>3%</b>
Transport fuel	<b>3%</b>

### Performance against target

Scope 1 and 2 emissions – tonnes CO<sub>2</sub>-e



### Renewable electricity

We have made significant progress this year towards our 100% renewable electricity target through onsite solar and large scale generation certificate (LGC) arrangements which match our consumption. In July 2022, we commenced our agreement with CleanCo in Queensland to purchase electricity and LGCs and began our long-term LGC agreement with Lal Lal Wind Farms in Victoria. Together with our LGC-bundled power purchase agreement, which commenced in 2021 with MYTILINEOS in New South Wales, these two additional agreements increased our renewable electricity purchases to 45% of our total grid electricity consumption in FY23.

We are aiming to purchase more than 90% of our electricity in Queensland for 10 years from CleanCo.

Our agreement with Lal Lal Wind Farms will enable us to purchase LGCs from the wind farms near Ballarat, Victoria, until the end of 2030. Lal Lal Wind Farms has been exporting renewable electricity at full capacity to the Victorian grid since December 2020.

We are on track to meet our FY25 renewable electricity commitment through the addition of upcoming long-term LGC agreements. We have signed these agreements with Neoen, Origin Energy, ACCIONA Energía and ENGIE to source LGCs from wind and solar farms across Victoria, New South Wales, South Australia and Queensland. The portfolio of generation assets includes several wind and solar farms, which are under construction, as well as existing sites such as Willogoleche Wind Farm in South Australia and Mt Gellibrand Wind Farm in Victoria.

At the end of FY23, 88 Coles Supermarkets had solar panels installed, which generated 12,720 MWh of renewable electricity.

In May 2023, we completed a 3.5MW solar installation and energisation at our automated dry goods distribution centre in Oakdale, New South Wales. The solar installation, which is among the largest rooftop solar solutions in the Coles network, comprises 7,000 solar panels covering 16,700 square metres of roof and is expected to supply 32% of the electricity for the facility.

Furthermore, a 300kW solar system was constructed at our Chef Fresh facility in New South Wales and is expected to generate 420 MWh of renewable energy per year. In addition, construction of two large rooftop solar systems is underway at our chilled distribution centres in Kewdale, Western Australia and Eastern Creek, New South Wales. All three systems are expected to be energised in either FY24 or FY25.

Coles and Origin recently signed a three-year agreement that will see the companies co-invest in solar, batteries and flexible load controls across Coles stores nationally. The agreement is expected to lower Coles' emissions, reduce electricity consumption from the grid and bring down operational costs, with solar to be delivered at 20 stores in FY24.

### Refrigeration, HVAC<sup>1</sup> management and energy efficiency

Refrigeration is vital for maintaining and extending food quality and reducing waste. Coles' refrigeration management program includes the use of natural refrigerants, which have close to no global warming potential (GWP) compared with older synthetic refrigerant gases with high GWP.

When building new Coles Supermarkets, the majority (>90%) now use natural refrigerants. Aligning to our store refurbishment program, where practical and commercially viable, we convert supermarkets to lower GWP or natural refrigerants. At the end of FY23, natural refrigerants were in use in 54 supermarkets (28 in FY22) and 33 Coles Liquor stores (15 in FY22).

To reduce gas loss, we continued to invest in leak detection technology and our refrigeration pipe replacement program.

Energy efficiency initiatives in place across our stores and distribution centres include:

- doors on refrigeration across most categories.
- commencement of a gas submetering program aimed at improving our visibility of gas usage and energy efficiency.
- trials underway to help reduce our energy profile including:
  - development of our first dew point cooler<sup>2</sup> in Norwood, South Australia, used to reduce power consumption in refrigeration in hotter, drier climates.
  - reusing heating from our trans-critical plant as an alternative to fossil fuelled gas boilers, limiting the need for additional heating sources.
  - introduction of Coles' first R290 Chiller combined with TCO<sub>2</sub> heat pumps<sup>3</sup> at our store in Glebe Hill, Tasmania, making it our most efficient HVAC system.

1 Heating, ventilation and air conditioning (HVAC) is the use of various technologies to control the temperature, humidity and purity of the air in an enclosed space.

2 Dew point cooling enables outside air to be cooled prior to entering refrigeration systems in order to reduce energy consumption.

3 A heat source which is used to maintain store comfort levels. These rely on electricity from renewable energy as opposed to gas boilers that rely on burning fossil fuels.

### Scope 3 emissions

Scope 3 emissions are indirect emissions (not included in Scope 2) that occur in our value chain and make up more than 90% of Coles' overall emissions profile.

Coles has set a supplier engagement target, committing that 75% of its suppliers, by spend, covering purchased goods and services, and upstream transportation and distribution will have science-based targets by FY27. This Scope 3 target was validated by the Science Based Targets initiative (SBTi) during the year.

Given most of Coles' Scope 3 emissions are upstream of our operations, this target allows us to engage high-emitting categories and work collaboratively with our suppliers to reduce emissions.

As an organisation with an extensive supply chain, there are a range of challenges related to measuring and reducing Scope 3 emissions. These include our reliance on supplier partners for relevant information, gaps in data, issues with data quality and our ability to influence suppliers' operational and commercial practices. With these challenges in mind, Coles has created new roles that will focus on engaging with, and supporting, our suppliers to reduce their emissions.

During FY23, we calculated our FY22 and FY23 inventory for Scope 3 emissions covering the Greenhouse Gas (GHG) Protocol categories<sup>1</sup> listed in the table. We also recalculated our FY20 baseline to account for the sale of Coles Express during FY23.

Coles' total Scope 3 emissions (in relation to these categories) were approximately 20.8m tonnes CO<sub>2</sub>-e in FY22 and 18.2m tonnes CO<sub>2</sub>-e in FY23. Category 1 emissions from purchased goods and services contributed to more than 82% of Coles' total Scope 3 inventory in these years.

### FY23 Scope 3 categories

	Category	Scope 3 footprint	Actions underway
Upstream	1. Purchased goods and services	<b>82.2%</b>	Carbon Neutral Beef, Bovae® Trial
	2. Capital goods <sup>2</sup>	<b>0.0%</b>	Actions relating to Capital Goods are captured in Category 1 – Purchased goods and services.
	3. Fuel and energy-related activities	<b>0.9%</b>	Scope 1 and 2 emissions reductions activities
	4. Upstream transportation and distribution	<b>3.3%</b>	Partnerships with supply chain partners, including the Toll Transport electric yard tractor trial
	5. Waste generated in operations	<b>0.6%</b>	Increasing landfill diversion rates, improving waste data collection
	6. Business travel	<b>&lt;0.1%</b>	Actions yet to commence
	7. Employee commuting	<b>0.7%</b>	EV charging for team members at our Victorian Store Support Centre
Downstream	11. Use of sold products	<b>3.4%</b>	Actions yet to commence
	12. End-of-life treatment of sold products	<b>7.1%</b>	Initiatives to reduce excess packaging and increase recycled content in packaging
	15. Investments and joint ventures <sup>3</sup>	<b>1.8%</b>	Sale of Coles Express will reduce these emissions from FY24

1 Consistent with guidance in the GHG Protocol, Category 8 – Upstream leased assets and Category 9 – Downstream transportation and distribution are excluded from our Scope 3 emissions inventory. Category 8 is excluded based on guidance from the GHG protocol and SBTi validation of our inventory. Category 9 is excluded on the basis that customer transportation emissions are optional to report. Category 10 – Processing of sold products, 13 – Downstream leased assets and 14 – Franchises are not relevant to Coles Group. Coles has only reported emissions associated with direct-use phase emissions in Category 11, since indirect use-phase emissions are optional to report. The Science Based Targets Initiative assessed Coles Group's Scope 3 GHG inventory as part of the Scope 3 target validation. We will continue to monitor and reassess our boundary and inventory over time.

2 Capital Goods is captured in Category 1 – Purchased goods and services.

3 It should also be noted that Coles has calculated a portion of emissions associated with Viva Energy's sale of fuel through Coles Express sites in Category 15 – Investments, based on commission received through the agreement.

## Reducing emissions in our beef supply chain

Our fresh meat producers continue to explore ways to reduce their on-farm emissions intensity. We are working closely with industry initiatives, such as the Australian Beef and Sheep Sustainability Frameworks, and sourcing the latest information and innovations to pilot and implement.

Progress has been made since partnering with Mort and Co Feedlot, University of New England and DSM<sup>1</sup> in two separate trials evaluating commercial feedlot performance, animal health and meat quality impacts from the use of the extensively studied<sup>2</sup> methane reducing supplement Bovaer<sup>®</sup>. Trial results were positive, with no negative impacts found on feedlot performance, animal health or carcass attributes, providing us with the knowledge and confidence to pursue use of the supplement as an emissions reduction initiative. We are working with selected beef feedlots within our supply chain to include Bovaer<sup>®</sup> into their feeding programs.

Through collaboration with DSM and Integrity Ag and Environment we will be able to account for the reduction in methane emissions attributed

to the use of Bovaer<sup>®</sup> in these feedlots through our Coles Finest Certified Carbon Neutral Beef program<sup>4</sup>.

In addition, for our Climate Active carbon neutral beef certification, we piloted Climate Active's new draft guidelines for insetting<sup>4</sup> carbon sequestered from trees planted on farms, helping to reduce net beef production emissions from farm to retail shelf.

### Coles Finest Certified Carbon Neutral Beef range<sup>5</sup>

One year on from the launch of our Coles Finest Certified Carbon Neutral beef range in Victoria in April 2022, a select range is now available online and in all stores nationally, including the scotch fillet which was awarded Product of the Year 2023 in the Consumer Survey of Product Innovation<sup>6</sup>.

The number of producers certified to supply Coles' carbon neutral beef range has increased to 17 (from 10 in FY22). Alongside the expanded availability of the range, we are now working with selected producers strategically located across our network in Victoria, New South Wales and Western Australia.

## Opportunities arise from lower emission cattle farming

The challenge of reducing on-farm emissions is being embraced by Coles' beef suppliers. At Boorook Farm in Southern Victoria, David Allen and son Nick, multi-generational farmers and Coles Finest Certified Carbon Neutral Beef range suppliers, are involving themselves in on-farm trials and implementing initiatives to reduce emissions from their production of beef cattle.

Planting seven hectares of native trees in 2022 for shelter and shade is part of their plan for increasing biodiversity on the 2,200 hectare property, while also looking to apply an insetting methodology to their already established tree plantations. Accounting for carbon sequestered this way will assist them in their journey to being a low carbon beef business.

In 2021, the Allens commenced a three-year on-farm trial to identify the optimum pasture species and fertiliser application to build soil carbon. Building on that, Boorook Farm recently registered a soil carbon project with the Clean Energy Regulator, which aims to increase carbon in the soil by applying compost to improve pasture productivity, yield and soil organic matter.

A long history of rotational grazing, matching pasture species to soil type, including deep rooted perennials and legumes, ensures optimum nutritional quality for the cattle, while the introduction of dung beetles assists in nutrient turnover.

Running a highly efficient breeding herd with targeted genetic selection for growth and fertility and a 92% pregnancy testing rate, means more cattle are meeting Coles' specifications earlier, resulting in quicker turnoff and a carbon footprint below industry average.



**Pictured:** David Allen, Maria Crawford from the Coles Livestock team and Nick Allen at Boorook Farm in Southern Victoria

1 A European-based global nutrition and health company for humans and animals.  
 2 Bovaer<sup>®</sup> has over 60 peer-reviewed studies on its mode of action on reducing enteric methane emissions.  
 3 Bovaer<sup>®</sup> is a feed supplement that acts in the cow's rumen to suppress the production of methane from digestion.  
 4 Carbon insetting is the practice of offsetting carbon emissions within the supply chain, whereas carbon offsetting is where the reduction or removal of carbon emissions occurs from outside of the supply chain (e.g. a separate project or activity).  
 5 Product is certified carbon neutral from paddock to shelf under Climate Active's Carbon Neutral Standard.  
 6 Source: <https://www.productoftheyear.com.au/years/2023>

Initiatives undertaken by cattle producers who are part of the program include transitioning from annual to deep rooted perennial pastures, implementing targeted supplementary finishing programs and optimising herd efficiency through selection for higher fertility and increasing weight for age turnoff. Efforts are also being made to reduce on-farm emissions further through precision fertiliser application and planting trees.

In FY24, we will work with pork suppliers to broaden our Coles Finest Certified Carbon Neutral range.

### Electric vehicles

The high volume of Coles Online deliveries presents us with an opportunity to introduce a more sustainable way of delivering customer orders by reducing diesel emissions, including through the use of electric vehicles.

In FY23, Coles began a trial of 10 electric refrigeration vans in the fleet, reducing our emissions and fuel usage by approximately three hours per day or 3.5t CO<sub>2</sub> emissions per year. We plan to have 500 electric fridge vans operating across the New South Wales and Victoria network in FY24/25, with an expected saving of 175t CO<sub>2</sub> emissions across the fleet per year.

1 Transport operations data from Coles Collect OneNet, to determine number of supplier consignments and kilometres travelled.  
2 Derived from calculation of kilometres x diesel emissions factor x average fuel burn/km.

## Emissions reduction initiatives in our supply chain

### Electric yard tug

In FY23, Coles launched one of the first electric yard tractor trials in Australia, in partnership with Toll Transport and Nexport (supplier) at our distribution centre in Truganina, Victoria.

The electric tractor uses low emissions technology and supersedes models historically powered by diesel fuel, with batteries that can be powered by renewable electricity.

Coles will continue to monitor market developments and identify scalable solutions for electric yard tractors across our national distribution centre network.

### Coles Collect

Our Coles Collect backhaul transport solutions supported more than 150 suppliers across the national network.

Throughout FY23, more than 53,000 loads were converted into the backhaul model, which reduced 4.5 million kilometres travelled<sup>1</sup> and removed 5,200 tonnes of CO<sub>2</sub> emissions<sup>2</sup>.

**Pictured:** Team member Dwayne with the electric yard tug at Coles' Truganina distribution centre.



## Great Barrier Reef Foundation partnership

In May 2022, Coles announced a 10-year, \$10 million partnership with the Great Barrier Reef Foundation (GBRF) to help strengthen the regeneration and resilience of the Great Barrier Reef. Our partnership with GBRF aligns with our commitment to help mitigate the environmental and social impacts of climate change - climate change is already degrading coral reefs globally, with 99% of reefs at risk<sup>1</sup>.

The first year of our partnership has focused on designing and commencing two pilot projects:

1. *Restore coastal wetlands:* This project is working to reinstate coastal wetlands at a grazing property in North Queensland, generating both carbon and biodiversity benefits. It will trial the first blue carbon methodology to create high-quality Australian Carbon Credit Units (ACCUs). A study on the property was undertaken to understand the full potential of the site, including detailed hydrological modelling, restoration options, costs and return potential, and other benefits. Engagement with the landowner has led to valuable insights for implementing blue carbon methodologies.
2. *SeaGROW:* This project will include building Australia's first dedicated Indigenous-operated seagrass nursery facility along the reef, demonstrating innovative methods for scaling seagrass restoration and in turn, creating business opportunities in local communities. Construction of the nursery is underway, and several flower and nursery stock collection events have occurred. Two Indigenous Sea Rangers from the Gidarjil Development Corporation have commenced training for the future management of the nursery. A baseline report of seagrass cover is now being developed to understand target areas for impact.

This partnership is already generating valuable insights into what is needed to restore coastal habitats and marine environments at scale. Coles is looking forward to working together with GBRF over the coming years to engage our team members and customers in helping protect the reef for future generations.



**Pictured** Above: Indigenous Sea Rangers and researchers from Australia and New Zealand collecting seagrass flowers for restoration activities at Gladstone, Queensland. Photo credit Chris Aiken, Coastal Marine Ecosystem Research Centre.  
Below: Seagrass meadow at Pioneer Bay, Queensland. Photo credit Johnny Gaskell.



<sup>1</sup> Source: World Economic Forum - <https://www.weforum.org/agenda/2022/02/coral-reefs-extinct-global-warming-new-study/>

We share our stakeholders' concerns about the environmental impacts associated with food waste and packaging, and understand we have a role to play in reducing waste.

## Reducing waste to landfill

Performance against target % solid waste diverted from landfill <sup>1</sup>	
FY25 Target	85%
<b>FY23</b>	<b>84.0%</b>
FY22	82.5%
FY21	80.6%

In FY23, we diverted 84% of the Group's solid waste from landfill, compared with 82.5% in FY22. This was achieved through a continued focus on expanding and increasing resource recovery options in our stores and distribution centres, as well through our relationships with industry and recycling providers, such as food waste, commingle and collection services.

Waste and recycling company Cleanaway services most of our sites around Australia, and since entering into a partnership with them in 2018 our waste diverted from landfill has increased. Together we are working on

developing recycling services and bringing new waste technologies to market.

In our Supermarket stores, a number of waste reduction trials conducted in FY23 included:

- expanding our food waste services into stores in regional hubs of Bundaberg, Mildura, Townsville and Rockhampton, connecting local stores to food waste recycling services, diverting approximately 247.4 tonnes per year<sup>2</sup> of food waste previously destined for landfill.
- commercial commingle services with stores in the Wollongong region to capture rigid plastic packaging, metal cans and containers and glass bottles, diverting approximately 17.5 tonnes per year<sup>2</sup> away from landfill and into Visy's Smithfield material recycling facility.

- a service taking end-of-life store fittings and fixtures, and separating out materials for remanufacturing and recycling. The trial, across four stores, yielded 4.6 tonnes of metal and 0.4 tonnes of timber, all of which were recycled.

In our Liquor stores, waste reduction trials in FY23 included:

- switching the outer packaging on some cask wine ranges from non-recyclable shrink plastic wrap to recyclable cardboard packaging, saving 19 tonnes of plastic from entering landfill.
- removal of all plastic bubble wrap across the liquor supply chain, saving 2.0 tonnes of plastic from entering landfill.
- transitioning from plastic packaging tape to water activated paper tape, saving 900km (2.0 tonnes) of plastic tape entering landfill.
- light weighting of sparkling wine bottles (a reduction of 100g of glass per bottle), removing 116 tonnes of glass.

## Container deposit scheme

Coles has 92 container collection points at or near our stores. Currently, all states and territories except Victoria and Tasmania have a container deposit scheme. Victoria has passed legislation and regulations, and is targeting a start date of 1 November 2023. Tasmania has not indicated a timeline, but is progressing with legislation.

In FY23, more than 200 million drink containers, cans, cartons and bottles were returned to Coles-linked sites. Since we started supporting the various state-based schemes in 2018, more than a billion containers have been returned.

## Battery recycling units in store

In FY23, following analysis of in-store collection trials, an innovative, remotely managed collection bin has been selected which has the capability of notifying the operators when the bin is ready for collection. Final bin design is currently underway with a proposed roll-out planned for Coles Supermarkets in FY24.

<sup>1</sup> Excludes liquid waste except high-strength sludges (which contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers).

<sup>2</sup> This waste diversion figure has been extrapolated to produce an annualised full calendar year number, not just for the FY23 reporting period.

## Reducing food waste

It is estimated that in Australia, 7.6 million tonnes of food is lost or wasted every year.<sup>1</sup> Stopping food waste plays a significant role in fighting hunger and reducing carbon emissions.

Every Coles Supermarket and distribution centre has a food waste solution available, something we first achieved at the end of FY19. Our first choice for unsold, edible food is to donate it to food rescue organisations such as SecondBite and Foodbank. Other food waste solutions include donations to farmers and animal or wildlife services, organic collections and in-store digestors.

### Food relief

#### Unsold, edible food donated



**SecondBite**

**17,571** tonnes

(equivalent to more than 35 million meals<sup>2</sup>) donated to SecondBite



**2,223** tonnes

(equivalent to more than four million meals<sup>3</sup>) donated to Foodbank

### Farmer program

**36,534** tonnes

Fruit, vegetable and bakery products to farmers and wildlife organisations



### Goodman Fielder bread return

**4,381** tonnes

tonnes of surplus Coles Own Brand bread used as a component in stock and pet food



### Organic waste services

**34,165** tonnes

Converted into nutrient-rich compost



## Working with suppliers to reduce food waste

We continue to focus on reducing food waste in-store and seek to support ways in which we use as much of the crop yield from our Australian suppliers as possible. Produce that typically would not be sold in stores, can be repurposed into other products such as Coles Kitchen Cauliflower Rice.

Our range of I'm Perfect fruit and vegetables celebrates produce that may be flawed in appearance, but provides great tasting quality at good value. This supports our growers to use more of their crops, in turn, helping to reduce food waste. In FY23, more than 20,000 tonnes of I'm Perfect fruit and vegetables were sold.

### Australian Food Pact

As a founding signatory to the Australian Food Pact (the Pact), Coles has led industry commitment to food waste reduction. The Pact brings organisations together from across the food chain to identify and implement solutions to reduce food waste, supporting Australia's target of halving food waste by 2030.<sup>4</sup>

In FY23, Coles conducted a complete measurement of food waste across more than 1,800 sites and stores nationally. This measurement was supported by Stop Food Waste Australia with data gaps and solutions identified, and it will be repeated annually to inform the actions Coles takes to reduce food waste.

Coles is an active contributor to industry collaboration via Stop Food Waste Australia's Food Rescue and Greenhouse Gas Working Groups, and it has played a key role in the Horticulture Sector Plan. In Australia, 22%<sup>5</sup> of food waste occurs at primary production (on farms) and the Horticulture Sector Action Plan is addressing food waste solutions across the supply chain that can support farmers, increase crop utilisation and reduce food waste.

### Supporting innovation in food waste

Atlas Soils in Mount Low, Queensland, will use a \$490,000 Coles Nurture Fund grant to support an initiative that combines innovative technologies to track, store, recreate and redistribute food waste into various premium soil enhancement products for the region. This community-led project seeks to generate employment opportunities, minimise landfill waste and restore the ecological health and productivity of local soils.

Jason Lange, a Director at Atlas Soils, said the funding signals that larger businesses are prepared to back innovation in the circular economy. "We have worked with community and industry to propose a combination of solutions that allow us to produce a range of products and services from waste products like plastics, food waste, agricultural waste and construction waste."

1 Source: <https://www.stopfoodwaste.com.au>

2 SecondBite uses the conversion of total kilograms donated multiplied by two to determine equivalent meals.

3 Foodbank uses the conversion of total kilograms donated divided by 0.555 to determine equivalent meals.

4 Source: <https://www.stopfoodwaste.com.au/australian-food-pact/>

5 Source: Stop Food Waste Australia [https://www.stopfoodwaste.com.au/wp-content/uploads/2022/06/SFWA-Hort-Connections-Presentation\\_REV-ML.pdf](https://www.stopfoodwaste.com.au/wp-content/uploads/2022/06/SFWA-Hort-Connections-Presentation_REV-ML.pdf)



## Sustainable packaging

We are focused on reducing unnecessary packaging and making it easier for customers to recycle. We also recognise that packaging, including plastic packaging, plays a role in protecting products during transport, extending product life, keeping food safe and reducing food waste.

Coles is a signatory to the Australian Packaging Covenant and a member of the Australian Packaging Covenant Organisation (APCO), tasked with facilitating the delivery of Australia's 2025 National Packaging Targets<sup>1</sup> (2025 Targets). We are also a founding member of the Australia New Zealand and Pacific Islands Plastics Pact (ANZPAC Plastics Pact).

While there are many external factors that influence the achievement of the 2025 Targets and the ANZPAC Plastics Pact, such as infrastructure and market innovation to supply quality recycled raw material, Coles

is committed to working with industry and government to support their delivery.

### Our R<sup>3</sup> Packaging Framework

We have developed our R<sup>3</sup> Packaging Framework for Coles Own Brand and Coles Liquor Own Brand packaging in Australia.

Our R<sup>3</sup> Packaging Framework is based on the three pillars of Redesign, Recycle and Reimagine. A systematic approach has been implemented to drive continuous progress. This includes a dedicated sustainable packaging team embedded within the business to provide subject matter expertise and drive product development process, product reviews and ongoing engagement with our suppliers.

A data-driven approach is used to help us drive change across our business and within our supplier base, building capability and knowledge.



**Pictured:** The Ward family do their groceries using Coles paper bags

## Suspension of in-store soft plastics recycling

In November 2022, the REDcycle program was suspended after it came to light that the company had been stockpiling collected soft plastics for an unknown period due to insufficient processing capacity. We recognise this was extremely disappointing for our customers, given that for the vast majority of them, the main avenue to recycle soft plastics was through the REDcycle program.

Since the collapse of the program and following approval from the Australian Competition and Consumer Commission (ACCC), Coles has been working as part of a Soft Plastics Taskforce with Government and industry, towards the reintroduction of soft plastics recycling for Australian consumers.

The Taskforce has released a Roadmap to Restart, outlining the steps needed to launch a new supermarket soft plastics collection scheme.

In February 2023, Coles took control of REDcycle's stockpile, together with Woolworths, and since then we have been focused on validating volumes and quality of the materials to determine how much of it can be recycled either domestically or overseas.

It is estimated that less than 5% of consumer soft plastic was collected by the REDcycle program and it has been recognised by the Taskforce that Australia needs to develop a long-term national soft plastic recycling strategy. Coles recognises the challenges associated with this task, including availability and scalability of appropriate technologies and end use markets, and we are committed to working with industry and government towards a solution.

## Removing plastic bags

At the end of June 2023, we stopped selling plastic shopping bags in-store and online. This will remove 230 million plastic bags from circulation in one year<sup>2</sup>. Our stores will continue to sell other reusable options, including paper bags, that are FSC<sup>®</sup> certified and made from 100% recycled fibre that is able to be recycled kerbside at end of life.

1 For more information see: <https://apco.org.au/national-packaging-targets>.  
2 Based on unit sales over 52-week period until 30 April 2023.

# Coles Own Brand R<sup>3</sup> Packaging Framework

We have made good progress across the business to drive our sustainable packaging agenda in FY23.

## Redesign

Reducing unnecessary packaging and removing all non-recyclable components.



### Target

Support industry to achieve 100% reusable, recyclable or compostable packaging by 2025.

### Summary of the year

A key industry issue that emerged during the year was the suspension of the REDcycle soft plastics recycling program. This had a negative impact on our target performance – at the end of FY23, 83.8% of Coles Own Brand and Coles Own Brand Liquor packaging was recyclable, down from 94.6% in FY22. Following REDcycle’s collapse, APCO updated its requirements relating to the Australasian Recycling Label (ARL). In line with this, any new Coles Own Brand and Coles Liquor Own Brand soft plastic packaging (assessed for recyclability using the Packaging Recyclability Evaluation Portal tool) now carries a ‘bin’ ARL rather than ‘return to store’.

We are working closely with suppliers and APCO to transition to new ARL logos for soft plastic packaging.

Launched the KOI Foaming Hand Wash Starter Kit and Refill Tablets



**14** tonnes

Reduction in single use packaging<sup>1</sup>

Removed the plastic opening on our Own Brand tissue boxes



**13** tonnes

Reduction in plastic<sup>2</sup>

Reduced the plastic in our Own Brand 750ml and 2 Litre Oil bottles



**35** tonnes

Reduction in plastic<sup>2</sup>

We continued to remove problematic packaging items across our produce department, including polystyrene bread tags, steel clips and PVC film



**17** tonnes

Reduction of non-recyclable materials<sup>2</sup>

<sup>1</sup> Based on unit sales over a 52-week period until June 2023, if all purchases of the KOI Handwash liquid bottle transitioned to the KOI Foaming Handwash.

<sup>2</sup> Based on unit sales over a 52-week period until June 2023.

## Recycle

Helping ensure our packaging is recycled as much as possible.



### Target

Support industry to achieve 70% of plastic packaging being recycled or composted in Australia, by applying the Australasian Recycling Label (ARL).

### Summary of the year

To help customers recycle, Coles added the ARL to packaging artwork across all Coles Own Brand products sold in Coles Supermarkets. Customers may continue to see some Coles Own Brand products without the ARL on the shelf, as updated artwork flows through the store network.

Announced a three-year partnership with Planet Ark to work together on a range of waste reduction and recycling initiatives



Launched a new Recycled Content label on select Coles Own Brand meat products.



100% of Coles Own Brand Supermarket packaging artwork includes the ARL<sup>1</sup>



## Reimagine

Finding new ways to reuse materials.



### Target

Support industry to achieve an average of 50% recycled content across all packaging, including an average of 25% recycled content in plastic packaging.

### Summary of the year

In FY23, we worked closely with our suppliers to better understand the use of recycled content across our Coles Own Brand products and developed a roadmap to increase our use of recycled materials in Coles Own Brand packaging.

Transitioned our pre-packaged deli sliced meats to trays made from recycled plastic and renewable sources.



**52 tonnes**

Reduction of virgin plastic<sup>2</sup>

Redesigned our tote and chiller bags to remove the plastic swing tags and barcodes.



**4 tonnes**

Reduction of plastic<sup>2</sup>

Expanded the use of 100% recycled content to our 500ml lightly sparkling spring water bottles.



**250 tonnes**

Reduction of virgin plastic<sup>2</sup>

## Industry recognition for Coles Own Brand



### WINNER WorldStar Packaging Award

Certified home compostable Coles Urban Coffee Culture Capsules

WORLDSTAR WINNER 2023



### GOLD 2023 Australasian Packaging Innovation & Design (PIDA) Award

Coles Finest Carbon Neutral Steak Vacuum Packaging won Gold for sustainable packaging design of the year for its use of recycled content.



### GOLD 2023 Australasian Packaging Innovation & Design (PIDA) Award

KOi Refillable Foaming Handwash Starter Kit won Gold for packaging design of the year in the Health, Beauty and Wellness Packaging category.



<sup>1</sup> As at June 2023.  
<sup>2</sup> Based on unit sales over a 52-week period until June 2023.



# Better together

**Better Together recognises that when we work together, we can make a real difference to our team, our suppliers, our customers and to the communities in which we live and work.**

**Pictured:** Coles team members, including store manager Jake, at the opening of the new Coles Local Toorak Village store.



# Ethical sourcing

We take seriously our commitment to respecting human rights throughout our own business and operations, as well as for the people within our supply chains.

## Our approach to human rights

Coles is committed to respecting and supporting the human rights of our team, customers and communities, and we expect the same of our suppliers and partners.

We are pleased with the progress made since 2019, when we released our first human rights strategy to foster a culture that embraces diversity, inclusion and equality. We have progressively taken steps to implement measures that promote fair and safe working conditions, support responsible

sourcing practices, and protect the rights of vulnerable individuals across our value chain.

We understand the pursuit of human rights is an ever-evolving process, requiring continuous improvement and innovation. We are currently developing a new human rights strategy, due to be released later this year. This new strategy will build on our achievements and sets out a process to identify and manage emerging challenges, aligning with international frameworks, and

leading practices. It will guide our actions in promoting human rights, not only within our own operations but also throughout our value chain.

At Coles, we firmly believe that upholding human rights is not only a responsibility but also an opportunity to create positive social impact. We are committed to building a workplace and supply chain where respect, dignity and fairness are at the core of what we do.

In FY23, we focused on three main areas to continuously improve our approach to addressing human rights in our supply chain:

### Continuous improvement

- Continued expansion of Coles' Ethical Sourcing program into the supply of rubber gloves used in stores, refrigeration units, employee laptops and provision of services such as offshore warehousing and livestock transport.
- Enhanced requirements for additional high risk raw materials in the renewable energy sector.
- Creation and trial of an audit methodology specifically designed for assessing labour-based service providers.

### Building trust

- Held an education and engagement event for workers on farms based in Coffs Harbour, New South Wales.
- Continued with worker voice trials in Australia and New Zealand.
- Implemented a supplier capacity building program for selected strategic suppliers to identify and improve their practices relating to ethical sourcing and human rights.

### Strengthening partnerships

- Investigated 12 complaints raised through external facing grievance mechanisms.
- Engaged suppliers to provide feedback on their experiences specifically related to ethical sourcing audits to identify opportunities for improvement.



More information is available in our 2023 Modern Slavery Statement [www.colesgroup.com.au/reports](http://www.colesgroup.com.au/reports)

## 2,049

tier one and two suppliers in scope of the Ethical Sourcing Program<sup>1</sup>

## \$1.4m

continued investment in, and development of, Australian social compliance certification bodies

## 1,129

independent ethical audits conducted on in-scope suppliers

## 4,946

Ethical Sourcing Program non-conformances remediated

## 23.9%

growth in independent ethical audits conducted year-on-year

## 11

ethical sourcing training sessions held with more than 950 internal and external attendees

<sup>1</sup> Includes Coles Supermarkets, Coles Express, Coles Liquor and Goods Not for Resale suppliers

# Sustainable products and ingredients

Working together with our farmers, suppliers and industry partners, we are seeking to reduce our environmental impact and help our customers make more responsible choices. We remain committed to the independent certification or verification of Coles Own Brand products associated with higher environmental and labour risks.

Coles uses independent and internationally recognised certification and verification programs to support environmental protection across products that contain higher-risk ingredients including tea, coffee, cocoa, sugar, timber, paper, pulp, palm oil and seafood.

In 2021, we developed a product certification review framework together with KPMG, enabling us to test and better understand the rigour of Responsible Sourcing third-party certifications, verifications and internal standards. This helps us continually review and determine whether they are sufficiently robust and will meet our own, customers and stakeholders' expectations.

In FY22, we conducted a review of our Coles Own Brand products, mapping potential environmental impacts associated with deforestation, water security and soil health by commodity.

Building on this work, in FY23 we completed a deeper assessment on the commodities identified as having the highest potential environmental impacts including meat, eggs

and dairy, as well as soy in livestock feed, sugar, rice and wheat. These assessments provided us with valuable insights and opportunities to enhance our existing Responsible Sourcing Program, which we are assessing, in collaboration with our suppliers, to help reduce future environmental impacts and mitigate deforestation.

## Responsibly sourced seafood

All Coles Own Brand seafood has been responsibly sourced since 2015. This includes fresh, thawed, frozen and canned seafood, and food products that contain seafood as a primary ingredient.<sup>1</sup>

The Coles Responsibly Sourced Seafood Program (the Program) recognises a range of certification and assessment programs for farmed (aquaculture) and wild-caught seafood.

For farmed seafood, Coles Own Brand products must be certified<sup>1</sup> to either the Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP) or GLOBALG.A.P standards.

## Sustainable seafood supply

Back in 2000, Western Australia's 'Western Rock Lobster Fishery' was the first fishery in the world to be Marine Stewardship Council (MSC) certified. In November 2022, it became the first fishery to be certified for a record fifth time. Coles is the only supermarket in Australia to offer MSC certified seafood at all our deli counters, including the Western Rock Lobster, selling close to 140,000 kg in FY23. This joins a range of MSC-certified products with the MSC label available in our fresh, frozen and canned range.



**Pictured:** A MSC certified Western Rock Lobster. Photo credit Jason Thomas.

<sup>1</sup> Under the Coles Responsibly Sourced Seafood Program, Australian- and New Zealand-farmed bivalves are deemed responsibly sourced due to the low environmental impact of mollusc aquaculture, and are not required to be certified to a third party standard.

## Tasmanian salmon industry

It is important to Coles and our customers, as well as a range of other stakeholders including local communities and producers, that the Tasmanian salmon industry operates in an environmentally, socially and economically responsible manner.

During FY23 Coles:

- participated in the development of the Tasmanian Government's 'Tasmanian Salmon Industry Plan 2023', reviewing the discussion paper and providing input on topics such as transparency/disclosure, ecosystem regeneration, responsible feed ingredients, animal welfare and water quality.
- engaged Stonehaven Australia – an international insights, strategy and campaigns consultancy – to further build our approach to engaging with the Tasmanian salmon industry and local community.
- established a cross-functional internal working group that engages with our suppliers to further develop our approach to key issues including animal welfare, feed ingredients and impacts on the marine environment.

For wild-caught seafood, Coles Own Brand products must be certified against the MSC Fisheries Standard and MSC Chain of Custody Standard (if the product carries the MSC label), or from sources independently assessed as meeting the Coles Wild Seafood Assessment Framework (Assessment Framework).

We recognise there are potential environmental impacts associated with seafood production, including overfishing, by-catch and illegal fishing. We continue to review the Program to assist in mitigating these risks for Coles Own Brand products. As part of the Program, we discuss sustainability opportunities, where appropriate, with our suppliers, government and not-for-profit organisations.

In FY23, we commenced the rollout of the Authenticate system (a supply chain transparency platform) to Coles Own Brand seafood suppliers to improve our seafood sourcing data gathering, management and analysis. For Coles, as well as our suppliers, this new approach will facilitate improvements to the sustainability of our supply chain.

Coles was recognised as a trailblazer at MSC's 2023 Sustainable Seafood Awards, for being the first and only Australian retailer with MSC Chain of Custody certification for seafood sold at our deli counters.

In March 2023, Coles attended Australia's inaugural Ocean Business Leaders' Summit, convened by Ocean Decade Australia. The Summit brought together leaders from organisations reliant on the ocean, to identify key issues and opportunities to support a sustainable ocean economy. Coles co-sponsored an 'Ocean Food' immersion at the event, and participated on a panel chaired by Seafood Industry Australia and Blue Economy Cooperative Research Centre on the challenges and opportunities that need to be addressed to allow the ocean to continue to be an abundant and sustainable source of nutrition in Australia and abroad.

### Palm oil

While palm oil is used in many products around the world, unsustainable farming practices in some countries where oil palms are grown can negatively impact the environment, wildlife and local communities.

Coles is a member of the Roundtable on Sustainable Palm Oil (RSPO), as well as the Retailers Palm Oil Group (RPOG)<sup>1</sup>. All of Coles Own Brand food and drink products that contain palm oil, sold in Coles Supermarkets, support the production of sustainable palm oil.

This means that within the food and drink supply chain for Coles Own Brand products sold in Coles Supermarkets, Coles requires suppliers using palm oil to:

- obtain RSPO Supply Chain Certification for its own supply chain; or
- be able to demonstrate RSPO Certification for each palm oil ingredient that is incorporated into the Coles Own Brand product.

Where palm oil is present in our food and drink products, it is labelled accordingly. We require all our Own Brand product labelling to identify palm oil specifically, rather than using the common term 'blended vegetable oils'.

We are progressively converting Coles Own Brand non-food products<sup>2</sup> and more than 90% of these products contain or support the production of sustainable palm oil.

As we work toward transitioning the remaining 10% of non-food products, we are offsetting our impact by purchasing RSPO 'book and claim' credits,<sup>3</sup> which support smallholder palm oil farmers. Smallholder palm oil farmers are small to medium local producers of sustainable palm oil, who operate independently from large-scale plantations and mills. Supporting smallholder farmers not only directly supports local villages and communities, but incentivises environmental protection and restoration initiatives operated by smallholder groups.<sup>4</sup>

1 Further information on the Retailers' Palm Oil Group is available at <https://www.rpog.org/>.

2 Based on the 2022 Annual Communication of Progress (ACOP) reporting period. The Annual Communication of Progress (ACOP) are reports submitted by RSPO members to gauge their progress towards 100% RSPO Certified Sustainable Palm Oil.

3 An RSPO credit is proof that one tonne of certified palm oil was produced by an RSPO-certified company or independent producer, and has entered the global palm oil supply chain. By purchasing credits, buyers encourage the production of certified sustainable palm oil.

4 For more information on the RSPO smallholder support fund visit: <https://rspo.org/as-a-smallholder/support-fund/>.

## Timber, pulp and paper

The production of all Coles Own Brand timber, pulp and paper products sources material from forest plantations independently certified to the Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council® (FSC®) certification schemes, or from post-consumer recycled fibre. This excludes timber, pulp or paper used as a component of food and drink products, cellulose, viscose and in product packaging.

In addition, Coles offers a 100% recycled content and FSC® Certified paper shopping bag. Five of our CUB baby wipe products are also FSC Certified, Australian made and biodegradable.

## Soy

Soy sourced for livestock feed in Australia largely originates from South America and has been associated with deforestation.

In FY23, we engaged with industry and our suppliers to understand the impacts and challenges associated with soy supply chains and began developing a roadmap and policy to progressively address the deforestation risks within livestock feed supply chains.

During our commodity assessment, we identified that soy, as an ingredient in our Own Brand food and drink products, is predominantly sourced from countries outside of South America<sup>1</sup> and considered to be a lower risk of soy-related deforestation<sup>2</sup>.



**Pictured:** Coles Urban Coffee Culture Organic Home Compostable Capsules.

## Tea, coffee, cocoa and sugar

We use independent certification or verification programs such as Fairtrade, Rainforest Alliance<sup>3</sup>, Cocoa Horizons and Bonsucro, when sourcing tea, coffee, cocoa and sugar.

This gives customers confidence that these commodities have been sourced ethically and more sustainably and help grow the market for independently certified or verified products.

All tea, coffee and cocoa used in Coles Own Brand products, sold in Coles Supermarkets,

are required to be independently certified or verified.

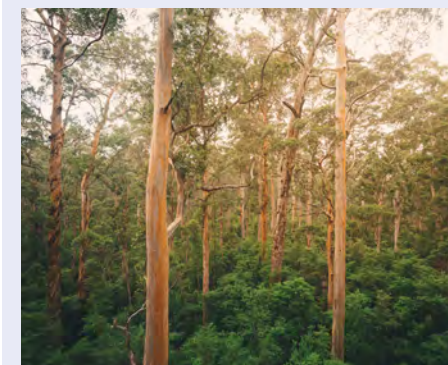
From January 2023, all but two<sup>4</sup> of Coles Own Brand products that contain coffee and tea have been produced using independently certified/verified ingredients from Fairtrade, Rainforest Alliance or Cocoa Horizons programs.

Coles supports the Bonsucro program for the sustainable production of sugar cane. Our Coles Brand white, brown, raw<sup>5</sup> and caster sugar, and soft icing mixture are sourced in Australia from our Bonsucro certified supplier.

More information is available on the Responsible Sourcing section of our website at [www.colesgroup.com.au/responsible-sourcing/](http://www.colesgroup.com.au/responsible-sourcing/)

## Preparing for nature-related financial disclosures

As a major food retailer, we recognise our business is highly dependent on nature and the services it provides. We also recognise our ability to minimise nature-related impacts through decisions about how and where we source our food. The Taskforce on Nature-related Financial Disclosures (TNFD) will provide a framework for us to better understand our nature-related impacts and dependencies to inform these decisions and minimise our impact.



1 Combined, China and Australia were the predominant countries of origin for the soy sourced as an ingredient in our Own Brand food and drink products reviewed.  
 2 Fraanje, W. & Garnett, T. (2020). Soy: food, feed, and land use change. (Foodsource: Building Blocks). Food Climate Research Network, University of Oxford.  
 3 Further information on the Rainforest Alliance is available at <https://www.rainforest-alliance.org>.  
 4 Excluding two ice-cream products that will transition by September 2023.  
 5 Excluding the Organic raw sugar SKU.



# Supporting Australian producers



We are committed to building strong, multi-generational, collaborative relationships with Australian farmers and producers. Their hard work and dedication enables us to provide high-quality products to our customers.

## Australian-first sourcing

Coles Supermarkets has an Australian-first sourcing policy to provide our customers with quality Australian-grown fresh produce whenever possible.

In FY23, more than 96% of fresh produce, by volume, was sourced from suppliers all over Australia<sup>1</sup>. 100% of Coles Own Brand fresh pork, chicken, turkey, duck, beef, lamb, milk and eggs were Australian grown. There are some situations where fresh produce cannot be sourced from Australia, and we will continue to work closely with our growers to try and find solutions to supply challenges<sup>2</sup>. We comply with country-of-origin labelling requirements, making it easier for customers to identify where a product is from.

## Recognising farmers and suppliers

In August 2022, we held the 2022 Coles Supplier Awards in Melbourne. Across 15 categories, Coles' food, liquor and service suppliers were awarded for innovation, service, sustainable

practices and community initiatives. In FY23, the Marriott family near Benalla was announced as Coles Sustainability Partner of the Year for its role in measuring and mapping its carbon footprint as part of the launch of Coles' Carbon Neutral Beef range.

Since 2012, we have supported *The Weekly Times* Coles Farmer of the Year Awards, which aims to create a platform for recognition of the exceptional work of farmers across Australia. In FY23, winners were family-run businesses demonstrating a strong commitment to innovation and sustainability, enhancing Australia's reputation as a leader in food production and agribusiness.

In the past 11 years, *The Weekly Times* Coles Farmer of the Year Awards have had 66 winners, 198 finalists and thousands of nominations. In addition to industry-wide recognition, the overall winner receives \$10,000, and each category winner receives \$5,000 in prize money.

## Sustainable dairy farming

In FY23, Coles directly sourced milk from 101 dairy farms across Australia to produce several varieties of Coles Own Brand milk and cheese.

Coles continued to offer farmers the option of either one, two or three-year agreements, providing them with pricing transparency and income certainty. Simultaneously, this has supported Coles in securing an ongoing supply of fresh milk for customers.

Through the Coles Sustainable Dairy Development Group (CSDDG), we invested in sustainability projects in consultation with dairy farmers. These included energy assessments and workshops, an on-farm field day to share findings from a two-year trial to evaluate heat stress in cows and vat monitors to optimise milk quality and milk collection efficiencies.

The CSDDG delivered the inaugural Coles Dairy Farmer Conference in Melbourne, Victoria, with 140 attendees from across Australia including Coles dairy farmers, Coles

team members and industry stakeholders. Featured topics centred around sustainability, innovation, productivity and farm profitability.

To date, the CSDDG has invested more than \$3.78 million in on-farm initiatives, including farmer education and training, and improving herd health and milk quality. It has also invested in supporting farmers impacted by the extreme weather conditions and floods across Northern Victoria and the Riverina in October 2022.

This year Coles also launched the Dairy Farm Sustainability Accelerator Fund, which allocates \$1.5 million per year for FY24 and FY25. Each eligible Coles dairy farmer can apply for funding of between \$7,500 and \$50,000 per year with the aim of accelerating meaningful sustainability change across the Coles dairy farmer group. Projects from the fund will focus on reducing greenhouse gas emissions, improving soil nutrients and quality, water management, biodiversity and animal welfare.

<sup>1</sup> Excluding floral, nuts, dried fruit, sauces, dressings and packaged salads.

<sup>2</sup> Coles may import fresh produce when produce is not available in Australia or supply is limited during parts of the year.



### Growing a dairy farm through the generations

Third generation dairy farmer, Ryan Grant has been on the land in Northern Victoria his whole life. Ryan entered a partnership on the farm 20 years ago, which was started by his grandparents in 1948, and today runs it with his wife Kristy and father Garry.

Ryan’s farm supplies milk to Coles via a direct, milk purchase agreement, which he believes has helped drive productivity and sustainability initiatives on-farm.

“After the floods last year, Coles supported us at every step of the recovery, through constant communication and offers of help,” said Ryan.

During this time, Coles created a Northern Victorian dairy farmer payment that gave Ryan some financial relief, which meant he was able to purchase fodder for his cattle to help replenish stock that was lost due to flooding. “It’s been refreshing to have people from Coles just sit down with us and take the time out to find out what was happening and how they could best support us.”

“The three-year agreement (and a set minimum price) allows us to make decisions based on certainty of cash flow – we’re able to invest across the farm to make ourselves more sustainable for the future. It’s very positive for our business.”

Ryan’s farm has also received funding through the Coles Sustainable Dairy Development Group, via the ‘Safety Fund’ which was put towards purchasing a new pallet fork on a front loader.

The biggest challenge, as always for farmers, is addressing water efficiency says Ryan. “We’ve made some big investments recently, thanks to having an ongoing stable milk price with Coles, towards irrigation upgrades, new outlets, channels, pipes and pumps, so that we can allow for better water flow, less water usage and we can grow more feed for our cattle.”

**Pictured:** A Coles dairy supplier, the Grant family, on their farm in Northern Victoria.

## Coles Nurture Fund - investing in farmers and suppliers

Through the Coles Nurture Fund, we have awarded more than \$33 million in financial support to farmers and producers since 2015, to support innovative projects and sustainable farming practices.

In FY23, Coles awarded \$3.6 million in grants to support eight new projects, including a plan to develop a carbon neutral banana range, a system to divert packaged food waste from landfill and a new farrowing system to improve animal welfare standards in pork production.

Queensland’s Bartle Frere Bananas was awarded a \$445,000 grant to invest in new technologies which will calculate real-time greenhouse gas emissions on the family-owned and operated farm.

The project will help deliver significant advances in reducing nutrient runoff into the Great Barrier Reef, with the aim of developing a carbon neutral banana range.

“We’re very excited to move forward with Coles and the Nurture Fund grant to use the very best environmental farming practices and give us the ability to create a new carbon neutral product using quality bananas,” said Gavin Devaney, owner of Bartle Frere Bananas.

To date, Coles has awarded financial support to 100 small- and medium-sized businesses across Australia of up to \$500,000 per project.



coles nurture fund

More information on the Coles Nurture Fund and recipients can be found at: [www.coles.com.au/nurturefund](http://www.coles.com.au/nurturefund)

**Pictured:** Bartle Frere Bananas owner Gavin Devaney and Coles General Manager Fresh Produce Charlotte Gilbert.

# Safeguarding animal welfare



We care about how the food we sell is produced and sourced, and we are committed to working with farmers and food producers over the long term, while safeguarding animal welfare. Where possible, we source higher welfare meats and eggs for Coles Own Brand products.

## Animal welfare

Our Animal Welfare Policy sets out Coles' expectations regarding the treatment of animals in our global supply chains for Coles Own Brand products.

This Policy is based on the Five Freedoms<sup>1</sup> framework to address the welfare of farmed animals by minimising negative experiences. Coles recognises that all farmed animals are sentient beings. We acknowledge the Five Domains as a model to assist in informing this Policy, with the objective of enabling animals to lead a 'life worth living' within productive livestock systems.

In addition to our regular Own Brand manufacturing audits, which incorporate animal welfare, our sustainable sourcing and internal audit teams performed animal welfare specific audits on farms and abattoirs throughout FY23. These audits validated our suppliers were adhering to the robust requirements of our Animal Welfare Policy, supporting higher welfare outcomes.

Coles was the first major Australian supermarket to deliver a number of Own Brand products produced with higher animal welfare standards in mind.

### Antibiotics

We understand the responsible use of antibiotics in agriculture is an important issue for animal and human health. Coles' position on antibiotics is one of responsible use, where we follow the guidance of the Five R's and Antimicrobial Stewardship (AMS)<sup>2</sup> Framework as detailed by the Animal Health Australia report on Antimicrobial Stewardship in Australian Livestock Industries.

Since 2014, we have worked on supplier programs that incorporate herd health plans, biosecurity measures and alternatives such as probiotics and vaccinations to prevent the need for antibiotic treatment. Our program does not allow the use of antibiotics for growth promotion outcomes.

Through preventative measures and good stewardship, we aim to ensure antibiotics are only used when required to treat illness, which will in turn help mitigate resistance.

### RSPCA Approved

Coles has worked with the RSPCA Approved Farming Scheme (the Scheme), an independent certification focused on farm animal welfare, for more than a decade. The Scheme aims to improve the welfare of Australia's farm animals by working with farmers to set detailed animal welfare standards supported by a stringent assessment and certification process.

Today, Coles offers customers the broadest range of RSPCA Approved products of any major Australian supermarket. Our Coles Own Brand fresh chicken and free-range chicken have RSPCA Approved certification and are available nationally. Coles was the first, and remains the only, major Australian supermarket to offer Own Brand fresh free-range RSPCA Approved pork from Western Australia (launched in 2015), as well as a range of Own Brand free-range RSPCA Approved ham and bacon products in the deli. Free-range RSPCA Approved Christmas hams and turkey products are available in the lead up to Christmas (first launched in 2014). We have more than 340 products with RSPCA Approved ingredients.

Coles Own Brand fresh RSPCA Approved turkey and fresh free-range RSPCA Approved turkey	
Coles Own Brand fresh free-range RSPCA Approved pork	
Coles Own Brand fresh RSPCA Approved chicken and fresh free-range RSPCA Approved chicken	

Coles Own Brand fresh beef with no added hormones	
Coles Own Brand shell eggs cage free	
Coles Own Brand fresh pork, bacon and ham sow stall free and produced without artificial growth promotants	
Coles Own Brand fresh whole duck farmed responsibly <sup>3</sup>	

1 For further information, visit <https://kb.rspca.org.au/knowledge-base/what-are-the-five-freedoms-of-animal-welfare/>

2 The 5 R's and Antimicrobial Stewardship (AMS) Framework refers to responsibility, reduction, refinement, replacement and review of using antibiotics in animal production systems.

3 Sourced from farms assessed against the Coles Duck Farming Standard.

## Coles Farm Program

Established in 2014, the Coles Farm Program applies to suppliers of Coles Own Brand cage free shell eggs, GRAZE beef and GRAZE lamb, and our Dairy Direct Sourcing Model. Under the program, farmers are required to meet strict requirements in animal husbandry and adhere to relevant standards, such as the GRAZE Grass-fed Standard, the Egg Standards Australia Level 3 standard or Milk Purchase Agreements.

To support the Coles Farm Program, this year we continued to leverage the Authenticate IS platform to manage farm audits, collect key health and welfare performance indicators and engage with farmers and processors.

The data and insights gained from the platform have been used to actively support animal welfare programs within our Own Brand meat, dairy and egg networks.

Throughout FY23, there were 453 suppliers on the Coles Farm Program, which consisted of 55 Coles Own Brand cage free shell egg producers, 239 GRAZE beef producers, 58 GRAZE lamb producers and 101 dairy producers.

### Cage free eggs

All Coles Own Brand shell eggs sold nationally are cage free. We have also achieved cage free status for branded (proprietary) shell eggs in both Western Australia (in 2019) and

Victoria (2022), as we progress towards our commitment to phase out all caged shell eggs in stores by 2025. We have had a Coles Own Brand cage free (barn) egg offering in Western Australia since 2019, and in FY23 we expanded these products to the rest of the states, achieving a major milestone of selling the equivalent of more than six million cartons from the newly launched range.

Our commitment to a higher welfare outcome has impacted supply levels in our stores as caged egg production systems are retired or converted to cage free systems. We have put in place long term contracts with suppliers to support them with their conversion plans and have been working closely with them over the last two years to establish new, high-quality cage free sheds and farms to grow our cage free egg supply. To support this growth in cage free eggs, six new farms and a number of cage-to-cage free (barn) shed conversions have been added to our network in the last 18 months. All sheds are incorporating elements that exceed industry standards, such as litter to enable dust bathing behaviours, and environmental enrichment such as pecking stones for investigation, which promotes good hen welfare.

Further to this commitment, we have been transitioning our Coles Own Brand products containing egg ingredients to cage free sources, with over 51%<sup>1</sup> of products converted as at end FY23.



## Sustainable farming decisions and better welfare for layer hens

Beginning with just four farms and 12 free-range sheds, Valley Park Farm in Victoria has grown to be one of Victoria's largest egg producers in 2023.

Valley Park made the ethical and sustainability-led decision to never have layer hens in cages, instead allowing hens to live in free-range systems. Over the course of the last year, Valley Park has grown its supply of eggs to Coles by 45%, following investment in new farms and 11 new cage free (barn) sheds. This

partnership with Coles enabled the launch of its new cage free shell eggs range, which produced approximately 150,000 dozen a week in volume for Valley Park in FY23.

Morry Wroby from Valley Park welcomed the chance to expand his network of farms to include new cage free (barn) systems that have improved animal welfare outcomes. "It's great to see the hens engage with their environment with space to move around and litter to dust bathe in" said Morry Wroby.

<sup>1</sup> Excludes seasonal products and egg ingredients less than 1% of recipe.

## GRAZE<sup>1</sup> beef and lamb

GRAZE beef is delivered in partnership with Australian farmers. GRAZE cattle are selected to high standards, grass-fed, free to roam on pastures and have no added hormones. The Coles Grass-fed Standard covers our requirements on feed and water, traceability, animal welfare and low-stress stock-handling practices.

GRAZE lamb is Tasmanian grown, grass-fed, free to roam on pasture and raised without the use of antibiotics.

Coles GRAZE beef and lamb producers self-reported the following statistics this season:

- 62% of beef producers, and 76% of lamb producers, have a tree planting program on their property, with a total of over 270,000 trees having been planted by producers in the last 12 months.
- 51% of beef producers, and 64% of lamb producers, monitor and/or manage on-farm biodiversity on their properties with initiatives including monitoring wild flora and fauna, or fencing off areas to protect vegetation.



**Pictured:** 'Woodbourn' farm in Cressy, Tasmania, has been a part of the GRAZE Lamb program since 2020.

<sup>1</sup> More information about our GRAZE brands is available at <https://www.coles.com.au/about/who-we-are/our-brands/graze-beef-and-lamb>.

# Great place to work

With more than 120,000 team members, Coles is one of Australia's largest private-sector employers. Our culture is underpinned by our values, and we are focused on creating an inclusive environment where all team members feel respected and valued.

Our team members reflect the diverse communities in which we operate, and we pride ourselves on providing an engaging environment, inspiring leadership and great development opportunities.

## Engagement

# +3pp

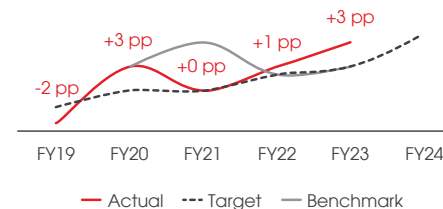
Engagement across Coles Group, from FY22 (based on *mysay* May 2023)

*mysay* is Coles' internal engagement survey that captures team member sentiment towards Coles as a workplace.

In our FY23 *mysay* (72% participation), engagement increased by three percentage points (pp) compared to FY22, with improvements achieved across our operations teams: Supermarkets +3pp, Coles Liquor +4pp and Distribution Centres +8pp. This Group result places us above the benchmark<sup>1</sup> for organisations with greater than 5,000 team members.

Our team members tell us that Coles is a great place to work as they feel a sense of belonging, and believe they can make a positive difference to teams, customers and communities.

### *mysay* Group engagement actual vs target and benchmark



## Leadership

We understand the importance of investing in the development of leaders at all levels, equipping them to inspire and guide team members to deliver on Coles' strategy.

During the year we offered a wide range of learning and development opportunities that were taken up by our leaders.

- LEaDing to Win Together: a nine-month program empowering senior leaders to create an inclusive environment and inspire team members to thrive. This program



**Pictured:** Team members Sushma, Brooke and Beata at Coles Keysborough.

<sup>1</sup> Benchmarked by Culture Amp against Australian companies with more than 5,000 team members.

contributed to positive team member sentiment towards senior leadership (+3pp) and management (+5pp) compared to *mysay* in FY22.

- Retail Leaders: a four-month program designed to prepare frontline leaders in our supermarket and liquor businesses to step into new leadership roles. On completion, 85% of participants reported their understanding of their role was significantly better, and 95% reported the program helped them be more effective in their role.
- Store Manager Accelerator Program: a six-month program for high potential external female leaders to accelerate progression into a Store Manager role. In late-2022, a cohort of 11 participants completed the program, with seven becoming Store Managers, and three caretaking a Store Manager role. This

**91%**

of leaders' said they have access to learning and training to do their job – +1pp compared to FY22

**87%**

of team members' said they have access to learning and training to do their job – +2pp compared to FY22

program has grown further in 2023, with 14 participants commencing in May 2023.

**Development**

To successfully deliver on our strategy, it is imperative we continue to attract and retain high performing team members in key capability segments. Given the current tight labour market, finding new and innovative ways to engage with talent is a source of competitive advantage.

- The Coles Graduate Program offers two accelerated, high-touch leadership development programs, giving graduates the opportunity to own and drive high-profile projects as they gain functional expertise across multiple rotations. In FY23, the intake grew to 124 graduates with 62% female, 37% male and 1% gender diverse. Furthermore, 3% of the intake identified as Aboriginal or Torres Strait Islander, 2% identified as having a disability, and 10% identified as being part of the LGBTQI+ community. In FY23, for a fourth year in a row, Coles was awarded the 'Most popular retail and FMCG employer' by the Australian Financial Review and GradConnection.
- Coles' first Automated Distribution Centre (ADC) opened in Redbank, Queensland, in April 2023 with 168 onsite team members recruited. This included 62 females and 17 Indigenous team members (10% overall population). The ADC has created new types of roles within our



**Pictured:** Coles graduate program team members Elysia, Sam and Patrick at the Store Support Centre.

operations workforce. Team members will have opportunities to cross-skill so they continuously learn and grow their careers.

- In FY23, our team members collectively recorded more than five million role-based required learning activities (852,415 total hours). The Key Holder training program was completed by 2,720 supermarket team members (91% of target population) to upskill and certify their capability to lead the store when needed. The refreshed Service Operator training was completed by 18,721 supermarket checkout operators (71% of target population), improving their customer service skills and product knowledge. The remaining target population will complete this training

in FY24. The Set to Serve program was completed by 5,986 liquor team members (92% of target population), supporting their ability to provide friendly and helpful service to customers.

<sup>1</sup> Based on results of our May 2023 *mysay* engagement survey, which was responded to by 72% of team members.



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# 1,202

team members made use of primary parental leave (1,146 women and 56 men)

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# 839

team members made use of secondary parental leave (12 women and 827 men)

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# 772

team members returned to work following primary parental leave (757 women and 15 men)

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# 87%

of team members<sup>1</sup> reported that they feel supported if they choose to make use of flexible working arrangements

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## Workplace policies

Our policies support Coles to be a great place to work and foster a safe, inclusive and respectful workplace. We ensure effective governance of our team members by regularly reviewing, updating and enhancing our policies to align with our values and regulatory/legislative changes.

- The Code of Conduct (Code) outlines our shared responsibilities and expectations with respect to business conduct and workplace behaviour. Key changes to the Code in FY23 reflect the Respect@Work<sup>2</sup> legislative amendments, that introduced a positive duty to take reasonable and proportionate steps to eliminate sex-based issues in the workplace. We have revised our processes for managing complaints and supporting affected team members.
  - The Family and Domestic Violence Prevention Policy sets out Coles' commitment to creating an environment where team members feel safe to seek support. Key amendments to this policy in FY23 align with the new legislative entitlement<sup>3</sup> of 10 days of paid family and domestic violence leave per year.
- Coles is committed to providing genuine flexibility to enable our team members to manage work and personal circumstances. The Flexible Working Policy sets out the process for team members to follow when making a request for either informal flexibility or formal flexible work arrangements.
  - In FY23, we introduced a Remuneration Policy, which sets out principles to guide fair and equitable remuneration outcomes across our reward programs and practices. This supports us in attracting and retaining great team members at Coles, and achieving a diverse, inclusive and engaged workforce.
  - Coles is committed to supporting working families. In FY23, Coles announced changes to our Paid Parental Leave Policy. These focused on strengthening and expanding the support available to our team members who may be primary or secondary carers preparing for parenthood, adjusting to being a new parent, or experiencing loss.

The next section outlines Coles' achievements against our five focus areas of our Better Together strategy – Belonging, Gender equity, Aboriginal and Torres Strait Islander engagement, Accessibility and Pride.



Recognition is important to our team members as it helps build trust, improve performance and create a sense of belonging. It helps our team members to feel connected, engaged and motivated at work.

In FY23, we launched the digital recognition platform, mythanks, enabling team members to send, receive and amplify recognition.

mythanks has been successful across Coles with more than 500,000 recognitions received by team members and leaders.

In FY23, there was a 4pp increase in team members saying they receive appropriate recognition for good work, compared to FY22. This lifted our recognition *mysay* score to 76%, which is 7pp above the benchmark for Australian companies with greater than 5,000 team members.

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1 Based on results of our May 2023 *mysay* engagement survey, which was responded to by 72% of team members.  
2 *Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Act 2022* (Cth).  
3 *Fair Work Amendment (Paid Family and Domestic Violence Leave) Act 2022* (Cth).

# A team that is better together

We celebrate difference and want Coles to be a place where everyone feels they belong. Our differences help us spark ideas, create connections and discover commonality, fostering understanding and empathy.

We are in the final year of our five-year *A Team that is Better Together* strategy, which incorporated 15 performance improvement targets (due to be achieved by December 2023) under our five focus areas of Belonging, Gender equity, Aboriginal and Torres Strait Islander engagement, Accessibility and Pride.

The last five years have seen significant growth in diverse representation, engagement and inclusion in our leadership and workforce. We introduced vibrant and active Team Member Networks, conducted listening sessions with diverse groups, put in place inclusive and equitable policies and developed innovative capability programs to support the increase in inclusion and allyship at Coles.



Maintained Gold tiered employer status in the Australian Workplace Equality Index (AWEI).



Achieved citation as an Employer of Choice for Gender Equality from the Workplace Gender Equality Agency (WGEA).



Certified by the Australian Network on Disability as a Disability Confident Recruiter.



Confirmed our support for the Uluru Statement from the Heart and an Indigenous Voice to Parliament.



Supported diverse communities with our role as a presenting partner at World Pride and Sydney Gay and Lesbian Mardi Gras.

## Belonging

**78%**

of team members<sup>1</sup> feel like they belong at Coles (+2pp from FY22)

**73%**

of team members<sup>1</sup> feel working flexibly does not negatively impact career advancement opportunities (+4pp from FY22)

**830+**

team members trained in inclusive leadership and unconscious bias (+318 from FY22)

A sense of belonging is a key outcome of our diversity and inclusion program and is a leading driver for team member engagement. A focus on building inclusive and diverse leadership and mitigating unconscious bias continued this year. In August 2022, we launched 'Walk in my Shoes', a virtual reality-enabled learning module to help leaders experience the impact of bias and exclusion. This module is now part of our 'Leading to Win Together' leadership program being rolled out to people leaders across Coles.

To continue to embed flexibility across our workplace we launched 'Leading with Flex', a virtual learning module for all people leaders, which shares the CEO and executive leadership's support for flexible and hybrid working at Coles. We have a large and complex business with a variety of roles, and flexibility is different across the business. We want to enable flexibility in its many forms and mitigate any potential resistance, so we can create a flexible and inclusive working environment.

<sup>1</sup> Based on results of our May 2023 *mysay* engagement survey, which was responded to by 72% of team members.

## Gender equity

# 44.4%

of our Board are women (+6.9pp from FY22)

# 41.5%

women in leadership positions<sup>1</sup>  
(+2.1pp from FY22)

# 45.6%

women in management (+0.5 pp from FY22)

This year we continued our focus on gender representation in the workforce and providing career opportunities for women, with every function now having a gender balance plan.

In March 2023, we were recognised by the Workplace Gender Equality Agency as an Employer of Choice for Gender Equality, after

# 49.1%

of team members identify as female<sup>2</sup>

# 10 of 11

functions have representation of at least 30% of each gender (+1 from FY22)

# -0.9%

pay parity gap<sup>3</sup> (-0.2 pp from FY22)

also achieving our target of having more than 40% of our leadership positions filled by women in January 2023. A continued focus on our pay parity practices has meant that we have also achieved our pay parity gap target of less than 1%.

Actions taken in FY23 to advance gender equity include:

- partnering with People Measures, a leadership development and coaching company, to co-design StepUp, working with men from across the business who identified as allies and supporters for gender equity and who wanted to play a more active role in leading gender equity at Coles.
- continuing our membership of NAWO (National Association of Women in Operations) and Meat Business Women Australia and launched mentoring and upward mentoring pilots in our meat business.
- commencing a new, inaugural partnership with the Drinks Association, where we will actively engage in industry events, and become an important contributor to the Embrace Difference Council.
- maintaining our partnerships with Mentor Walks and Fitted for Work. We have also contributed to external research by providing insights into Chief Executive Women and Bain & Company's report on how ASX companies are accelerating women's representation in executive leadership.

We also continued to improve our support for carers, with the introduction of enhanced secondary carers leave and superannuation payments on the government paid parental leave scheme.

## Innovating for gender equity

Our Gender Equity Network ran a Hackathon for International Women's Day, with support from Accenture. It attracted more than 70 store support centre team members who spent a day creating and pitching ideas to progress gender equity at Coles, including the winning team's pitch of 'be the lead for a week,' where women get the chance to experience their manager's role including a seat at the table for leadership meetings and decisions.



**Pictured:** Coles Team Member Jade, with State General Manager Queensland Jo Brown and Executive General Manager Supermarket Operations Claire Lauber.

<sup>1</sup> Leadership positions are composed of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.  
<sup>2</sup> Coles has changed its methodology for reporting on team member gender balances from a weekly average in FY22 to EOFY snapshot in FY23.  
<sup>3</sup> The pay parity gap is calculated by calculating the ratio between every salaried team member's fixed compensation to their position's pay range midpoint, then calculating the difference between the overall average ratio for females vs. males.

## Aboriginal and Torres Strait Islander engagement

92%

of our Supermarkets employ Aboriginal and/or Torres Strait Islander team members

3.5%

of team members<sup>1</sup> identify as Aboriginal and/or Torres Strait Islander people (up from 3.2% in FY22)

63

Aboriginal and/or Torres Strait Islander suppliers (up from 60 in FY22)

16

Aboriginal and/or Torres Strait Islander community partnerships

2.0%

of team members in trade and management roles identify as Aboriginal and/or Torres Strait Islander people (up from 1.9% in FY22)

We engage with Aboriginal and Torres Strait Islander peoples to better understand and support the communities in which our team members live and work.

Following the COVID-19 pandemic, which negatively impacted our Aboriginal and Torres Strait Islander workforce numbers, we have been working hard to meet our 5% employment target. While representation increased from 3.2% to 3.5% this year, we have not met our 5% target. We remain committed to Aboriginal and Torres Strait Islander recruitment and retention and, as part of the refreshed Team that is Better Together strategy (see page 44), we will continue to build our Indigenous workforce population year-on-year beyond 3.2%. We have a range of initiatives in place, including:

- A pilot program focusing on identifying opportunities for Indigenous recruitment and retention in our Big Fish Caboolture supermarket in Queensland has yielded positive outcomes, with more than 30 Indigenous team members employed since the opening in November 2022, and a retention rate to date of more than 80%.
- Implementing lessons from the Big Fish trial into new supermarkets in Aspley and Deception Bay, and the Nguru Mandin (Redbank) automated distribution centre in Queensland, to encourage higher Indigenous employment in those locations.
- Using exit survey data to inform our understanding of the reasons Aboriginal and Torres Strait Islander team members

leave the business and our approach to improving retention.

- Sponsoring culturally inclusive and safe workplaces by providing cultural awareness training and cultural immersion experiences to our leaders and team members.
- The launch of our First Nations Team Member Network, led by a committee of Aboriginal and Torres Strait Islander team members, and our Ally program for non-Indigenous team members who wish to be involved in the Team Member Network.
- Distributing Aboriginal and Torres Strait Islander Flag stickers for Indigenous team members who wish to display them on their name badges.

In FY23, we worked closely with the community, suppliers and customers to support Aboriginal and Torres Strait Islander peoples around Australia. We worked with more than 60 Aboriginal and Torres Strait Islander suppliers across a range of categories including employment and training, property, food and beverage, container processing, promotional material and graphic design.

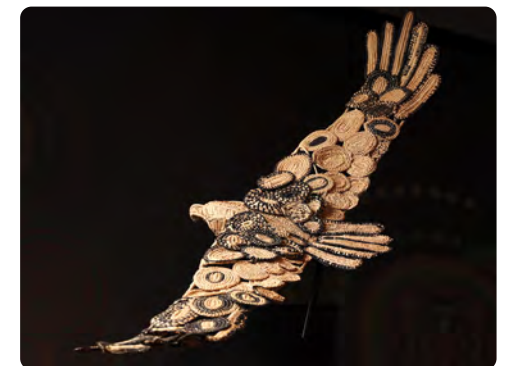
We also maintained our partnership with Purple House, where, with the assistance of our customers in the Northern Territory, we raised more than \$183,000 to assist with the provision of essential health services to people in remote Aboriginal communities.

For the second consecutive year, we were an official event partner of the Long Walk and extended our support for the Dreamtime at the 'G pre-game and half-time entertainment,

which was a celebration of Aboriginal and Torres Strait Islander cultures. We have also maintained our partnership with the Essendon Football Club, helping Tiwi football players realise their dreams of playing AFLW, and continued our support for the Melbourne Storm's Indigenous Programs,

Coles has supported the proposed **Voice to Parliament** as this reflects our commitment to our Aboriginal and Torres Strait Islander Plan and Better Together strategy. During the year our support focused upon providing information and resources to our team members to enable greater understanding, so that they can make an informed decision on how they wish to vote in the upcoming referendum.

Further information on our Aboriginal and Torres Strait Islander Plan is available at [www.colesgroup.com.au](http://www.colesgroup.com.au)



**Pictured:** A bunjil artwork created by Coles team members

<sup>1</sup> Based on results of our May 2023 mysay engagement survey, which was responded to by 72% of team members.

## Accessibility

# 90.5%

of our customer-facing team are trained in Disability Confidence (up 10.6pp from FY22)

# 440

supermarkets offer Quiet Hour nationally (up 25 from FY22)

Coles is committed to accessibility and disability inclusion, building disability confidence and providing an inclusive environment for our team members and customers with disability.

We achieved our commitment of more than 90% completions of Disability Confidence Training by customer-facing team members. We also had 7.6% of our team members identify as having disability in *mysay*. This is an outcome of inclusive recruitment, consistent visibility and storytelling, awareness raising and celebrating key days of significance, and inclusion of the definition of disability in the 2023 survey.

Our ColesAbility team member network, composed of people with disability, carers and allies, was shortlisted for Disability Employee Network of the Year at the 2023 Disability

# #3

ranking in the Access and Inclusion Index (FY22 result, next measure FY24)

# 7.6%

of team members<sup>1</sup> identify as having a disability (up 4.2pp from FY22)

Confidence Awards. The Network was nominated for its passionate and impactful education and inclusion campaigns, including National Week of Deaf People, International Day of People with Disability, World Down Syndrome Day and Autism Acceptance Month.

### Great place to work for people with disability

Removing barriers and creating career pathways for team members with disability to join, grow and thrive at Coles remains a key focus. Highlights from this year included:

- achieving Disability Confident Recruiter Status (via the Australian Network on Disability DCR program).
- continued participation in the Australian Network on Disability 'Stepping Into' Internship program, hiring four university

students with disability to work across the business.

- participating in the Australian Network on Disability PACE Mentoring program, matching 10 people with disability from outside Coles to our talented leaders for career mentoring.
- providing six team members, with lived experience of disability, international and local opportunities to participate in tailored leadership development programs, including the Valuable500's Generation Valuable program, Disability Leadership Institute's Future Shapers program and The Observership program for aspiring board members.
- participating in the Directing Change program, which pairs a Coles leader with an external person with a disability who is building their governance knowledge to contribute to Boards.

### Great place to shop for customers with disability

In FY23, we trialled a modified format of Quiet Hour that has now been endorsed to roll out to all supermarkets, in addition to the existing Quiet Hour offering at select supermarkets.

This year we partnered with Amaze, taking part in the 'Hoodie Up' campaign to celebrate the autism community and help raise funds to deliver vital support to Autistic people and their families. We also worked with Amaze to launch our Autism Support Hub for leaders and team members.

Coles is also actively listening and co-designing our digital channels with the disability community – 212 people with disability were included in user testing of the Coles website, mobile app and other digital assets in FY23.

### Creating more accessible products

Coles Own Brand strengthened its commitment to accessibility through a partnership with Get Skilled Access in FY23. Focus groups were conducted with a diverse cohort of people with disabilities to evaluate the accessibility of selected products. Lessons and recommendations have already led to improved accessibility of 45 Coles Own Brand products, including the improved ease of opening for six seed oil products, by significantly reducing the force required to open the bottles. This accessibility improvement was implemented after focus group participants voiced their experience of challenges with opening bottles and jars. A plan has been put in place to continue accessibility improvements in FY24.

1 Based on results of our May 2023 *mysay* engagement survey, which was responded to by 72% of team members.

## Pride

# 48.8%

of team members<sup>1</sup> identify as an ally  
(up 5.8pp from FY22)



Gold tiered employer in  
Australian Workplace Equality Index (AWEI)  
(FY22 result, next measure in FY24)

With close to 10% of our team members identifying as part of the LGBTQI+ community and as we continue to grow our internal ally network, our Pride@Coles network plays an integral role in connecting our team members, creating safe and inclusive spaces for all.

### 'Everyone is welcome at our table'

In February and March 2023, Coles was a presenting partner of WorldPride and Sydney Gay and Lesbian Mardi Gras, and we launched our hero campaign 'Everyone is welcome at our table', which provided the catalyst for our stores across the country to activate, celebrate and show support.

Our partnership centred on the wellbeing of our team members and the millions of customers they serve each day, as well

# 9.7%

of team members<sup>1</sup> identify as part of the LGBTQI+ community (up 0.4pp from FY22)

# 12,880+

team members have taken LGBTQI+ Awareness training (up 2560+, from FY22)

as demonstrating our support for diversity and inclusion. We want everyone to feel comfortable being themselves at work, or shopping in our stores, and our aim is to support positive mental health outcomes.

With a focus on supporting and growing regional and First Nations LGBTQI+ representation, more than 100 team members came to Sydney to celebrate and be involved in key events across the festival. We also used this campaign to raise funds for our National LGBTQI+ community partner Pride Cup.

During the year, we partnered with Pride in Health + Wellbeing (PIHW) to launch the Coles Grant, a two-year PIHW membership available to help smaller organisations provide more LGBTQI+-inclusive care.



**Pictured:** Coles team members participate in Sydney WorldPride.

Our Pride@Coles team member network continues to grow, championing LGBTQI+ inclusion in the workplace and beyond. This includes active participation in Pride events across Australia, such as IDAHOBIT, Midsumma Pride March and Chillout Daylesford (Victoria), Port Douglas Pride (Queensland), Perth PrideFEST (Western Australia), Wagga Wagga Mardi Gras and Newcastle Pride (New South Wales).

<sup>1</sup> Based on results of our May 2023 mysay engagement survey, which was responded to by 72% of team members.

## 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

### Refreshed strategy FY24-FY27

Following on from our A Team that is Better Together strategy, which concludes at the end of 2023, we have launched five refreshed focus areas – Indigenous engagement, Cultural diversity, Gender equity, Pride and Accessibility.

Within this we have set 10 new performance improvement targets that will enable us to increase the diversity of our leadership, continue to build inclusive work and shopping places, and amplify our

impact through partnerships, community engagement and external benchmarking.

1. Increase the participation of under-represented culturally diverse team members in leadership roles.
2. Sustain 40/40/20<sup>1</sup> in our leadership population.
3. Sustain 40/40/20<sup>1</sup> on the Board.
4. Maintain pay parity and reduce the gender pay gap.

5. Increase the engagement and workforce participation of team members with a disability.
6. Provide an improved accessible customer experience across online and in-store.
7. Achieve Platinum in the AWEI .
8. Engage and educate our leaders so that they show increased active allyship to our LGBTQI+ team members.

9. Build our Indigenous workforce population year on year beyond 3.2% and increase the number of Indigenous team members in management and leadership roles to 3%.
10. Achieve endorsement of a Reconciliation Action Plan from Reconciliation Australia.

<sup>1</sup> 40/40/20 is 40% men, 40% women and 20% of any gender

# Health, safety and wellbeing

We are committed to providing our team members, customers and visitors with a safe workplace and shopping environment. We are fostering a culture that supports both physical and mental wellbeing.

## Management approach

Coles' safety strategy, 'Safer Choices Together', has four key pillars that drive delivery of our Health, Safety and Wellbeing Plan (the Plan). The Plan is focused on:

- Safe sustainable leadership: all Coles team members have the capability to make safe decisions to contribute to a positive safety culture.
- Smarter safety: smarter safety through data, technology, innovation and agile ways of working.
- Healthy teams: an environment where injured team members are supported to return to work.
- Mind your health: to create communities where we are seen, we are heard and we matter.

Our Safety Management System, 'SafetyCARE', supports the Plan and is integrated into Coles' operations, providing a framework for

managing risks and hazards, helping look after the health, safety and wellbeing of our team members, customers, contractors, suppliers and visitors, and early and effective injury management assistance to team members injured through work.

## Safety performance

### Safety Index

In FY23, we introduced a new safety metric that comprises key lead and lag safety indicators applicable to all business units. The Index includes TRIFR, and other metrics involving the proactive identification and management of safety risks, including training, return to work and early intervention programs.

The purpose of the new Group-wide Safety Index is to provide an overall safety measure, while still allowing for individual Coles Group businesses to focus on their own critical risk reduction programs. Threatening situations in stores was recognised as an emerging risk.

## The Total Recordable Injury Frequency Rate (TRIFR)<sup>1</sup>

TRIFR remains a key performance metric and is a measure within the Safety Index. We continue to aim for a year-on-year improvement in TRIFR and in FY23, our TRIFR of 14.8 was a 9.2% improvement on FY22. This was delivered through a continued focus on risks including manual handling, fleet safety and mental wellbeing.

## Safe sustainable leadership

To support our leaders to improve our safety performance and culture, they are provided with regular safety performance updates and take part in management reviews to identify areas for action and improvement. Monthly safety reporting is provided to the Board, the Audit and Risk Committee, the Executive Leadership Team and operational leadership teams.

Health and safety committees in stores and distribution centres also meet monthly to

review and discuss safety performance, manage risks and implement corrective actions from proactive safety hazard checks. The hazard checks allow for the regular review of risks and hazards, and also provide an opportunity for team members to raise any additional hazards. They are reviewed at site health and safety committee meetings where the level of risk is evaluated, and corrective actions are implemented to eliminate or manage the risk.



**Pictured:** Coles team member Nick at First Choice Liquor Mart operating manual handling equipment.

<sup>1</sup> TRIFR measures number of fatalities, lost time injuries, medically treated injuries and restricted duties injuries per million hours worked, calculated on a rolling 12-month basis. TRIFR includes all injury types including musculoskeletal injuries.





**Pictured:** Coles team members participate in 'Mind your health' activities.

In addition to reducing the number of team member injuries that occurred in FY23, we continued to help injured team members return to work with the support of our early intervention medical provider. There was a 5% reduction in team members working reduced hours or duties during the year.

Safety governance meetings are held monthly to monitor safety performance, progress against plans and to ensure delivery of safety innovations. The meetings are attended by the Chief of Legal & Safety, the General Managers of Safety, the Head of Safety and safety teams, to provide governance and assurance that we are progressing to plan, review safety performance and also ensure that all

relevant legislation changes are reviewed and implemented where relevant.

The health and safety committees are also used as the primary consultation forum for the development, implementation and evaluation of the occupational health and safety management system SafetyCARE across stores and distribution centres.

In FY23, Coles again ran a company-wide safety week that focused on safety coaching moments and actions to be taken to ensure the safety of all team members and customers. The themes for safety week were 'See Something, Do Something' and 'When you have a Choice, Choose Safety' with leaders and team members encouraged to recognise

and reward team members who displayed safe behaviours.

We continued to develop our team with more than 88,000 team members and leaders completing online and face-to-face safety training programs. This training covered key risk areas such as manual handling, hazard identification, cleaning and hygiene, use of mobile plant and traffic management.

### Smarter safety

We review our risk profile quarterly and updated 18 risk assessments and 126 safety system documents in FY23 to ensure hazards are mitigated and controls are in line with current operational requirements and legislation. These reviews are completed in consultation with team members through site health and safety committees, and involve reviews of risk assessments, SafetyCARE procedures, forms and tools, safe work practices and training documents.

We continued our focus on situations where a team member's safety is threatened by a member of the public. In FY23, we established a cross-functional working group to strengthen our risk control measures, including face-to-face de-escalation training, duress devices and communication systems to be used in emergency situations, and the use of security guards. We also collaborate with other retailers, industry bodies and unions on shared initiatives.

To target a reduction in critical risks, several safety initiatives were launched including;

- Installation of low hoist skirts across our Supermarket fleet to remove the risk of persons accessing underneath the equipment, which during operation could lead to major injury or death.
- Design and installation of plant modifications to cardboard bailers to remove the risk of crush injury to team members.
- Introduction of cleaning and spill stations to some supermarkets to target a reduction in customer slips, trips and falls.
- Design and installation of deli slicer blade covers to reduce laceration injuries.
- The introduction of 'A-Safe' physical barriers to create safe checking zones for team members conducting quality control in distribution centres. This removes interaction between pedestrian and mobile plant operators when working among pallets.
- The integration of a 'Pedestrian Alert System' which is a small electronic device to alert team members walking on the warehouse floor in a distribution centre when they're near a mobile plant operator to reduce potential collision incidents.

The SafetyCARE system sets out procedures and contract standards that establish health and safety obligations, including the management of risks and hazards aligned to the works being performed. This sets our expectations and supports our suppliers and construction partners to meet Coles' safety standards and expectations.

Over 400 project manager site safety audits and 137 independent construction audits were completed. Audit findings were provided to principal contractors and monitored until closed out, all within seven days. Our construction partners also attended bi-annual contractor safety forums, across each state, where Coles' safety expectations were reiterated and lessons from incidents were shared.

### Healthy teams

All team members have early and prioritised access to a network of doctors and physiotherapists across Australia, as part of our early intervention program. Given the manual nature of work, onsite physiotherapists are also made available across all distribution centres and some retail sites to provide coaching, advice and treatment for musculoskeletal injuries.

Senior leaders were provided an opportunity to participate in a full health check with a medical provider to support and improve their physical and mental wellbeing. Team members in our most remote stores, where prompt access to primary health care can be difficult, were also provided an opportunity to participate in a free and confidential 20-minute onsite health check.

Coles Supply Chain continued its partnership with OzHelp to provide free health and wellbeing checks for heavy vehicle transport drivers delivering freight into Coles' distribution centre network.

During FY23, this program connected with more than 600 truck drivers, of which 194 completed an onsite health screening test that provided tangible health focus topics for each driver.

### Mind your health

The Coles 'Mind Your Health Program' is a key part of our Safety Strategy and Plan, as we believe the mental health and wellbeing of our team is just as important as their physical wellbeing. During the year our Safety Plan focused on building our mental wellbeing culture, with more than 7,700 leaders completing mental health training.

Coles continued to contribute to the Corporate Mental Health Alliance as a founding member with Board representation. Through this, we work with other organisations on the Alliance towards a common goal of providing a mentally healthy workplace for all.

The Healthy Heads in Trucks and Sheds partnership continued in FY23, with Coles' distribution centres participating in mental wellbeing campaigns as part of the annual RUOK day.

As part of our ongoing partnership with The Resilience Project, we provided team members and their families with information and access to mental resilience resources. Our partnership also included supporting The Resilience Project to deliver their mental wellbeing program to students at 20 regional schools across Australia.



**Pictured:** Coles team members reading The Essential Wellness Guide.

Our Employee Assistance Program (EAP), delivered by Converge International, provides team members and their families with free and confidential 24/7 tailored support across a broad range of work-related and personal issues, and includes specialised support lines such as Aboriginal and Torres Strait Islander, LGBTQI+, Domestic Violence and Financial Support. Multilingual EAP flyers are also made available, and the team can access a live chat function to talk with a counsellor directly.

We expanded Converge International's onsite presence within the Supply Chain Distribution Centres, deploying dedicated counsellors to deliver workplace wellbeing services and support. This initiative has facilitated both personalised one-on-one sessions and targeted educational and upskilling sessions for team managers.

# Product safety and quality

We are committed to providing customers with safe, high-quality Coles Own Brand products. This is supported through rigorous supplier requirements, an audit and inspection program across our supply chain, in-store standards, and compliance with recall and withdrawal requirements.

## Governance

The Product and Food Safety Steering Committee, chaired by Coles' Chief Legal & Safety Officer, provides oversight of Coles' food safety program. This Committee also assesses emerging risks and regulatory changes to promote compliance with the Australia New Zealand Food Standards Code. The food safety program, spanning our value chain from suppliers to customers, incorporates supplier food safety and quality standards and our supermarket food safety plan.

## Supplier food safety and quality standards

The supplier food safety and quality standards are based on the Global Food Safety Initiative and require Coles Own Brand suppliers to provide detailed product specifications through an online database. This supports product traceability and adherence to quality compliance standards such as declared allergens, certifications and nutritional information. Coles Own Brand suppliers are required to have an annual audit by an

approved internal auditor of the factory or facility where food is produced.

## Distribution food safety plan

Quality control checks are conducted on incoming fresh and chilled products at our distribution centres to enhance the quality and safety of food being supplied to our stores. This is supported by an independent audit program focused on compliance with required standards.

## Store food safety program

Our food safety program outlines relevant controls to ensure the quality and safety of products sold in our stores. It includes food handling and hygiene requirements of our team members, the maintenance of cold chain integrity and various other prerequisite programs. This is further supported by independent audits, a recall and withdrawal system and a customer complaints escalation process.

## Product safety program (non-food)

Our product safety program covers non-food products. We work closely with suppliers, with respect to compliance with relevant mandatory standards and consumer guarantees under Australian Consumer Law.

## Supplier training and support

Coles Quality Academy and the Coles Safety Team, in partnership with quality assurance training business 'SAI Global Assurance Learning,' provides training to suppliers and team members in food safety and quality management.

In FY23, more than 23,573 hours of training were provided through classrooms, virtual webinars and online learning portals across Coles Quality Academy and in-store operations.

The Coles Food Manufacturing Supplier Requirements is a key training program provided to our suppliers. It is designed to oversee that all Coles Own Brand products are safe and high quality, and meet legal,

regulatory and Coles policy requirements such as ethical, environmental and/or animal welfare standards.

## Product withdrawals and recalls

Products identified as unsafe or defective are withdrawn and/or recalled. Coles works with suppliers to support their corrective actions and to mitigate recurrences.

During FY23, four Coles Own Brand products were recalled due to undeclared allergens (milk) and microbiological contamination. In response, we issued public communications and worked with regulators and suppliers to promptly mitigate any associated issues.

Any time we receive a report of a serious injury, illness or death associated with any product sold (whether causation is proven or not), it is reported to the Australian Competition and Consumer Commission, pursuant to section 131 of the Australian Consumer Law.



What I would like to achieve is that every child in Australia has some sort of pleasurable food education so they grow up to understand about sustainability.”

Stephanie Alexander, AO  
Founder of Stephanie Alexander Kitchen Garden Foundation

**Pictured:** Victorian primary school students participate in the Stephanie Alexander kitchen garden program with Coles ambassador and chef Curtis Stone and Stephanie Alexander.

# Supporting communities across Australia

**\$12.9m**

value of direct donations

**\$22.6m**

fundraising via customer, team member and supplier contributions

**\$367k**

value of team member volunteering time

**\$4.8m**

management costs including team member time

**40.1m<sup>1</sup>**

equivalent meals donated to SecondBite and Foodbank (valued at \$133m)

We are investing in partnerships and programs that support the physical and mental health of Australians, particularly children, as well as improving access to food for the most vulnerable, conserving our environment, and helping local communities in times of natural disaster.

In FY23, Coles contributed \$40.7 million<sup>2</sup> in community support to promote health outcomes and build resilience in our communities. Additionally, we contributed \$133 million in food donations – the equivalent of 40.1 million meals to Australians in need.

## Encouraging healthy lifestyles

Our national partnership with Little Athletics, together with the Coles AFL Healthy Kicks program, seeks to help the youngest members of the community to stay fit and be active.

In FY23, Coles provided more than \$250,000 in sports equipment grants to 73 Little Athletics centres across Australia, taking the total contribution of Little Athletics grants to over \$2.2 million since 2018. We also raised \$150,000 for the Coles Little Athletics Community Fund through the Little Athletics Banana A-Peel in May 2023. In addition, hundreds of our supermarkets continued to team up with their local Little Athletics Centres, donating

thousands of bananas each week throughout the season to encourage healthy eating and supporting grassroots initiatives like Coles Community Round.

## Investing in children's health and patient care

In FY23, Coles raised more than \$22.6 million for organisations with a national footprint including Redkite, Curing Homesickness and several state charities such as Hummingbird House, Sydney Children's Hospitals Foundation and Telethon. Together these efforts will support children and their families and contribute much needed funds for ongoing research to improve healthcare outcomes for children including childhood cancer, enhanced patient care and experience and cutting-edge medical equipment.

In FY23, Coles and Redkite celebrated 10 years of working together to raise \$50 million, which has provided support for



**Pictured:** Coles Ambassador and 2022 Javelin Throw World Champion Kelsey-Lee Barber at Sandringham Little Athletics centre's Coles Community Round event.



**Pictured:** Redkite recipients Rose and Lily with a Coles choc-dipped fundraising cookie.

<sup>1</sup> In addition to unsold edible food, the figure also includes bulk food and grocery donations to SecondBite and Foodbank.

<sup>2</sup> Includes Coles' direct contribution of cash, time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations valued at \$133m is not included in this number. Coles' community support is verified by the Business for Societal Impact (B4SI) framework.

8,000 families affected by childhood cancer. The funds have enabled Redkite to deliver counselling services, financial assistance, develop information and resources, and fund 375 Dare to Dream scholarships.

### FY23 fundraising highlights

**\$8.6m**

raised for FightMND

**\$3.8m**

raised for Redkite

**\$1.7m**

raised for Curing Homesickness

**\$7.1m**

raised for SecondBite

### Supporting mental and physical health in adults

In FY23, Coles' fundraising campaign for FightMND raised more than \$8.6 million through sales of Big Freeze 9 beanies in our Supermarkets and selected Coles Express stores, donations from the sale of more than 90 Coles Own Brand Australian Fresh Pork products, as well as Peters Ice Cream Icy Pole Lemonade 8-packs, and customer donations at Coles Supermarkets, Coles Liquor stores and Coles Online. The funds raised will support research and care initiatives for people with Motor Neurone Disease (MND).

Coles' support for Movember helped raise \$1.1 million through the sale of men's care products and donations from team members and customers. This will help Movember to continue its important work in men's health.

### Australian Football League

In FY23, Coles continued its role as the Official Supermarket of the AFL and AFLW, investing in both mens' and womens' football from grassroots local footy to the elite professional game, with a shared focus on healthy lifestyles.

In addition to the partnership with the AFL, Coles also continued its support of AFL Women's club Essendon to provide opportunities for talented female footballers from the Tiwi Islands. Opportunities include fully immersive experiences in Melbourne with the club as well as nutrition education provided by Coles.

As part of our AFL partnership Coles Healthy Kicks continues to evolve and grow.

The Coles Healthy Kicks program motivates children aged between six and 12 years to become more physically active, eat nutritious food and develop a healthy mind and body while having fun with others. This year we commenced Coles Healthy Kicks Camps and introduced Coles Healthy Kicks curriculum directly into 3,000 schools.

In FY23, more than 16,000 children across Australia participated in a Healthy Kicks program.

### Improving food access for vulnerable Australians

Through the donation of unsold, edible food, our partnerships with SecondBite and Foodbank help Coles to improve access to food for vulnerable Australians. The food is redistributed through agencies and community food programs and in FY23, provided the equivalent of 40.1 million meals. We also reached a significant milestone with SecondBite. Since 2011, Coles has donated the equivalent of more than 200 million meals.

In FY23, Coles raised more than \$3.8 million through its Christmas and Winter appeal campaigns to help SecondBite provide the equivalent of 19 million meals. We also donated more than 5,000 Christmas hams to community charity partners across Australia to help families and community organisations host festive gatherings.

### Empowering our stores to support their local communities

Coles' Local Community Support Program encourages our store team members to

support the communities in which they live and work. Stores can provide gift cards or donate products to support local events and fundraising initiatives.

In FY23, our team members undertook their own fundraising and supported local initiatives including visits to their local Little Athletics centres, or schools through the Stephanie Alexander Kitchen Garden Foundation partnership.

### Providing relief in times of natural disaster

With an extensive network of stores and distribution centres, Coles is well-placed to provide aid to communities directly affected by natural disasters.

In November 2022, when devastating floods hit towns in New South Wales and Victoria, our local stores donated essential products including cereal, water, milk, packaged items and pet food to flood-affected residents. Coles Online delivered more than 7,500 essential groceries and sanitary products to the evacuation centre at Forbes High School, and provided hampers to residents of the flood-hit town of Eugowra, in New South Wales.

In Victoria, we donated 44 pallets of essential groceries, nappies and cleaning products to the local Emergency Relief Centre in Shepparton, and five pallets were delivered to the Njernda Aboriginal Corporation in Echuca for Indigenous residents. Coles also worked with charity Housing Justice to provide care packs to residents forced to relocate from Rochester.

## FY23 community partner highlights



### Supporting veterans with Bravery Trust

Coles supported the Bravery Trust by raising \$168,000 as part of a campaign ahead of ANZAC Day, donating 50 cents from the sale of Coles Bakery biscuits and cookies. Customers were also able to donate in-store at Coles checkouts. Coles provided gift cards to Bravery Trust to help around 100 veterans and their families buy emergency food and groceries.



### Changing lives with Guide Dogs Australia

Coles has been supporting Guide Dogs Australia for more than 40 years, making it our longest-running community partnership. In that time, more than \$14 million has been raised through the Coin Collection Dogs placed in our Supermarkets and Coles Liquor stores, as well as other community fundraising initiatives, which have helped Guide Dogs to assist Australians living with low vision or blindness.

In FY23, more than \$861,000 was raised, which will help Guide Dogs Australia breed, raise and train dogs as well as provide services such as occupational therapy, orientation and mobility, assistive technology, and advocacy.



### Supporting Clean Up Australia

Through the 'Love your Land' campaign Coles Liquor raised more than \$160,000 over a weekend in March 2023, by donating 25 cents from eligible transactions at Liquorland to support Clean Up Australia. The funds will support the creation and distribution of free Clean Up kits to assist volunteers to clean up their local communities, and include bags for general waste and recycling, protective gloves, high-visibility vests and sharps containers to keep volunteers safe.



# Health and nutrition

We want to make it easy and affordable for our customers to make healthy choices while shopping at Coles. Our Nutrition Charter states Coles' support for the Australian Dietary Guidelines and the benefits of well-balanced, healthy eating and we collaborate with organisations focused on improving public health outcomes<sup>1</sup>.

## Industry partnerships

Working in collaboration with industry partners is a key part of delivering on our goal to support customers to make healthier choices.

Coles participates in the Australian Government's Healthy Food Partnership (HFP), which provides a forum for government, the food industry and public health organisations to work together to improve the health of all Australians.

We also partner with the Fruit and Vegetable Consortium (FVC), which brings together organisations such as Coles, AUSVEG, CSIRO and Nutrition Australia to consider ways to improve the health of all Australians by increasing their fruit and vegetable intake.

To help encourage our customers to increase their consumption of fruit and vegetables, we continue to prioritise labelling of serves of fruit and vegetables on eligible Coles Own Brand products. In FY23, we highlighted 298 million serves of fruit and vegetables via on-pack labelling. In addition, we added Health Star Ratings (HSR) plus health and nutrition claims

onto fresh produce to further highlight the benefits.

We also use marketing campaigns to further support customers to add more seasonal, healthy produce to their shopping baskets.

## Identifying and improving healthier choices

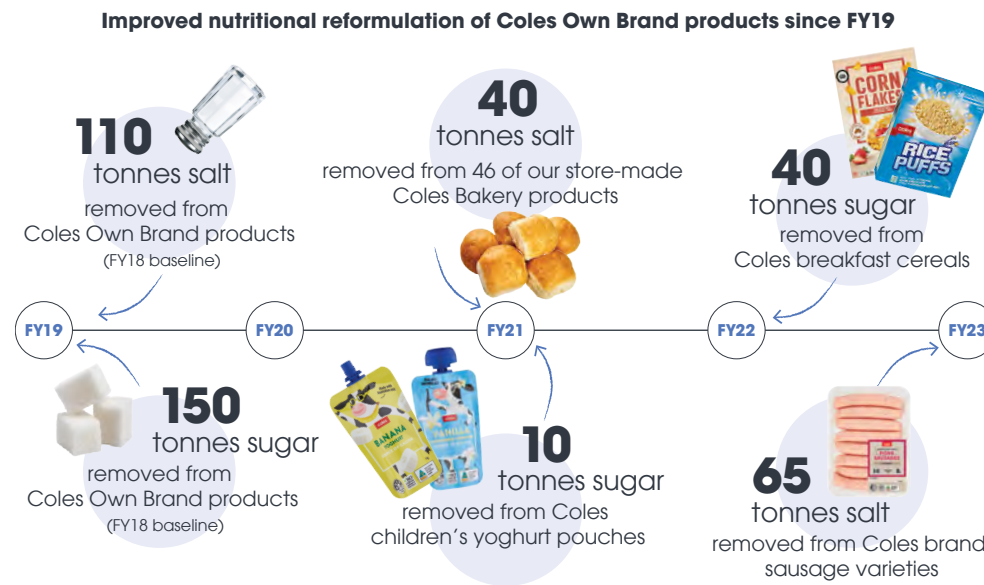
Coles continues its efforts under the Australian Government's Health Star Rating front-of-pack labelling system to make it easier for customers to identify healthier choices at point of sale. At the end of FY23, healthier products (HSR  $\geq$  3.5) contributed to 71% of Coles Own Brand sales, up from 65% in FY22, demonstrating increasing interest in healthier options from our customers.

To support our customers to make healthier eating choices, we continue to work towards meeting the HFP reformulation targets for salt (sodium), sugar and saturated fat in nominated categories for Coles Own Brand foods and beverages sold in Coles Supermarkets.

At the end of FY23, 78% of eligible Coles Own Brand products met their respective HFP targets, up 3% from the previous year.

In FY23, we reduced sodium across a range of our Coles Own Brand products including sausages, savoury snacks, pesto and dips. This has resulted in the equivalent of 73 tonnes<sup>2</sup> of salt being removed annually from the food supply.

Being able to identify healthy food choices is important for our customers, and we remain committed to voluntarily including industrial trans-fat labelling in the nutrition information panel of eligible Coles Own Brand products, with 1,134 products labelled at the end of FY23.



<sup>1</sup> More information available here: <https://www.health.gov.au/resources/publications/partnership-reformulation-program-summary-of-food-categories-and-reformulation-targets>.

<sup>2</sup> Based on FY23 sales data.



## Expanding our range of healthier products

We continued to expand our Coles PerForm sports nutrition range – developed in partnership with Sports Dietitians Australia – to a total of 70 products to assist our customers to fuel their fitness goals. In addition to updating the existing PerForm frozen and chilled ready meal ranges, we have introduced salad bowls, fresh pasta and pasta sauce, electrolyte drinks and electrolyte powder. In FY23, we launched a total of 27 new products expanding the PerForm brand by over 30%.

Coles Wellness Road offers our customers health foods and ingredients in the convenience of their local supermarket – for example, chia seeds, pumpkin kernels and quinoa. In FY23, we continued to refresh our packaging to highlight product health and nutrition benefits, such as being high in fibre to support gut health.

To help our customers live healthier, happier lives, Coles launched Joyful, a new low-sugar snack brand. The Joyful range of bars contains less than 2g of sugar per serve, has a HSR of 3 or above and highlights other nutrition benefits such as providing a source of fibre or protein. A selection of bars in the range are also gluten free or vegan friendly. In FY23, we launched our Coles Own Brand Happy Gut range of packaged breads and English muffins. All products within the range contain prebiotic fibre to support gut health, are rich in fibre, vegan and have a HSR of 4 or above.

## No artificial colours or flavours

Since FY19, Coles Own Brand's food and drink products sold in Coles Supermarkets have been free from artificial colours and flavours. At the end of FY23, the range contained more than 2,400 products with no artificial flavours and no artificial colours, as identified by the logo on the pack.

## Plant-based innovation

We have increased our range of plant-based products, as our customers seek more vegan, vegetarian and flexitarian options. In FY23, we launched a variety of Coles vegan friendly products across our supermarkets including meat-free minces, cauliflower pizza bases, chia pudding mixes, banana bread slices and nutritional yeast seasoning. Since launching in 2019, Coles Nature's Kitchen Plant Based range has grown to 47 products across the store.

## Growing healthy communities

We engage with many community partners aligned with our purpose to sustainably help Australians lead healthier, happier lives.

### The Stephanie Alexander Kitchen Garden Foundation

Since 2020, Coles has partnered with the Stephanie Alexander Kitchen Garden Foundation (SAKGF), which aims to help Australian children develop positive food habits and build self-confidence and life skills. More than 1,000 schools and early learning centres across Australia participate in the SAKGF program.

In FY23, Coles and the SAKGF launched two initiatives to inspire young people to eat more fresh fruit and vegetables, and reduce environmental impacts.

- The 'Explore a Farm' program, which takes school students to a farm to learn how fruit and vegetables move from paddock to the shelf.
- A free animated eBook 'Grow It, Cook It', which features gardening tips, seasonal growing and harvesting information.

Since the launch of the partnership with the SAKGF in 2020, Coles has donated more than \$1.6 million and partnered with over 70 Coles supermarket stores with local Kitchen Garden Program schools to empower more young Australians to grow, harvest, prepare and share.



**Pictured:** John Said, CEO of Fresh Select Australia speaking to children as part of the 'Explore a Farm' program.

# The responsible sale of alcohol and tobacco

Coles is committed to the responsible sale of alcohol (RSA) and tobacco and protecting the safety and wellbeing of our team members, customers and the communities in which we operate.

## Policies and procedures

Coles Liquor has comprehensive policies and procedures in place to enable team members to understand their obligations when selling alcohol and tobacco products.

Team members involved in the sale of alcohol and tobacco complete mandatory induction training and ongoing refresher training through online training modules, tailored specifically to their role regarding the responsible sale, supply and delivery of alcohol and tobacco products. For example, this year we introduced a module that included real life scenarios to help prevent the sale of tobacco to minors.

## Harm minimisation initiatives

To help minimise harm associated with the misuse and abuse of alcohol, in FY23, Coles Liquor:

- launched a new national self-exclusion process for all retail liquor stores to help customers manage their relationship with alcohol. The ability to self-exclude from the online purchase and delivery of alcohol is already in place across the country in

accordance with the Retail Drinks Australia Online Alcohol Sale and Delivery Code of Conduct.

- worked closely with key government and community stakeholders in Darwin and Alice Springs in the Northern Territory to introduce alcohol restrictions and security and safety measures, as a result of escalating crime and anti-social behaviour in the community. This included measures such as putting purchase limits on alcohol products and placing all spirits behind lockable glass in stores.
- participated in jurisdictional liquor reform consultations focused on requirements for the online sale and delivery of liquor.
- engaged with the New South Wales Police to develop a campaign for retail liquor stores to educate customers on the risks associated with supplying alcohol to minors.
- supported DrinkWise's 'Always respect, always DrinkWise' campaign, together with the NRL, state governments and Police to remind NRL fans about the importance

of moderating alcohol consumption and always being respectful towards others.

- continued participation in Liquor Accords across the nation, including a Liquor Accord Forum hosted by Liquor & Gaming NSW to discuss compliance and enforcement, RSA issues, trends and harm-minimisation initiatives across the state.
- worked with the South Australian Liquor and Gaming Commissioner to implement alcohol restrictions in Port Augusta and Whyalla, including the introduction of a takeaway alcohol management system, ID Scan SA.
- continued to support the Western Australian Government trials of the Banned Drinkers Register and Takeaway Alcohol Management System in the Pilbara, Kimberley and Goldfields regions of Western Australia.
- maintained our focus on online alcohol delivery controls, including working with third-party alcohol delivery partners to put effective measures in place. This also included participating in an independent research project with Retail Drinks Australia

to understand the key characteristics of the online customer and market.

## Industry and community partnerships

Coles Liquor is a founding member and key contributor to DrinkWise, an independent not for profit organisation seeking to promote a healthier and safer drinking culture. We contributed to the development of educational materials highlighting support services and resources to assist with people managing alcohol consumption. This also included an emphasis on customers 'choosing to DrinkWise' and Coles Liquor promoting no and low alcohol products, with the number of products increasing by 43% in FY23.

Coles Liquor also maintained membership of industry associations including Retail Drinks Australia, the International Alliance for Responsible Drinking, Alcohol Beverage Advertising Code and Alcohol Beverages Australia.

# Independent Assurance Report to the Management and Directors of Coles Group Limited (Coles)

## Our Conclusion:

### Limited Assurance

Ernst & Young ('EY', 'we') was engaged by Coles Group Limited ('Coles') to undertake limited assurance as defined by Australian Auditing Standards, hereafter referred to as a 'review', over certain sustainability data and disclosures in Coles' Sustainability Report and Sustainability Data Pack for the year ended 25 June 2023 (the 'Sustainability Report'). Based on our procedures and the evidence we have obtained, nothing has come to our attention that suggests that Coles' sustainability data and disclosures presented below, have not been prepared, in all material respects, in accordance with the Criteria defined below.

### Reasonable Assurance

Ernst & Young ('EY', 'we') was engaged by Coles to undertake reasonable assurance as defined by Australian Auditing Standards, hereafter referred to as an 'audit', over the energy consumption, energy production and Scope 1 and 2 greenhouse gas emissions based on a location and market basis in the Sustainability Report for the year ended 30 June 2023. In our opinion, the energy and greenhouse gas emissions data detailed below, are prepared, in all material respects, in accordance with the Criteria defined below.

## What our review covered:

We provided limited assurance over certain Coles sustainability data and disclosures, listed below, as disclosed in the Sustainability Report and Sustainability Data Pack, for the year ended 25 June 2023.

What we assured (Subject Matter)	What we assured it against (Criteria)
Selected Coles qualitative disclosures in the Sustainability Report.	▶ Management's own publicly disclosed criteria
Coles reported performance of the following selected quantitative performance disclosures and metrics of the Report.	
<b>People:</b> <ul style="list-style-type: none"> <li>▶ Indigenous employment (ATSI) (% of total workforce)</li> <li>▶ Total workforce by gender, region, age, and employment (headcount)</li> <li>▶ Women in leadership positions (headcount, %)</li> <li>▶ Pay parity gap (%)</li> <li>▶ New hires (headcount)</li> <li>▶ Employee turnover (headcount)</li> </ul>	
<b>Health and Safety:</b> <ul style="list-style-type: none"> <li>▶ Safety index</li> <li>▶ Total recordable injury frequency rate (TRIFR)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Management methods publicly disclosed</li> <li>▶ GRI Standards performance indicators</li> <li>▶ GRI definition of materiality</li> </ul>
<b>Greenhouse gas emissions and energy:</b> <ul style="list-style-type: none"> <li>▶ FY23 Scope 3 greenhouse gas emissions (tCO2-e)</li> <li>▶ FY22 Scope 3 greenhouse gas emissions (tCO2-e)</li> <li>▶ FY21 Category 11 Scope 3 greenhouse gas emissions (tCO2-e)</li> <li>▶ FY20 Category 11 Scope 3 greenhouse gas emissions (tCO2-e)</li> </ul>	<ul style="list-style-type: none"> <li>▶ World Business Council for Sustainable Development's Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard</li> </ul>
<b>Waste:</b> <ul style="list-style-type: none"> <li>▶ Combined data for waste recycled and disposed (tonnes)</li> <li>▶ Cardboard (tonnes)</li> <li>▶ Organics (tonnes)</li> </ul>	
<b>Ethical sourcing:</b> <ul style="list-style-type: none"> <li>▶ Active risk assessed suppliers (number)</li> <li>▶ Independent ethical audits conducted during the year (number)</li> </ul>	

What we assured (Subject Matter)	What we assured it against (Criteria)
<b>Packaging:</b> <ul style="list-style-type: none"> <li>▶ Sum of % recyclability of Coles Own Brand packaging (%)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Management methods publicly disclosed</li> <li>▶ GRI Standards performance indicators</li> <li>▶ GRI definition of materiality</li> </ul>
<b>Water:</b> <ul style="list-style-type: none"> <li>▶ Water usage (kL)</li> </ul>	
<b>Global Reporting Index:</b> <ul style="list-style-type: none"> <li>▶ GRI Index presented disclosures</li> </ul>	
<b>Community Support:</b> <ul style="list-style-type: none"> <li>▶ Total community support (dollars) by cash, time, leverage and management costs</li> <li>▶ In-kind donations (equivalent meals) of unsold edible food plus direct food donations</li> </ul>	

In addition, we were engaged by Coles to provide reasonable assurance over the following information in accordance with the noted criteria:

What we assured (Subject Matter)	What we assured it against (Criteria)
Energy consumption and energy production (GJ)	<ul style="list-style-type: none"> <li>▶ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition</li> <li>▶ The Greenhouse Gas Protocol: Scope 2 Guidance</li> <li>▶ The National Greenhouse Accounts Factors (October 2020)</li> </ul>
Scope 1 and 2 greenhouse gas emissions using the location-based method (tCO2-e)	
Scope 1 and 2 greenhouse gas emissions using the market-based method (tCO2-e)	



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working world**

## Key responsibilities

### EY's responsibility and independence

Our responsibility was to express limited and reasonable assurance conclusions on the noted subject matter as defined in the 'what we assured' column in the tables above (Subject Matter). We were also responsible for maintaining our independence and confirm that we have met the requirements of the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) and have the required competencies and experience to conduct this assurance engagement.

### Coles responsibility

Coles Management was responsible for selecting the Criteria and preparing and fairly presenting information presented and referenced in the Sustainability Report in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

### Our approach to conducting the review

We conducted this assurance engagement in accordance with the *Australian Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ASAE 3000'), *Assurance Engagements on Greenhouse Gas Statements* ('ASAE 3410') and the terms of reference for this engagement as agreed with Coles on 2 May 2023.

The procedures we performed were based on our professional judgement and included, but were not limited to:

- ▶ Conducting interviews with key personnel to understand Coles' process for collecting, collating and reporting the selected disclosures during the reporting period;
- ▶ Checking that the Criteria has been reasonably applied in preparing the selected disclosures; for example, comparing the classification of safety incidents against Coles Standard Operating Procedures to determine classification accuracy;
- ▶ Checking the reasonableness of assumptions;
- ▶ Checking the Report to understand how Coles identified material topics are reflected;
- ▶ Inquiring of personnel to identify risks of underreporting and quality controls;
- ▶ Undertaking data analytics to check the reasonableness of the data supporting disclosures;
- ▶ Performing recalculations of performance metrics to confirm quantities stated were replicable;
- ▶ Assessing evidence on a sample basis; for example, reports of audits of suppliers to confirm the existence and country of audit location;
- ▶ Reviewing data, information or explanation about selected qualitative disclosures included in the specified sections above;
- ▶ Checking aggregation of selected disclosures and transcription to the Report;
- ▶ Checking the appropriateness of the presentation relating to the selected disclosures; and
- ▶ For our reasonable assurance of greenhouse gas emissions and energy data, selecting key items and representative sampling, based on statistical audit sampling tables and agreeing to source information to check accuracy and completeness of performance data, which included invoices.

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We believe that the evidence obtained is sufficient and appropriate to provide a basis for our reasonable and limited assurance conclusions.

### Limited and Reasonable Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

While our procedures performed for our reasonable assurance engagement are of a higher level of assurance, due to the use of sampling techniques, it is not a guarantee that it will always detect material misstatements.

### Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance statement, or on the selected disclosures to which it relates, to any persons other than the Management and the Directors of Coles, or for any purpose other than that for which it was prepared. Our review included web-based information that was available via web links as of the date of this assurance statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.

Ernst & Young  
Melbourne, Australia  
14 September 2023

Mathew Nelson  
Partner



**Coles Group Limited**

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