



27 August 2024

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Manager

2024 Sustainability Report

Attached is the Coles Group Limited 2024 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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Sustainable choices.
Better future.

colesgroup

110 coles
serving Australia since 1914

2024
Sustainability Report

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Pictured: Cover – Coles Group General Manager Produce Charlotte Gilbert at Sundrop farms with their Chief Executive Steve Marafioti.

Acknowledgement of Country

Coles Group acknowledges the Traditional Owners and Custodians of the lands on which we live and operate. We pay our respects to Elders past and present and acknowledge their continuing connection to waters, skies, seas and country.



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Coles has an ambitious sustainability agenda to drive positive change and deliver meaningful and lasting impact.

We know we cannot do this on our own and we are committed to working with our stakeholders so, together, we can create a more sustainable future.

THIS REPORT IS INTERACTIVE

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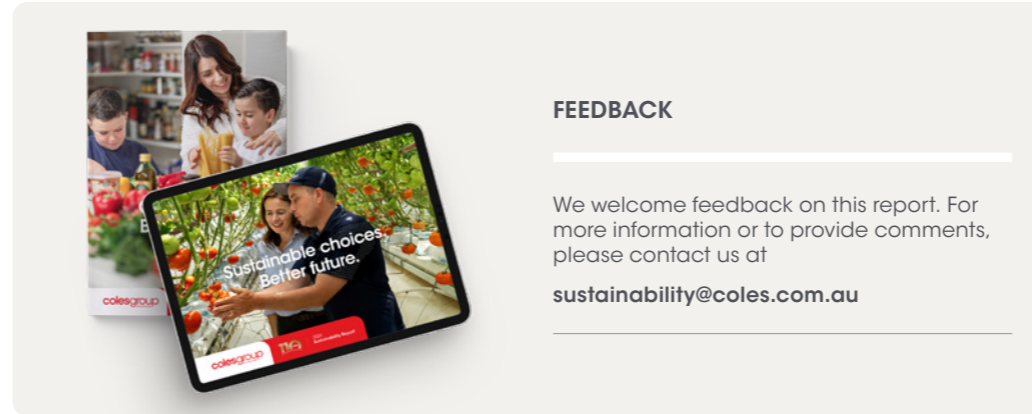
Our 2024 reporting suite

Our corporate reporting suite contains detailed information on Coles' strategy, financial and non-financial performance, risk management and governance frameworks.

The suite also includes our progress in meeting 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 colesgroup.com.au

- [2024 Annual Report](#)
- [2024 Corporate Governance Statement](#)
- [2024 Sustainability Report](#)
- [2024 Modern Slavery Statement](#)
- [2024 Economic Contribution Report](#)



FEEDBACK

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

sustainability@coles.com.au

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, sustainability plans, emissions reduction targets, waste reduction and recycling targets, and risk management practices for sustainability issues. 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', 'likely', 'aim', 'aspire', and other similar expressions. Similarly, statements that describe objectives, plans, goals, or expectations of the Group are forward-looking statements.

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, many of which are beyond the control of the Coles Group, that could cause the actual results, performance or achievements of the Group to be materially different from the relevant statements.

Readers are cautioned not to place undue reliance on forward-looking statements. Such statements should be considered in conjunction with the risks, uncertainties and assumptions associated with the relevant statements, particularly in light of the long time horizon underpinning sustainability targets, and the inherent uncertainty in policy, market and technological developments in the future, which make forecasting difficult. All forward looking statements contained in this report reflect the Group's views held as at the date of this report, and 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 26 June 2023 to 30 June 2024 (FY24) 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 2024 materiality assessment, detailed on pages 10 and 58-59.

This report has been prepared in accordance with the Global Reporting Initiative (GRI 1: Foundation 2021). Our 2024 Sustainability data pack (available at 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 limited assurance¹ 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 assurance report is on pages 64-66.

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 Coles Group Limited and its controlled entities during FY24 (unless otherwise stated). This report excludes data for the two milk processing facilities that Coles acquired from Saputo Dairy Australia on 24 June 2024.

For a full glossary of terms included in this report, please refer to pages 62-63 in the Appendix.

¹ With the exception being greenhouse gas and energy metrics, which are subject to reasonable assurance.

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Sourcing and farming

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Our sustainability achievements

42.5%

women in leadership roles¹

1.5%

reduction in combined Scope 1 and 2 emissions from FY23 (34.5% reduction from FY20)⁴

39.8m

equivalent meals donated to SecondBite and Foodbank (20m kgs)⁷

8.8%

improvement in TRIFR² from FY23

86.7%

of total solid waste⁵ diverted from landfill

87.4%

of packaging across Coles Own Brand and Coles Liquor Own Brand is recyclable⁸

3.6%

of team members³ identify as Aboriginal or Torres Strait Islander

\$38.5m

provided in community support⁶

45%

renewable electricity⁹ sourced for our operations

1. Leadership positions are comprised 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. All population categories are reported as at 3 July 2024, reflecting the Group's final payroll cycle for FY24. 2. Total Recordable Injury Frequency Rate. 3. Based on results of our May 2024 *mysay* team member engagement survey, which was responded to by 71% of team members. 4. Coles does not plan to rely on the use of carbon offsets for the achievement of our current FY30 Scope 1 and 2 emissions reduction target. FY24 Scope 1 emissions and Scope 2 emissions include two months of estimated data (based on actual data from past years) and 10 months of actual data. 5. 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). 6. Includes Coles' direct contributions (cash and products), time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations to SecondBite and Foodbank, valued at \$158m, are not included in this number. Coles' community support is verified by Business for Societal Impact (B4SI). 7. In addition to unsold edible food, the figure also includes bulk food and grocery donations to SecondBite and Foodbank. 8. Based on packaging data overlaid with unit sales over a 52-week period until June 2024. 9. Renewable electricity % includes voluntary Large-scale generation certificate (LGC) surrenders, Renewable power percentage (RPP), Jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. FY24 electricity consumption includes two months of estimated data (based on actual data from past years) and 10 months of actual data.

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Sustainable choices

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

Welcome to our 2024 Sustainability Report, which outlines the progress we have made during the year against the focus areas of our sustainability strategy. We are proud of what our collaborative approach to sustainability has achieved and, while we know there is more to be done, we take this opportunity to acknowledge our team members, suppliers and other partners, who, through their hard work and commitment, have contributed so much to the achievements set out in this report. We recognise the essential need to continue working together if we are to solve the significant environmental and social challenges we are collectively facing.

There are many areas of sustainability on which we could focus, however, we have made strategic choices in FY24 to focus on those things we believe will deliver greater impact. We have done this by understanding what is important to our customers and key stakeholders – including reducing packaging, using renewable electricity in our stores, addressing climate change and food waste, as well as making sustainability convenient, accessible and affordable.

With these factors in mind, our sustainability strategy is comprised of four environmental sustainability pillars – Energy and emissions, Waste, Packaging, and Sourcing and farming – which are underpinned by a continued commitment to human rights, diversity and inclusion, health, safety and wellbeing, and

supporting communities. Achievements across all these areas of our sustainability strategy are discussed in this report. There are some, however, we would like to highlight, including:

- achieving our highest ever team member engagement score, placing us at the top quartile relative to the Australian benchmark, evidence of our commitment to team member recognition, and investing in leadership and development opportunities
- refreshing our Human Rights Strategy and launching a Stretch Reconciliation Action Plan
- reducing our combined Scope 1 and Scope 2 emissions by 1.5% since FY23
- diverting 86.7% of solid waste from landfill exceeding our target of 85% by FY25
- increasing the percentage of Coles Own Brand and Coles Liquor Own Brand packaging that is recyclable to 87.4%
- awarding \$3.7 million in grants through the Coles Nurture Fund in FY24 to support Australian farmers and producers to invest in innovative projects and sustainable farming practices.

Alongside all these achievements, we recognise we are also facing a range of complex challenges – representing both risks and opportunities for our business.

We do not underestimate the significant challenge we are facing globally when it comes to addressing climate change, reducing nature impacts and protecting biodiversity – and we want to play our part. Given the importance of nature across our value chain, understanding

and identifying key nature-related risks and opportunities is critical to achieving our climate, sustainability, and strategic business objectives – to ensure we are optimising our business resilience into the future.

An issue illustrating the complexity of the intersection between climate, nature and social considerations is salmon farming in Macquarie Harbour, Tasmania. We are aware of ongoing stakeholder concerns regarding the impact of aquaculture on the Maugean skate and acknowledge the government-led reviews currently underway. It is an important issue which we are taking very seriously.

We have been steadily reducing the volume of salmon we source from Macquarie Harbour, with plans to continue this transition in the coming year. We will continue to engage with government, suppliers and all relevant stakeholders in addressing this matter.

Looking ahead to FY25 and beyond, we know we have much to do. We look forward to continuing this momentum in driving our agenda, in collaboration with our stakeholders.



James Graham AM

Chairman, Coles Group Limited

Leah Weckert

Managing Director and Chief Executive Officer, Coles Group Limited

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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 115,000 team members, engage with more than 8,000 suppliers, have more than 420,000 shareholders and we welcome millions of customers through our store network and digital platforms every week.

Our purpose and strategy

Our purpose is **Helping Australians eat and live better every day**. Our priority is to provide leading food, drink and home solutions that are delicious 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.

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

Our vision, strategy and values

Our vision is to become the most trusted retailer in Australia and grow long-term shareholder value.



We are proudly Coles

Care
for each other

Have **Courage** to
make the right choices

Deliver for our
Customers

Create
for the future

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Our approach to sustainability

Our approach to sustainability continues to evolve as we seek to respond to the environmental and social challenges and opportunities in our operating environment.

We continue to integrate sustainability into our organisational strategy – focused on creating a sustainable future together with our team, community and suppliers. Delivering sustainable outcomes requires a focus on collaboration, and we believe shared solutions are key to solving complex global challenges like climate change.

In FY24, we refreshed our sustainability strategy, directing our actions towards high-impact sustainability initiatives designed to drive significant and system-based outcomes.

Following extensive internal engagement, including with our Executive Leadership Team (ELT) and Board, in FY24 we consolidated our list of environmental sustainability initiatives, refocusing our efforts on the four areas below, moving on from our former strategic pillar of ‘Together to Zero’.

Energy & emissions	Moving towards decarbonisation across our value chain and building climate resilience.
Waste	Reducing waste from our operations and products and identifying opportunities to transition to a circular economy.
Packaging	Reducing unnecessary packaging and redesigning, recycling, and reusing.
Sourcing & farming	Delivering positive outcomes for nature and protecting animal welfare.

Importantly, our refreshed sustainability strategy reflects the issues our customers consistently tell us matter to them from a sustainability perspective – packaging (both reducing excessive packaging and making recycling easier), energy efficiency and renewable electricity across our operations, reducing food waste and promoting animal welfare.

Coles Group delivers a broad program of sustainability initiatives across the four environmental focus areas and our sustainability strategy incorporates our ongoing commitments to:

- > Protecting and promoting human rights
- > Creating a diverse and inclusive workplace
- > Fostering a safe working environment
- > Supporting communities across Australia

We have a suite of sustainability targets and commitments which help drive the delivery of our sustainability strategy and our progress is discussed throughout this report.

We have an ambitious work program ahead of us in FY25, as we further integrate sustainability into our own business and continue to work with our suppliers and other partners to improve environmental and social outcomes.

A key deliverable will be the development of a Climate Transition Plan for the Group which will bring together our longer-term targets to reduce emissions, address nature-related impacts, and drive circularity, as we seek to create a more sustainable future.

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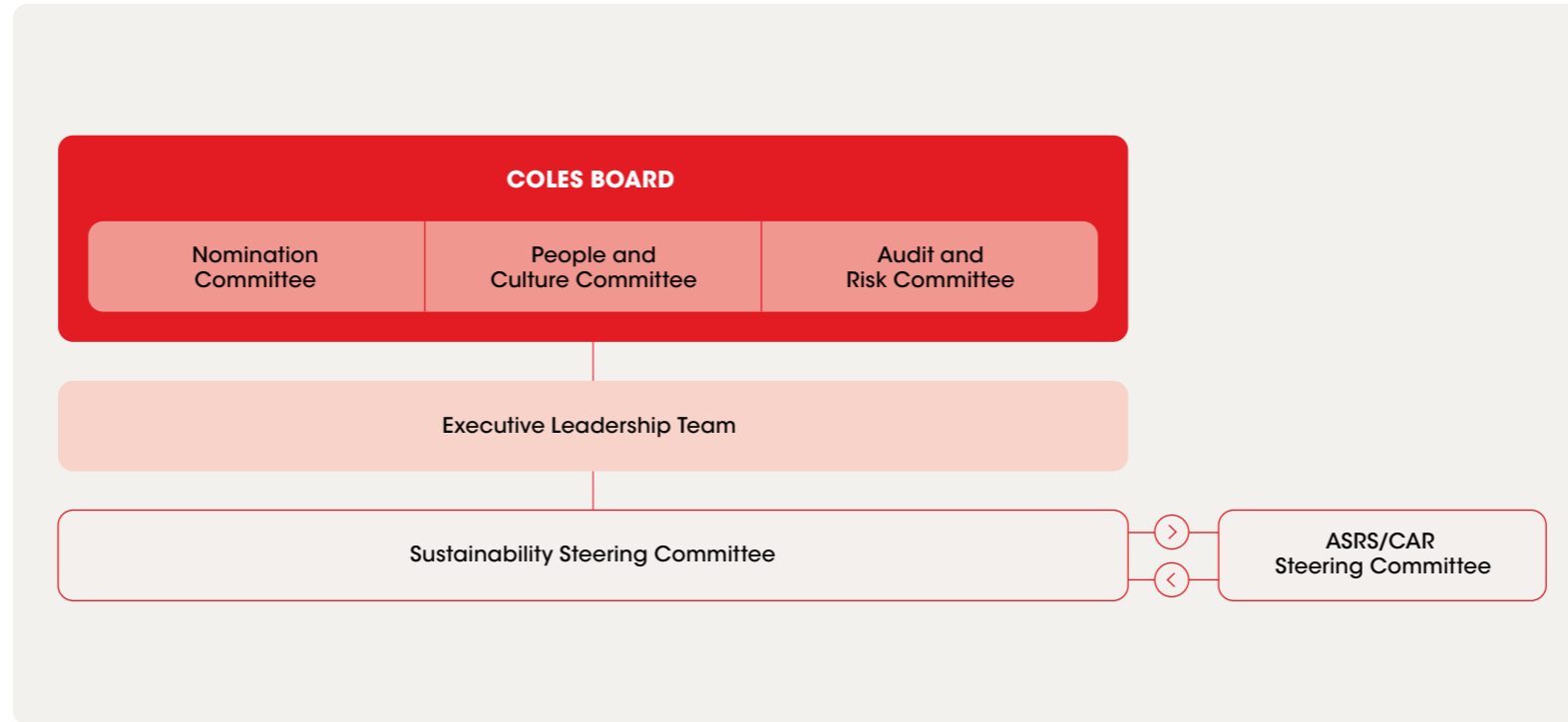
Sustainability governance

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. Robust governance and risk management practices are even more important in the context of the forthcoming shift from voluntary to mandatory climate-related reporting in Australia.

Our Board oversees and approves the strategic direction of the Group and the effectiveness of Coles' sustainability and governance policies and practices. The Audit and Risk Committee supports the Board in fulfilling its responsibilities by 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 & Sustainability Officer (COSO), a member of the Executive Leadership Team (ELT) reporting to the Chief Executive Officer (CEO), provides regular updates to the Board on current and emerging sustainability issues. Standardised quarterly reporting, with performance monitoring against our sustainability commitments is provided to the Board.

As part of our sustainability strategy refresh outlined above, this year we also strengthened our sustainability governance framework. We updated the charter and membership of our Sustainability Steering Committee, the key management committee overseeing Coles' sustainability strategy and performance. Chaired by our COSO, the Committee has senior representatives from across the business, including Company Secretariat, Risk, Legal, Strategy, People and Culture, Procurement,



Finance, Commercial, Coles Own Brand, Corporate and Indigenous Affairs and Coles Liquor. The Committee meets bi-monthly and one of its primary responsibilities is to advise the CEO and ELT on Coles' response to its current and emerging environmental, social and governance obligations, risks and opportunities. Updates are provided to the Committee from working groups and other steering committees with oversight of key sustainability issues.

We continue to have a range of management-level committees and working groups to oversee specific streams of work including, for example, our Human Rights Steering Committee and Diversity and Inclusion Council.

In addition, a new steering committee was established this year to oversee the implementation of our Climate Action Roadmap (CAR) activities and preparation for the introduction of the draft Australian Sustainability Reporting Standards (ASRS) with which Coles expects to comply from our FY26 reporting year. This is a cross-functional committee with responsibilities allocated across the Group functions of Company Secretariat, Risk, Finance, Strategy and Sustainability.



For further detail on our governance framework, see our 2024 Corporate Governance Statement available at colesgroup.com.au/corporategovernance

For further information on risk management, refer to our 2024 Annual Report available at colesgroup.com.au/reports

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What matters most

Through our annual materiality assessment, we identify our material issues – those issues that impact most on people, society and the environment, and present the greatest potential impact on our business.

This assessment is an important element of our approach to stakeholder engagement, with results informing our sustainability strategy – including our public commitments and our approach to reporting.

In FY24, we determined our material issues through an assessment of the following: priorities of key internal and external stakeholders (based on ongoing engagement); requirements of relevant sustainability reporting frameworks; customer feedback and media scans.

The materiality assessment also incorporates sustainability risks identified and managed in accordance with the Coles Risk Management Standard, which is based on ISO 31000:2018 Risk management – Guidelines.

The core set of sustainability issues (see Appendix on page 57) have not changed significantly between FY23 and FY24, with stakeholders continuing to rank climate change, plastic and packaging and food waste as Coles’ top issues.

Our top 10 material sustainability issues for FY24 were:

- > Climate change
- > Plastics and packaging
- > Food waste
- > Corporate conduct¹
- > Ethical and responsible sourcing
- > Customer engagement¹
- > Human rights
- > Health, safety and wellbeing of our team
- > Healthy and affordable food
- > Circular economy

Our material issues 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.

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

ALIGNING WITH SUSTAINABLE DEVELOPMENT 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 a key role to play in their achievement. Our sustainability strategy is aligned with, and supports, nine of the 17 SDGs.



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1. Refer to the Coles 2024 Annual Report.

Stakeholder engagement

We understand strong and collaborative stakeholder relationships will help us deliver on our sustainability goals and ambitions.

Tackling the challenges associated with complex and inter-related issues – such as climate change, circular economy and human rights – requires us to understand a diverse range of perspectives. This is why we dedicate significant time and resources to frequent and constructive engagement with a wide range of stakeholders.

Our stakeholders include customers, team members, farmers and producers, suppliers, capital providers, shareholders, government, regulators, industry associations, local communities, non-government organisations and certification bodies. They have the capacity to both impact and be impacted by our operations, and it is important we listen and respond to the issues they care about.

Refer to the Appendix on page 57 for the full table which details stakeholder groups, their key areas of interest – identified through both direct engagement and our materiality assessment process – and examples of how we engage with them. It is not intended to be an exhaustive list of the stakeholder engagement we have undertaken throughout the year – rather it is representative of the breadth of issues we discuss and the variety of stakeholders with whom we engage.

Industry associations

Industry association memberships provide a collective voice for individual businesses within an industry and provide Coles with forums through which we can discuss issues, develop standards, and seek to establish best practice within our industry on matters including sustainability, inclusion, and economic productivity.

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.

We are involved with a range of other organisations specifically aligned with the focus areas of our sustainability strategy. They include:

- **Energy and emissions:** Climate Leaders Coalition, Carbon Market Institute, Electric Vehicle Council, and the Energy Users Association of Australia.
- **Waste:** Australian Food Pact.
- **Packaging:** Australian Packaging Covenant Organisation (APCO).

- **Sourcing and farming:** AUSVEG, Fruit and Vegetable Consortium, the Australian Government's Healthy Food Partnership, Global Food Safety Initiative Australasia Steering Committee, the Allergen Collaboration, the Food Incident Forum, and the Zero Net Emissions from Agriculture Cooperative Research Centre (ZNE-Ag CRC).
- **Team and community:** Diversity Council Australia and Australian Disability Network.

Coles also has formal relationships and regular engagement with the Business Council of Australia (BCA) and the Australian Retailers Association (ARA) and we are involved in working groups, contributing advice on relevant policy matters.

Coles Liquor is a founding member and signatory of Retail Drinks Australia, the International Alliance of Responsible Drinking and the Alcohol Beverages Advertising Code Scheme.



Picture: Coles Brighton Bay Street supermarket and Liquorland store.



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Sustainability performance summary

Sustainability performance for FY24 against our sustainability targets and commitments is detailed below.

Strategic focus area	Targets and commitments	Performance	Current progress
Energy and emissions	Source 100% renewable electricity by the end of FY25.	45% renewable electricity ¹ sourced for our operations.	●
	Reduce combined Scope 1 and 2 emissions by more than 75% (FY20 baseline) by the end of FY30 ² .	1.5% ³ emissions reduction from FY23 (34.5% emissions reduction from FY20).	●
	Deliver net zero Scope 1 and 2 greenhouse gas emissions by 2050.	We have a FY30 Scope 1 and 2 emissions reduction target validated by the Science Based Targets initiative (SBTi) (see progress above).	●
	Scope 3 supplier engagement target: 75% of suppliers, by spend, covering purchased goods and services, and upstream transportation and distribution, will have science-based emissions reduction targets by the end of FY27.	35.5% of suppliers have set Scope 1 and 2 science-based emissions reduction targets.	●
Waste	Divert 85% of the Group's solid waste ⁴ from landfill by the end of FY25.	86.7% of the Group's solid waste diverted from landfill (increase from 84% in FY23).	●
Packaging ⁵ (Coles Own Brand and Coles Liquor Own Brand packaging)	Support industry to achieve 100% reusable, recyclable or compostable packaging by 2025.	87.4% ⁶ of packaging was recyclable (increase from 83.8% in FY23)	●
	Support industry to achieve 70% of plastic packaging being recycled or composted in Australia by 2025, by applying the Australasian Recycling Label (ARL).	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.	●
	Support industry to achieve an average of 50% recycled content across all packaging, including an average of 25% recycled content in plastic packaging by 2025.	Coles Own Brand has refreshed its Recycled Content Roadmap following APCO's independent report and a deeper review of feasibility to include recycled content based on Coles' portfolio mix. We continue to work with suppliers to look at opportunities to incorporate recycled content across our Own Brand range.	●
	Support industry with the phase out of problematic and unnecessary single-use plastics packaging by 2025.	In FY24, we phased out 293 tonnes of problematic and unnecessary single-use plastics packaging from Coles Own Brand and Coles Liquor Own Brand packaging ⁶ .	●

1. Renewable electricity % includes voluntary Large-scale generation certificate (LGC) surrenders, Renewable power percentage (RPP), Jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. FY24 electricity consumption includes two months of estimated data (based on actual data from past years) and 10 months of actual data. 2. Coles does not plan to rely on the use of carbon offsets for the achievement of our current FY30 Scope 1 and 2 emissions reduction target. 3. FY24 Scope 1 emissions and Scope 2 emissions include two months of estimated data (based on actual data from past years) and 10 months of actual data. 4. 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). 5. Coles Own Brand and Coles Liquor Own Brand Packaging commitments support Australia's 2025 National Packaging Targets. 6. Based on packaging data overlaid with unit sales over a 52-week period until June 2024.

● Achieved and/or sustaining
 ● Progressing or partially achieved
 ● Off track

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Strategic focus area	Targets and commitments	Performance	Current progress
Safety	Year-on-year improvement in Total Recordable Injury Frequency Rate (TRIFR).	13.5 (an improvement of 8.8% from FY23).	●
Cultural diversity¹	Increase the participation of under-represented culturally diverse team members in leadership roles.	20% of our leaders ⁴ identify as culturally diverse (+1pp from FY23).	●
Gender equity¹	Sustain 40/40/20 ² in our leadership population.	42.5% of our leadership population ³ are women (+1pp from FY23).	●
	Sustain 40/40/20 on the Board.	44.4% of our Board are women (unchanged from FY23).	●
	Maintain pay parity and reduce the gender pay gap.	Coles pay parity gap is maintained at less than 1%. As at 30 June 2024, Coles had a mean gender pay gap of 6.1% and a median gender pay gap of 4.4%.	●
Indigenous engagement¹	Build our Indigenous workforce population year on year beyond 3.2%.	3.6% of team members ⁴ identify as Aboriginal or Torres Strait Islander (+0.1pp from FY23).	●
	Increase the number of Indigenous team members in management ⁵ and leadership roles ³ to 3%.	2.1% Indigenous team members in management and leadership positions.	●
	Achieve endorsement of a Reconciliation Action Plan (RAP) from Reconciliation Australia.	Following Board and Reconciliation Australia endorsement, we launched our Stretch RAP in March 2024.	●
Accessibility¹	Increase the engagement and workforce participation of team members with a disability.	7.5% of our team members ⁴ identify as having a disability (-0.1pp from FY23). Engagement score of team members ⁴ identifying as having a disability was 66% (unchanged from FY23).	●
	Provide an improved accessible customer experience across online and in-store.	We measure customer experience through the Australian Disability Network's Access and Inclusion Index and achieved 66/100 in this Index, which does not have a comparison point due to the Index being redesigned in 2023.	●
Pride¹	Achieve Platinum status in Australian Workplace Equality Index (AWEI).	Coles was awarded Gold employer status in the AWEI for the third consecutive year and remain on-track to achieve Platinum status by 2027.	●
	Engage and educate our leaders so that they show increased active allyship to our LGBTQI+ team members.	52% of our leaders self-identify as allies to the LGBTQI+ community ⁴ (-10pp from FY23) ⁶ .	●

1. Targets due to be achieved by 30 June 2027. 2. 40/40/20 is 40% men, 40% women and 20% of any gender. 3. Leadership positions are comprised 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. All population categories are reported as at 3 July 2024, reflecting the Group's final payroll cycle for FY24. 4. Based on results of our May 2024 'mysay' engagement survey, which was responded to by 71% of team members. 5. Management positions are all leadership roles as well as liquor store managers, supermarket department managers (including duty managers, trading managers and store support managers), Coles Service team leaders and team managers and shift managers in distribution centres. 6. We define ally as: 'someone who supports the workplace inclusion of LGBTQI+ people'. Decreasing rates of self-identified allies also noted in results from the 2024 AWEI Employee Survey (2024 AWEI Practice Points | Australian Workplace Equality Index (pid-aweil.com.au))

● Achieved and/or sustaining
 ● Progressing or partially achieved
 ● Off track

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Energy and emissions

Climate change is a significant environmental, social and economic challenge facing the global community and has been identified by our stakeholders as a material issue for Coles.

We recognise our role in supporting an orderly transition to a more sustainable future. We are acting now, working towards reducing our own operational emissions and engaging with stakeholders across our value chain to encourage them to lower emissions and build their resilience against climate change impacts.

Pictured: Coles team members Daniel and Shae inspect the rooftop solar panels at First Choice Liquor Market in Werribee.

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Managing climate risks and opportunities

Our approach continues to develop and mature as we build our understanding of how climate change will impact our business in the short (0-3 years), medium (3-10 years) and long-term (10+ years).

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 low-carbon economy. We have set emissions reductions targets in support of this. See page 11 for progress.

Coles' previously announced target to achieve net zero emissions by 2050 refers only to Scope 1 and 2 operational emissions. However, as we develop our Climate Transition Plan, we will continue to consider how best to account for Scope 3 emissions - in particular, the aspects related to Forestry, Land and Agriculture (FLAG), and the manufacturing emissions impacts.

These matters will be the subject of considerable focus in the year ahead as we continue to engage with suppliers pursuant to our supplier engagement target announced in August 2023.

Our progress

This year we have focused on progressing key activities in our Climate Action Roadmap (the Roadmap).

The Roadmap, developed during FY23/24, outlines key actions for Coles over the next three years in response to increasing disclosure requirements and stakeholder expectations. In summary, the Roadmap provides a strategic pathway for Coles to manage the risks and

opportunities associated with climate change impacts and the transition to mandatory climate reporting obligations, supporting the commercial resilience of the Group. Ultimately, implementing the Roadmap will culminate in a Climate Transition Plan for the Group.

We recognise the complex and transformational nature of this work and acknowledge it will require extensive collaboration with industry, suppliers, government, and other stakeholders to achieve.



Coles continues to identify, assess and manage climate-related risks and opportunities using the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Our TCFD disclosures are available in our **2024 Annual Report**.

CLIMATE ACTION ROADMAP - FOCUS AREAS FOR FY25 AND STRATEGIC RATIONALE FOR EACH PILLAR:

CLIMATE DATA MANAGEMENT	CORPORATE AND FINANCIAL PLANNING	DECARBONISATION STRATEGY	CLIMATE TRANSITION PLAN
<p>Objective</p> <p>Enhance our climate-related data collection and reporting, initially focusing on Scope 3 emissions.</p>	<p>Objective</p> <p>Provide a consistent approach to integrating climate risk management and emissions reduction targets in procurement and financial and corporate planning.</p>	<p>Objective</p> <p>Prioritise and coordinate emissions reductions across our value chain.</p>	<p>Objective</p> <p>Align all business operations with climate risk management and decarbonisation strategy.</p>



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As a significant energy user and producer of greenhouse gas emissions we are committed to increasing our energy efficiency and reducing emissions.

Our targets to reduce greenhouse gas emissions are:

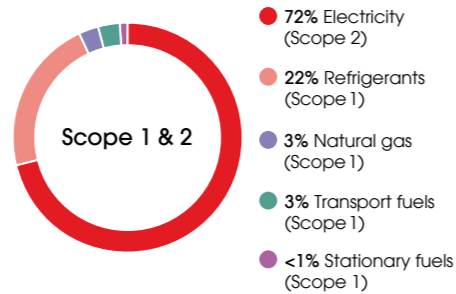
- > reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% by the end of FY30 (from a FY20 baseline)¹
- > source 100% renewable electricity by the end of FY25
- > commit to supporting our suppliers so that 75% of our suppliers by spend (covering purchased goods and services and upstream transportation and distribution) will have science-based targets by the end of FY27; and
- > deliver net zero Scope 1 and 2 greenhouse gas emissions by 2050.

Both our FY30 Scope 1 and 2 target and our Scope 3 supplier engagement target have been validated by the Science Based Targets initiative (SBTi).²

Scope 1 and 2 (operational) emissions

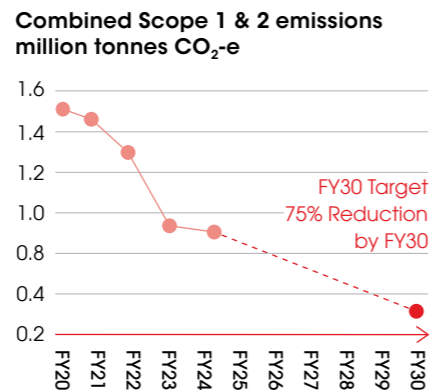
Our main sources of Scope 1 emissions include emissions from refrigerant gases, natural gas and transport fuels, with a small contribution from stationary LPG and diesel for onsite back-up generators. Scope 2 emissions are those associated with our electricity use and make up most of our combined Scope 1 and 2 emissions.

EMISSIONS SOURCES



In FY24, we achieved a combined Scope 1 and 2 emissions reduction of 1.5% compared to FY23 (34.5% from FY20)³ through our ongoing energy efficiency, refrigeration upgrades, on-site solar installations and renewable electricity contracts.

PERFORMANCE AGAINST TARGET



Renewable electricity

Coles remains on track to meet our target to source 100% renewable electricity by FY25 through onsite solar and large-scale generation certificate (LGC) arrangements which match our consumption. This includes: our agreement with CleanCo in Queensland to purchase electricity and LGCs (commenced in July 2022); our LGC-bundled power purchase agreement with MYTILINEOS in NSW (commenced in 2021); and long-term LGC agreements with Lal Lal Wind Farms, Neoen, Origin Energy, ACCIONA Energia and Engie to source LGCs from wind and solar farms across Victoria, NSW, 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.

As a number of these agreements have commenced, our renewable electricity purchases were 45%³ of our total grid electricity consumption in FY24.

CleanCo, suppliers of 95% of our electricity in Queensland, announced in December 2023 that Australia's largest solar farm, Western Downs Green Power Hub, is in operation, and that the MacIntyre Wind Farm is expected to be in operation in FY25. Together, these generation assets will further help Coles in its progress towards our FY25 target.

At the end of FY24, 100 Coles supermarkets, Coles Liquor stores, and Coles distribution centres had solar panels installed, and generated 21,870 MWh of renewable electricity.

Construction of 2.1MW and 3.5MW rooftop solar systems respectively at our chilled distribution centres in Kewdale, Western Australia and Eastern Creek, NSW, were completed in FY24 and are expected to supply 29% of the electricity of the facilities. Furthermore, a 2MW system has been installed at our new automated customer fulfilment centre (CFC) in Truganina, Victoria following on from the FY23 installation at the CFC in Wetherill Park, NSW.

The 3.5MW solar system at Eastern Creek was energised in May 2024, and together with our automated distribution centre (ADC) at Kemp's Creek, NSW, are our largest commissioned solar systems to date. After a year of operation, the system at Kemp's Creek is performing at its expected output. The systems at Kewdale and Truganina are expected to be energised in FY25.

Coles Origin partnership

Since mid-2023, Coles and Origin have been working together to deliver our landmark strategic alliance under which both companies are co-investing in solar at 100 sites, batteries at 30 sites and flexible load control solutions at 150 sites, nationally.

As of 30 June 2024, 17 sites have installed solar systems through the alliance with Origin. Furthermore, Coles and Origin installed our first batteries at First Choice Liquor Market in Bendigo and at Coles supermarkets Cairnlea and Donvale in Victoria, providing additional flexible energy capacity for the stores. Thirty stores have also had flexible load control installed to support stable and safe operations of the electricity grid through Origin's Virtual Power Plant.

1. Coles does not plan to rely on the use of carbon offsets for the achievement of our current FY30 Scope 1 and 2 emissions reduction target. 2. The SBTi is a partnership between CDP, the United Nations Global Compact, 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. 3. FY24 electricity consumption, Scope 1 emissions and Scope 2 emissions include two months of estimated data (based on actual data from past years) and 10 months of actual data.

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Refrigeration 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%) use natural refrigerants. Aligning to our store refurbishment program, where practical and commercially viable, we convert supermarkets to lower GWP or natural refrigerants. To reduce gas loss, we also continued to invest in our refrigeration pipe replacement program.

At the end of FY24, natural refrigerants were in use in 78 supermarkets (54 in FY23) and 54 Coles Liquor stores (33 in FY23).

We continued to roll out energy efficiency initiatives – such as doors on fridges and efficient lighting – across our stores. Following a gas metering trial last year, we extended the program to more stores with the aim of improving gas usage visibility and energy efficiency.

Trials underway to help reduce our energy consumption profile include:

- our new HVAC cooler system (dew point cooler) in Norwood, South Australia, used to reduce power consumption in refrigeration in hotter, drier climates
- reusing waste heat from our natural refrigeration system as an alternative to fossil-fueled gas boilers, limiting the need for additional heating sources
- expanded trial of Coles' lowest GWP heating and cooling system, first trialed in our store at Glebe Hill, Tasmania
- designed, manufactured, and installed Coles' own electric heat pump into our store in The Pines, Victoria, as an alternative to fossil-fueled gas boilers.

Scope 3 emissions

Scope 3 emissions are indirect emissions that occur in our value chain both upstream and downstream and comprise more than 90% of Coles' overall emissions profile.












During FY24 we calculated our inventory for Scope 3 emissions covering the Greenhouse Gas (GHG) Protocol categories¹ listed in the table. Coles' total Scope 3 emissions (in relation to these categories) were approximately 20.3m² tonnes CO₂-e in FY23 and 19.1m tonnes CO₂-e in FY24. Category 1 emissions from purchased goods and services contributed to more than 80% of Coles' total Scope 3 inventory in these years.

Supplier engagement

Engaging and supporting suppliers is a critical part of our decarbonisation strategy as we work together to build and scale industry-wide action to set targets and reduce emissions.

In FY23, Coles set a supplier engagement target, committing that 75% of suppliers, by spend, covering purchased goods and services (Category 1), and upstream transportation and distribution (Category 4), will have science-based targets by the end of FY27. We have since mapped the suppliers in scope to identify those who have published emissions reduction commitments, so we can then address the level of action required to achieve our target and inform further development of the supplier engagement program. As at 30 June 2024, 35.5% of suppliers have set Scope 1 and 2 science-based emissions reduction targets.

¹ Consistent with guidance in the GHG Protocol, Category 9 – Downstream transportation and distribution and 11 – Indirect use of sold products are excluded from our Scope 3 emissions inventory on the basis that these emissions sources are optional to report. Category 10 – Processing of sold products, 13 – Downstream leased assets and 14 – Franchises are not relevant to Coles Group. We will continue to monitor and reassess our inventory over time. ² FY23 emissions have been re-stated due to a correction in Category 1 calculations. ³ Refer to Coles 2024 Sustainability Data Pack for information on methodology.

Category	Scope 3 footprint ³	Actions underway
Upstream	 1. Purchased goods and services	81.9% Carbon Neutral Beef and Pork, Bovaer [®] feed supplements for cattle
	 2. Capital goods	0.7% Actions yet to commence
	 3. Fuel and energy-related activities	0.7% Scope 1 and 2 emissions reductions activities (including energy efficiency and renewables) will lead to a reduction in associated Scope 3 emissions
	 4. Upstream transportation and distribution	3.5% Partnerships with supply chain partners, including the Linfox electric yard tractor trial and ongoing operations with an electric heavy rigid vehicle
	 5. Waste generated in operations	0.4% Increasing landfill diversion rates, improving waste data collection
	 6. Business travel	<0.1% Actions yet to commence
	 7. Employee commuting	0.4% EV charging for team members at our Victorian Store Support Centre Flexible work arrangements to enable team members to work remotely
	 8. Upstream leased assets	1.4% Actions yet to commence
Downstream	 11. Use of sold products	3.6% Initiatives to reduce excess packaging and increase recycled content in packaging
	 12. End-of-life treatment of sold products	7.4% Initiatives to reduce excess packaging and increase recycled content in packaging
	 15. Investments and joint ventures	<0.1% Sale of Coles Express in FY23 has reduced these emissions from FY23

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Reducing emissions in our meat supply chain

We recognise the importance of working with our suppliers to achieve Coles' emissions reductions commitments.

In 2022, Coles commenced the use of feed supplement Bovaer® when it participated in trials with one of the country's leading feedlots Mort and Co, the University of New England and the manufacturer of Bovaer®, dsm-firmenich.

In FY24, we expanded the use of Bovaer®, following trials that incorporated the feed supplement into two Coles suppliers' farming operations. Research on Bovaer® has demonstrated the product reduced cattle methane emissions by at least 45%.¹

Bovaer® will now play a role in Coles' strategy to reduce emissions throughout its Coles Finest Carbon Neutral Beef² supply chain, with six suppliers using the supplement.



Pictured: Coles Finest Certified Carbon Neutral beef supplier Warren Barnett using Bovaer® on his NSW farm.

The contribution of meat to Coles' overall greenhouse gas emissions profile is a focus for our Livestock team.

During the year, in partnership with agriculture industry consultants, Integrity Ag, we commenced an emissions focused supplier engagement program for our beef and lamb producers. Together, we delivered seven carbon footprint and sustainability workshops which form the beginning of a focused sustainability program, calculating on-farm greenhouse gas emissions, and exploring production efficiencies and potential emission reduction opportunities.

In July 2023, the Coles Finest Certified Carbon Neutral pork range was launched nationally. The product range is certified to the criteria of the Australian Government's Climate Active Carbon Neutral Standard.

We have partnered with Western Australian supplier Milne AgriGroup on this range, who has supplied exclusively to the Coles free range pork program for over ten years.

Coles and Milne AgriGroup completed a baseline carbon footprint assessment for FY23, capturing total emissions from farm to shelf. The carbon footprint identified that Milne farms produce lower emission products than the Australian industry average.

Ongoing efforts to lower on-farm emissions, include investing in renewable energy and adopting a specialised feed diet. Milne AgriGroup also conducts arable farming rotations to utilise manure in crop production, meaning less fertiliser is required for crops. Additional initiatives to drive on-farm emissions reductions include the introduction of feed management to reduce nitrous oxide emissions in pig manure and improving the cycling of nutrients in spent bedding for cropping.

Electric vehicles

In FY24, Coles Online introduced its first fully electric delivery van to our online fleet. 'Sparky' is delivering up to 240 orders a week in Queensland, emitting fewer emissions than petrol powered vehicles. The van is also quieter to run and does not need to have the engine running when not in motion to keep groceries at optimal temperature.

In FY24, we continued our trial of 10 electric refrigeration vans (in which the refrigeration system runs off the vehicle's battery) with our partner, Custom Fleet. The trial of 10 vans in FY23 reduced our emissions and fuel usage by approximately 3.5t CO₂-e per year.



Pictured: Coles team member Izzy with Coles' first fully electric delivery van, Sparky.

1. Source: www.dsm.com/sustainability. 2. Product is certified carbon neutral from paddock to shelf under Climate Active's Carbon Neutral Standard.



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Our transport supply chain

Within our supply chain network, Coles is focused on reducing energy consumption and emissions through alliances and partnerships.

Initiatives during FY24 included:

- > A new direct delivery model with liquor supplier Lion, with the removal of a fleet of smaller trucks and consolidation of deliveries to Coles Liquor’s distribution centres.
- > Partnering with Linfox to convert road transport to rail between South Australia and Northern Territory; producing 16 times less emissions for every kilometre travelled by rail and removing 450 trailer loads from the roads in FY24.
- > Our Coles Collect backhaul transport solutions supported more than 155 suppliers across the national network. More than 63,600 loads were converted into the backhaul model, which reduced 3.5 million kilometres travelled and removed 4,000t CO₂-e.



Green star certification

Coles Supply Chain’s distribution centre network, which includes a combination of ambient and chilled sites, has been awarded a 3-Star Green Star Performance certification by the Green Building Council of Australia for its sustainable operational practices. This places the supply chain network among a small cohort of Green Star Performance ratings of 3-Star or higher achieved for an existing logistics portfolio within Australia.

Pictured: Coles’ distribution centre in Eastern Creek, NSW, which is included in the 3-star Green Star Performance certification.



GREAT BARRIER REEF FOUNDATION PARTNERSHIP

In November 2023, a group of Coles team members joined our partners at the Great Barrier Reef Foundation (GBRF) in Gladstone to collect flowers that will be used to create the first large-scale seagrass nursery, providing important habitats for marine species like turtles and dugongs. In May 2022, Coles announced a 10-year, \$10 million partnership with the GBRF to help strengthen the regeneration and resilience of the Great Barrier Reef.

Pictured: A Coles team member collecting sea grass flowers on the Great Barrier Reef.

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Our stakeholders – and particularly our customers – consistently tell us that one of the issues they care about most is waste, including food waste, and its associated environmental impacts.

As one of Australia's largest companies, we have the necessary scale to meaningfully reduce waste across our value chain, in collaboration with our industry partners, suppliers, producers and customers. Given waste contributes to Coles' total emissions footprint, waste reduction activities are also important in the context of our efforts to decarbonise.

Pictured: SecondBite ambassador Matt Preston assists Mornington Community Support Centre volunteer Rosie to stock their community pantry with food donated by Coles.



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Moving towards a circular economy

Our approach is focused on minimising the amount of waste associated with our operations, reducing food waste – from the farm through to customers’ homes – and implementing product stewardship initiatives that support and drive circularity.

We work closely with customers, industry, suppliers and other partners to support the transition from a linear waste model – where materials become products and, once used, are discarded as waste – to a circular economy model – where waste is seen as a valuable resource and manufactured into new materials and products.

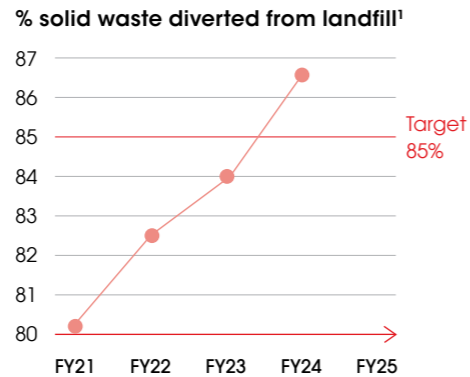
We recognise we need to collaborate across our value chain to change the way resources and materials are used, helping to maximise reusability and end of life product options, in addition to reducing and repurposing food waste.

Our progress

Reducing waste to landfill

In FY24, we diverted 86.7% of the Group’s solid waste from landfill (84% in FY23), exceeding our target of 85% by FY25.

PERFORMANCE AGAINST TARGET



This was achieved through a continued focus on expanding and increasing resource recovery options in our stores and distribution centres, as well as through our relationships with industry and recycling providers. Together we are working on developing recycling services and bringing new waste technologies to market.

We are raising awareness and educating our team members on the importance of reducing waste, and maximising landfill diversion opportunities in stores and across our supply chain.

In our supermarkets, a waste reduction initiative in FY24 included the expansion of our collection service of dry waste in South Australia consisting of materials including soft and rigid plastics, timbers, and metals, that would have otherwise gone to landfill. This waste is taken to ResourceCo Recovery Facility in Wingfield, South Australia to manufacture Process Engineered Fuel (PEF). PEF is a ready-to-use alternative fuel source (displacing fossil fuels) that harnesses the energy value of material currently going to landfill.



COLLECTIVE ACTION ON THE CIRCULAR ECONOMY

In FY21, Coles became a founding member of the Climate Leaders Coalition (CLC). The CLC is comprised of cross-sectoral Australian CEOs supporting the Paris Agreement commitments and setting public decarbonisation targets.

In FY24, CLC members, led by Coles and Nestlé, underwent a circular economy ‘deep dive’. Its objective was to drive and accelerate collective action on the circular economy and enable further industry decarbonisation in Australia.

This deep dive established circular economy foundations for CLC members through a shared definition of The Circular Economy in Australia, principles of circularity and a list of ‘must haves’ to enable successful circular initiatives.

CLC published a playbook ‘Towards a Circular Australia’, exploring the potential of circularity, and establishes principles to drive change away from traditional business paradigms.

Pictured: Coles’ team members Enes and Thao at Coles Tooronga supermarket loading cardboard into a compactor.

1. 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).

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Product stewardship

Coles supports the shift towards a circular economy by providing opportunities for customers to recycle their products after use, including batteries and drink containers.

Supporting product stewardship initiatives helps to reduce the end-of-life impacts of products sold in our stores and provides a pathway for materials to be recycled and recirculated back into the economy for further use.

Product stewardship initiatives in FY24 include:



Battery bins

To increase the low rate of household battery recycling¹ in Australia, industry and government launched the Battery Stewardship Council scheme, B-cycle, in 2022. Coles is an accredited participant of the scheme. Since November 2023, our partners, Close the Loop and EcoBatt, have installed almost 850 household battery recycling bins across our supermarket network to provide our customers with a safe, convenient, and effective way to recycle batteries and reduce household waste. As at 30 June 2024, more than 140 tonnes of used household batteries were collected from our stores.

1. BSC-Australian-battery-market-analysis-Project-report-2020.pdf (bcycle.com.au).



Container Deposit Scheme

In November 2023, a Container Deposit Scheme (CDS) was launched in Victoria, enabling consumers to earn a 10-cent refund for eligible container deposited. Schemes are now operational in all states and territories (except Tasmania) and are designed to reduce litter and encourage recycling. There are now more than 200 container return sites linked to Coles stores nationally. Consumers depositing containers in these machines can receive vouchers redeemable in Coles supermarkets. During FY24, more than 430 million containers were processed at these sites. Since 2018, when Coles first started supporting the schemes, containers deposited through Coles-linked sites surpassed 1.5 billion.

Pictured: Markus Fraval, Director, TOMRA Cleanaway, Coles team member Dave, Brooke Donnelly, General Manager Sustainability Coles Group, James Dorney, CEO of TOMRA Cleanaway.

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Food relief

Unsold, edible food donated

18,284 tonnes



(equivalent to more than 36.5 million meals¹) donated to SecondBite

1,773 tonnes



(equivalent to more than 3.2 million meals²) donated to Foodbank

Farmer program



47,222 tonnes

of fruit, vegetable and bakery products donated to farmers and wildlife organisations

Goodman Fielder bread return



4,442 tonnes

of surplus bread used as a component in stock and pet food

Organic waste services



30,002 tonnes

converted into nutrient-rich compost

Reducing food waste

Coles supports Australia's commitment to the United Nations Sustainable Development Goal to halve food waste by 2030. We also have a comprehensive food waste reduction strategy aligned with our overarching sustainability ambitions.

Since 2019, every Coles supermarket and distribution centre has at least one food waste diversion solution available, ranging from donating to food rescue organisations such as SecondBite and Foodbank, or to farmers and animal or wildlife services, food waste recycling collections, and in-store food waste processors.

We have partnered with SecondBite since 2011 and Foodbank since 2003 to rescue unsold, edible food that would otherwise have gone to waste. To date, we have donated the equivalent of 257.8 million meals to SecondBite and 44.9 million meals to Foodbank.

Coles has a food waste hierarchy that provides a process for how best we can dispose of food waste. The first level of the hierarchy is to donate unsold, edible food to our food recovery partners SecondBite and Foodbank to provide healthy and nutritious meals to people in need. Following that, we donate it to farmers, animal sanctuaries and zoos to support them with feed stock for their animals. Finally, we work to ensure any remaining food is processed back into nutrient rich compost.

In FY24, initiatives to reduce food waste included:

- adding supplementary food waste recycling services into 13 Sunshine Coast and six Bendigo regional stores, diverting approximately 348.2 tonnes per year of food waste previously destined for landfill into nutrient-rich compost.
- expanding our initiative with Goodman Fielder to collect and recycle surplus Coles Own Brand bread (unable to be used by our food charity partners) to process into bread meal, a key ingredient in pet foods such as dog biscuits.

In 2021 Coles became a founding signatory to the Australian Food Pact, now called End Food Waste Australia. Together we have measured the food waste generated across stores, distribution centres and manufacturing facilities. This data has been used to identify areas of focus and activities with the potential to reduce waste. Within Coles there is now a working group with the specific focus of driving down the level of food waste generated along the supply chain, in stores and helping our customers.

In April 2024, Coles announced its involvement in the Australian Food Waste Challenge, helping support Australia's National Food Waste strategy to halve the country's food loss and waste by 2030. As the sponsor of the retail category in the inaugural challenge we called on innovators and small businesses to submit their innovative solutions to help end food loss and waste.



Pictured: Repurposing surplus bread: Excess and unsold bread is collected daily by bakery supplier Goodman Fielder, from more than 750 Coles supermarkets (400 in FY23) and processed into breadcrumbs and bread meal used to make stockfeed.

1. SecondBite uses the conversion of total kilograms donated multiplied by two to determine equivalent meals. **2.** Foodbank uses the conversion of total kilograms donated divided by 0.555 to determine equivalent meals.

Working with our partners, suppliers and customers to reduce food waste

As part of our three-year partnership with Planet Ark, Coles is the major sponsor of National Recycling Week. In FY24, a key focus of the campaign was reducing food waste.

We worked together on a range of social media activations that shared tips and tricks to manage food waste in the home. This included the release of an online fridge checklist to help our customers keep track of what's in their fridge and, ultimately, waste less food and save money.

The partnership also saw us jointly develop three food waste lesson plans within the Australian science curriculum that examine the role students can play in managing green waste systems. The lesson plans are available nationally for teachers and educators to access through the Cool.org education resource website.

Another important way to reduce food waste is to utilise as much of the agricultural crop grown as possible. 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. In FY24, approximately 21,000 tonnes of I'm Perfect fruit and vegetables were sold.

In February 2024, we teamed up with vegetable company Nutri V to launch a range of nutritious vegetable powders that aim to reduce food waste and also provide a convenient way for Australians to increase their vegetable intake. Nutri V converts imperfect Australian vegetables such as broccoli, pumpkin and cauliflower into a powder that can be added to meals such as smoothies, muffins, and pasta sauce.

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Packaging plays an essential role in protecting products during transport, extending product life, keeping food safe and reducing food waste. When not managed responsibly, however, packaging can end up in landfill or polluting our natural environment, oceans and waterways, negatively impacting wildlife.

For this reason, it is important to Coles, our customers, and other stakeholders that we reduce unnecessary packaging, incorporate post-consumer recycled content where possible and design packaging that is easy to recycle.

Pictured: Coles launched new-style packets of mandarins (800g) in recyclable paper bag packaging.



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Driving sustainable packaging

Our R³ Packaging Framework provides a clear and systematic approach across our business to help us drive continuous progress against the Coles Own Brand and Coles Liquor Own Brand packaging targets.

The Framework is based on:

01. Redesign

Reducing unnecessary packaging and removing non-recyclable components where possible.

02. Recycle

Helping ensure our packaging is recycled as much as possible.

03. Reimagine

Finding new ways to reuse materials.

We have a dedicated team that provides expertise, drives sustainable packaging outcomes through the product development process, conducts packaging reviews and has ongoing engagement with our suppliers and team members.

Our team was recognised at the annual Australian Packaging Covenant Organisation (APCO) awards in November 2023, winning the Industry Education Award for our Supplier Packaging Enablement program.

The program is designed to share knowledge and grow capability with our Coles Own Brand suppliers to create more sustainable packaging. Through webinars, guidelines, and training we are helping to increase our suppliers' understanding of packaging sustainability and driving progress towards the National Packaging Targets.

Our progress

As a signatory to the Australian Packaging Covenant and a member of the APCO, we are continuing to support progress towards Australia's 2025 National Packaging Targets.

Despite the National Packaging Targets generating considerable industry action in support of the transition to a circular economy in Australian packaging, APCO's 2023 review¹ of the targets revealed they are not on track to be met. The review also found that greater collaboration across the entire packaging system is needed, along with strong and coordinated interventions on essential packaging material.

Coles works closely with its suppliers, industry, government, and other partners to accelerate sustainable packaging, including Planet Ark, APCO, and ANZPAC, to help tackle waste and recycling challenges across all stages of the value chain.

Our packaging commitments

Support industry to achieve 100% reusable, recyclable or compostable packaging:

At the end of FY24, 87.4% of Coles Own Brand and Coles Liquor Own Brand packaging was recyclable, up from 83.8% in FY23². This percentage is still impacted due to the cessation of the REDcycle soft plastics recycling program in November 2022.

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

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.

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

Coles Own Brand has refreshed its Recycled Content Roadmap following APCO's independent report. Coles has undertaken a deeper review of feasibility to include recycled content based on Coles' portfolio mix.

Coles will continue to support industry towards an average of 50% recycled content by prioritising recycled content based on availability, cost, and meeting customer expectations.

Support industry with the phase out of problematic and unnecessary single-use plastics packaging:

In FY24 we phased out 293 tonnes of problematic and unnecessary single-use plastics packaging from Coles Own Brand and Coles Liquor Own Brand packaging.²

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Fresh produce packaging and bags

Consistent with jurisdictional legislation, during the year we continued to remove single use plastic produce bags, rolling out compostable produce bags to all our stores in South Australia¹. This will remove 28 million plastic produce bags from circulation in one year.²

We are also working to encourage more customers to use reusable fresh produce bags. We reduced the price of our three pack of reusable mesh bags and installed permanent bag holders in the fresh produce department to make these bags more visible and readily accessible.

We also focused on the packaging in our fruit and vegetable section, including:

- launching Coles' Unique Selection mandarins in a kerbside recyclable paper bag, instead of a traditional plastic net, avoiding over 11.7 tonnes of plastic net bags³
- launching grapes in kerbside recyclable paper bags in Victoria and Tasmania, avoiding over 68.4 tonnes of plastic bags.⁴



More than 500 million pieces of plastic removed since 2021

Since 2021, we have removed more than 500 million pieces of plastic from our Coles Own Brand products, including removing 230 million plastic shopping bags from circulation in one year⁵, replacing 223 million plastic bread tags with cardboard ones⁶, and removing 600,000 plastic laundry scoops from a selection of Coles laundry powders.⁷

From October 2023, all Coles Own Brand cooking chocolate transitioned to recyclable paper packaging – removing over 1.5 million plastic wrappers from circulation annually⁸.

There are several factors driving these plastic removal initiatives at Coles, including the continuous progression of our R³ Packaging Framework, the development of new innovations and technologies, and meeting legislative requirements.

Pictured: The Christie family enjoying mandarins from the new-style recyclable paper bag packaging.

1. South Australia has implemented state-wide regulation banning plastic produce bags from 1 September 2024. 2. Based on number of plastic produce bags delivered to South Australian stores in the 52 weeks to 28 August 2023. 3. Calculations based on unit sales for forecasted volumes across the season (April – Oct). 4. Based on annual forecasted sales from February 2023 – February 2024. 5. Based on unit sales over a 52-week period until April 2023. 6. Based on unit sales over a 52-week period until June 2021. 7. Based on unit sales over a period until August 2021. 8. Based on unit sales over a 52-week period until December 2023. 9. Based on unit sales over a 52-week period until April 2024.



Redesigning salad bowl packaging

During FY24, we worked closely with our packaged salad suppliers to make changes to our range, including:

- transitioning the salad bowls and tray inserts to 100% post-consumer recycled plastic, resulting in a 223.4 tonne reduction of virgin plastic annually⁹
- removing all wooden forks and their plastic sleeves from our salad bowls and veggie pot ranges, resulting in a reduction of 1.9 tonnes of packaging.⁹

These small changes collectively make a big difference, and we will continue to work with our suppliers to identify further plastic packaging reduction opportunities.

Pictured: Coles Kitchen chicken caesar salad bowl (180g) featuring the new recycled plastic packaging.

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COLES AND PLANET ARK WORKING IN PARTNERSHIP TO REDUCE PACKAGING WASTE

This year Planet Ark and Coles worked together on a range of initiatives to help tackle the challenges of packaging waste and recycling.

Coles has undertaken trials in our Fresh Produce section to help reduce waste and make recycling more convenient and accessible for our customers. With Planet Ark's support we collaborated on communicating packaging changes in-store and online, to advise our customers that select potatoes and mandarins were available in packaging that is kerbside recyclable.

In February 2024 we jointly developed content for our online catalogue, highlighting packaging that is kerbside recyclable and

providing information about the Australian Recycling Label symbols and how to use Planet Ark's recyclingnearyou.com.au platform to check what can be recycled in local council areas.

Planet Ark supported the launch of Coles Own Brand So Soft and Strong Tissues in March, with Coles donating five cents from every box sold to support Planet Ark's programs, such as National Tree Day, National Recycling Week and Recycling Near You. These tissue boxes were included in a redesign of Coles' key Own Brand tissue products in 2023, which saw the plastic opening removed, taking out 13 tonnes of plastic from circulation in one year¹, or the equivalent of 412,000 plastic bags.



Pictured: Coles is donating 5 cents from the sale of every box of Coles So Soft & Strong Facial Tissues (95 pack) to partner Planet Ark.

1. Based on unit sales over 52-week period until June 2022, calculation based on dividing the weight of the Coles plastic shopping bag into 13 tonnes.

SOFT PLASTICS RECYCLING

Following the cessation of the REDcycle soft plastics recycling program in November 2022, the Australian Competition and Consumer Commission (ACCC) granted an authorisation for the three major supermarkets, Coles, ALDI and Woolworths (the Soft Plastics Taskforce) to work together to resolve legacy issues. This involved identifying stored materials and consolidating them into safe storage facilities which was largely completed during 2023. However, the recommencement of processing of this material was delayed until new capacity came online in the first quarter of 2024.

Stockpiles of soft plastics are being processed with the aim of elimination as more capacity becomes available. Due to the ongoing need for ACCC authorisation, an extension was sought to permit the continued processing and management of legacy material and allow ongoing dialogue between the retailers.

The commencement of new processing capacity in 2024 provided the opportunity for re-evaluating in-store collection.

In February 2024, trials commenced in 12 stores in Melbourne, comprising five Coles, five Woolworths and two ALDI stores.

The trial provided a mechanism for validating costs and processes for a new scheme. Additionally, the sorting of soft plastics identified that items came from a vast range of sources including large volumes of clear plastics, postal bags and proprietary brands, not just those associated with supermarket own brands.

The failure of the original scheme and the ongoing need for a viable system to collect and process soft plastics was identified as being an ideal fit for a new industry-wide Product Stewardship scheme.

In FY24, Coles came together with other Soft Plastic Taskforce retailers, leading brands and other organisations to discuss the process and elements required to develop a Product Stewardship scheme for soft plastics. The intent is that this will continue to develop during FY25.

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Sourcing and farming

Our sourcing and farming strategic pillar aims to reduce environmental impacts and protect animal welfare, with respect to the products we sell in our stores.

We partner with farmers and suppliers across our supply chain who share our commitment to sustainability and seek to improve environmental outcomes.

We also engage with a variety of third-party certification schemes, NGOs and industry bodies who specialise in improving

environmental and animal welfare outcomes, such as Forest Stewardship Council® (FSC®), Marine Stewardship Council (MSC) and the RSPCA Approved Farming Scheme.

Sourcing and farming incorporates the following topics:

- > Supporting Australian producers
- > Safeguarding animal welfare
- > Sustainable products and ingredients

Pictured: Coles beef supplier Peter Buckenara (left), with his wife Tanya and Coles team member Campbell in Bremer Bay, Western Australia.

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Supporting Australian producers

We are committed to building and maintaining strong, multi-generational, collaborative relationships with the farmers and producers supplying Coles. Without their dedication and hard work we would not be able to provide great quality products to our customers.

Coles supermarkets has an Australian-first Sourcing Policy to provide our customers with quality Australian-grown fresh produce whenever possible. It is important to our customers that the food they buy is Australian grown and benefits Australian producers.

Coles' regionally based Livestock team has over 290 years' collective industry experience. They work closely with more than 2,500 beef and lamb suppliers across Australia to meet our livestock sourcing requirements.

In FY24, more than 97.5% of fresh produce, by volume, was sourced from suppliers all over Australia.¹

100% of Coles Own Brand fresh pork, chicken, turkey, duck, beef, lamb, milk and eggs were Australian grown. There are limited situations where fresh produce cannot always be sourced from Australia, and we will continue to work closely with our growers to try and find solutions to supply challenges².

This year our relationship with suppliers and producers came under significant scrutiny as part of several parliamentary inquiries examining the supermarket sector and grocery pricing in Australia. While we acknowledge we do not always get it right, our procedures do seek to ensure fair and sustainable relationships. We deeply value our supplier relationships and work hard to interact in a fair, honest, and transparent manner.



Pictured: Cattle raised with no added hormones from Boorook Partners in Victoria, who supply Coles Finest Certified Carbon Neutral Beef.

1. Excluding floral, nuts, dried fruit, sauces, dressings and packaged salads. 2. Coles may import fresh produce when produce is not available in Australia or supply is limited during parts of the year.



Our suppliers embracing new opportunities

Berry Sweet has been a strawberry supplier to Coles for over two decades. Berry Sweet actively participates in growing trials to innovate its business including trialing several new varieties and packaging types with a quality focused approach. It has adopted the use of a hydroponics system which requires less fertiliser, fewer chemicals and less water compared to traditional ground grown strawberries. This approach helps them extend the growing season.

Pictured: The Yewers family from Berry Sweet in Western Australia.



CASE STUDY

Recognising farmers and suppliers

The Weekly Times Coles Farmer of the Year Awards recognises the exceptional work of farmers across Australia. In FY24, winners demonstrated strong business acumen and a commitment to innovation and sustainability, while continuing to deliver high quality produce.

Over the past 12 years, *The Weekly Times* Coles Farmer of the Year Awards have had 72 winners, 210 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.

Pictured: Coles GRAZE beef supplier and *The Weekly Times* Coles Beef Farmer of the Year, Trevor Caithness.

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Strong, long-term supplier relationships

We have long-standing, generational relationships with many of our suppliers, including some who have been providing their locally grown produce to Coles for more than 50 years.

Each week, Coles supplies millions of customers with fresh food and produce. To meet this demand, and deliver consistently for our customers, we partner with farmers, growers, and aggregators.

Positive engagement with, and satisfaction of, Coles' suppliers is highly important to Coles and Coles' performance. We track and

measure supplier satisfaction or sentiment through multiple channels, including the Advantage Voice Survey, Advantage Pulse Survey, the Grocery Code Survey and the UBS Analyst Survey. The data and insights we receive are important in executing our supplier engagement strategies.

Coles celebrates four 50-year supplier milestones



Since 1948 **Montague's** has had a passion for the tastiest natural fresh fruit production, growing apples, stonefruit and cherries, while also partnering with other Australian family farmers to supply high quality fresh fruit to Coles.

Pictured: Scott Montague and family in Victoria.



Wickham Farms supplies Coles with locally grown and packed brushed potatoes throughout the year. The family-run business is one of the largest employers in Killarney employing up to 40 people locally for operations such as farming, planting, harvesting, packing, processing, and administration.

Pictured: Kerri-Ann and Haydn Lamb from Wickham Farms in Queensland.



Third generation farming business, **Schreurs & Sons** is 100% Australian family-owned and operated and specialises in celery and leeks. The longevity of the relationship with Coles has been built around trust, innovation and supplying consistent high-quality products that our customers love.

Pictured: Adam Schreurs from Schreurs & Sons in Victoria.



Butler Market Gardens, are sixth generation fresh vegetable and herb farmers, operating across multiple locations around the country, with their home base in Heatherton, Victoria. The team prides themselves on same day harvest, pack and dispatch to ensure its product is showcased as fresh as possible to our customers.

Pictured: Rick Butler from Butler Market Gardens in Victoria.

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Sustainable dairy farming

We source fresh milk from dairy farms across Western Australia, South Australia, Victoria, Tasmania and NSW. In FY24, we directly sourced milk from 112 dairy farms, supplying more than 500 million litres of milk to produce Coles Own Brand fresh milk and some Coles Own Brand cheese.

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

During FY24, Coles acquired two milk processing facilities from Saputo Dairy Australia. The acquisition of these facilities will enable Coles to improve the security of our milk

supply and supply chain resilience and allow us to continue to build on the strong relationships we have developed with our dairy farmers.



Further information on this acquisition is available in our **2024 Annual Report**.

We have several programs in place to support the dairy industry in Australia to be more sustainable and create lasting impact for farming operations and the environment. These programs, including the Coles Sustainable Dairy Development Group (CSDDG), are aimed at supporting farmer-led projects focused on reducing greenhouse gas emissions, improving soil nutrients and quality, water management, biodiversity, and animal welfare.



CASE STUDY

Supporting sustainability in the dairy industry

The Coles Dairy Farm Sustainability Accelerator Fund allocated approximately \$1.5m in FY24 and has committed to allocating \$1.5m in FY25 towards sustainable farming projects across the Coles dairy farmer group.

In FY24, we funded 100 dairy farms to drive innovation and fund projects that focused on a variety of areas including animal welfare, installation of solar energy, and infrastructure improvements.

Coles dairy farmers Benjamin and Melissa Holloway will use a grant from Coles' Dairy Farm Sustainability Accelerator Fund to help install an 80kw solar roof system on their farm in Victoria's southwest. The new 80kw system will be a significant addition to the Holloways existing roof solar system,

providing their farm an extra 106,000kw a year in renewable energy. Benjamin Holloway said:

"This investment from Coles will help us upgrade our current solar system. Energy on our farm will nearly all be generated from the solar roof, reducing our carbon footprint, while providing us with renewable energy that can be stored and used as required. We're incredibly grateful to Coles and proud to help drive change in our industry."

Pictured: Benjamin and Melissa Holloway on their farm in Victoria's southwest.



Pictured: Saputo Site Manager Darren Martin with Coles Group's Kevin Gunn, Executive General Manager Operations, Strategy and Transformation, and Tam Ryder, General Manager P&C Operations at Saputo's Victorian site on the day of Coles' acquisition.

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Coles Nurture Fund – investing in farmers and suppliers

Since 2015, the Coles Nurture Fund has awarded \$36 million in financial support to 107 small businesses across Australia, with its current focus on helping them innovate and grow. The Coles Nurture Fund provides grants to farmers and producers which support innovative projects and sustainable farming practices.

Awarding grants to projects that align with our values of sustainability and impact, means we are not just helping businesses, we are investing in the future of Australian agriculture.

In FY24, Coles awarded \$3.7 million in grants to support nine new projects, including the conversion of saline water to drinkable water in Western Australian beef production, and others aiming to reduce emissions and waste, and maximise production.



CASE STUDY

Coles Nurture Fund grant helps WA orchard introduce all electric machinery for its avocado harvesting system.

Located in Yanmah, Western Australia, Prada Farms is an avocado farm that has been awarded \$461,000 towards its project to create a harvesting system that runs on renewable energy.

With a high percentage of farms using petrol or diesel-powered equipment, Prada Farms' industry-leading project will introduce all-electric machinery to lower emissions across its operation.

Co-owner of Prada Farms, and second-generation avocado farmer Rod Duncan, is passionate about making the process more efficient and environmentally friendly.

“Our vision is to have a net zero-emissions harvesting process, and the Coles Nurture Fund will help us make it a reality. Prada Farms is incredibly proud to be installing an off-grid solar system to charge electric farming vehicles, electric cherry pickers, and a lithium battery powered forklift, to help harvest our beautiful avocados. It has been a family commitment, with three generations involved – my 90-year-old Mum, and my daughter,” Rod said.

“This grant means a lot to our farm and our family, and we are extremely grateful to the Coles Nurture Fund for making it possible. It’s such a great message for other farmers in the area to see how being sustainable can accelerate your business.”



CASE STUDY

Coles Nurture Fund grant helps Victorian grower introduce renewable energy and equipment to eliminate waste.

Located in Diggers Rest, Bulla Mushrooms – Australia’s largest organic mushroom farm and Coles supplier of seven years – was awarded a \$490,000 grant toward its project to become a zero-waste farm by turning excess mushrooms into high value products.

Bulla Mushrooms has a commitment to reduce waste by finding different ways to use their high-quality mushrooms – from natural to dried, powder to shelf storage – delivering delicious variety to our customers and ensuring a zero-waste approach.

Managing Director Georgia Beattie said the grant will go towards installing a mushroom drying facility called the Zero Waste Studio which will be used to investigate how to maintain the nutritional profile of the mushroom while safely increasing its shelf life.

“I am passionate about sustainability, food diversity and finding alternative pathways for

excess stock so it doesn’t go to waste. This grant from the Coles Nurture Fund will give me the financial support I need to turn my vision into a reality and commit to being the change I want to see,” Georgia said.

“From a cost-of-living perspective, our ultimate goal is to provide a range of great value and nutritious mushroom products to all customers all year round.”

“I’m very grateful to Coles for recognising Bulla Mushrooms and I look forward to making a real difference with the help of the Coles Nurture Fund grant.”



More information on the Coles Nurture Fund and recipients can be found at coles.com.au/nurturefund

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Safeguarding animal welfare

We care about how the food we sell is produced and sourced and are committed to protecting and improving the welfare of the animals within our supply chain. We work closely with farmers and food producers over the long term and seek to source higher welfare meats and eggs for Coles Own Brand products.

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 Freedoms¹ Framework to address the welfare of farmed animals by minimising negative experiences.



Pictured: Lambs on Garwain farm in Coolamon, NSW, who supply into the Coles GRAZE Lamb Program.

Coles was the first major Australian supermarket to deliver several Coles Own Brand products with higher animal welfare standards in mind, including:



All Coles Own Brand fresh beef with no added hormones



All Coles Own Brand shell eggs cage-free



All Coles Own Brand fresh pork, ham and bacon sow stall free and produced without artificial growth promotants



Coles Own Brand fresh whole duck farmed responsibly.²

During FY24, our sustainable sourcing and internal audit teams performed 50 audits of farms and food processing sites. These audits included validating adherence to our Animal Welfare Policy, supporting higher welfare outcomes.

RSPCA Approved

At the end of FY24 we had 281 products with RSPCA Approved ingredients. In FY24 we also launched our Certified³ Carbon Neutral free-range pork products which are sourced exclusively from farms with RSPCA Approved certification.

Coles offers customers the broadest range of RSPCA Approved products of any national retailer. Coles Own Brand products source indoor raised and free-range chicken; indoor raised and free-range turkey; and free-range pork, all sourced from farms that are assessed and certified to the RSPCA Approved Standards.

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	

Antibiotics

The responsible use of antibiotics in agriculture is an important consideration for animal and human health. Our position is one of responsible use of antibiotics, where we follow the guidance of the Five R's and Antimicrobial Stewardship (AMS)⁴ 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.

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, GRAZE Lamb Standard, the Egg Standards Australia Level 3 standard or Milk Purchase Agreements.

We have 602 suppliers on the program which consists of our 53 Coles Own Brand cage-free shell egg producers, 437 GRAZE beef and lamb producers, and 112 Dairy Direct Sourcing Model producers.

1. For further information, visit <https://kb.rspca.org.au/knowledge-base/what-are-the-five-freedoms-of-animal-welfare/>. 2. Sourced from farms assessed against the Coles Duck Farming Standard. 3. Product is certified carbon neutral from paddock to shelf under Climate Active's Carbon Neutral Standard. 4. The 5 R's and Antimicrobial Stewardship (AMS) Framework refers to responsibility, reduction, refinement, replacement and review of using antibiotics in animal production systems.

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GRAZE¹ Beef and Lamb

Our sourcing requirements exist to support quality and taste, as well as specialised ranges, that offer other product attributes, such as our Coles GRAZE grass-fed 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). GRAZE Lamb is sourced from across Australia, where lambs are 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 in FY24:

139 beef producers and 96 lamb producers have a tree planting program on their property, with a total of over 230,000 trees having been planted by producers in the last 12 months.



119 beef producers, and 83 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: GRAZE Lamb suppliers Andy and Cameron Marwood with Coles Lamb buyer Daniel in Mildura.

Cage-free eggs

We are committed to phasing out all cage shell eggs nationally in 2025 in line with the retail industry's target. During this year, we continued to work closely with our suppliers to develop production plans to increase cage-free egg supply.

All Coles Own Brand shell eggs sold nationally have been cage-free since 2013 and we have also achieved cage-free status for branded (proprietary) shell eggs in Western Australia (in 2019), Victoria (2022) and South Australia in FY24. This takes us to 94% cage-free nationally at the end of FY24, across all our Coles Own Brand and branded (proprietary) shell eggs.

Progress this year was supported by the addition of new farms and sheds, as well as converting existing cage sheds to cage-free (barn), as suppliers look to move away from caged systems.

In addition to this, we have been actively working towards transitioning our Coles Own Brand products that contain egg ingredients to cage-free sources in 2025. In FY24 we increased the number of Coles Own Brand products converted to cage-free to 66%², up from 51% in FY23 and 42% in FY22. We achieved this by engaging with our egg ingredient and Coles Own Brand manufacturers to develop roadmaps for all remaining product conversions.



BIOSECURITY

Coles has a response process to support the effective management of biosecurity threats relating to animal disease outbreaks including foot and mouth disease, lumpy skin disease and avian influenza.

During FY24, in response to the outbreaks of avian influenza at poultry farms in Victoria and NSW, we updated contingency plans to address biosecurity risks, supply chain scenarios, and farmer support mechanisms. We consulted with impacted suppliers, industry bodies and government to further our understanding of the implications and long-term impacts of this outbreak. Throughout FY25 we will continue to work with impacted suppliers to support their recovery.

1. More information about our GRAZE brands is available at <https://www.coles.com.au/about/who-we-are/our-brands/graze-beef-and-lamb>. **2.** As at end of FY24, includes Coles Own Brand shell egg SKUs and products with egg ingredients. Excludes seasonal products and egg ingredients under 1% of recipe unless already converted to cage-free.



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Sustainable products and ingredients

Working together with our farmers, suppliers, and industry partners we seek to support practices that help reduce the environmental impacts associated with Coles Own Brand products.

In an increasingly complex regulatory landscape in which environmental and sustainability claims on products are under close scrutiny, it is important our customers and other stakeholders have confidence in the labelling of our Coles Own Brand products.

To assist our customers to make more sustainable choices, we use independent and internationally recognised certification and verification programs to support environmental protection across products that contain higher-risk commodities including tea, coffee, cocoa, sugar, timber, paper, pulp, palm oil, cotton and seafood.

We will also continue to look at opportunities to minimise the potential environmental impacts, including deforestation, associated with higher risk commodities used in our Coles Own Brand products.

Nature and biodiversity

We recognise the importance of nature not only to our business, but to the economy and broader society. Given the extent of Coles' interface with nature across our value chain, understanding and identifying key nature-related risks and opportunities is fundamental to achieving our climate, sustainability, and strategic business objectives.

During the year, we commenced the development of a nature roadmap to identify and support action for nature. We are considering a broad definition of nature, encompassing 'living' and 'non-living' aspects of the natural world, both renewable and non-renewable, for example, plants, animals, forests, water, soil, and minerals.

In developing the roadmap we are reviewing existing initiatives and how nature intersects with our policies and strategies.

The roadmap will provide a plan for Coles Group, setting out key actions required and what needs to be prioritised, including governance arrangements, to enable key actions.

In undertaking this work, we are considering a range of stakeholder views, as well as current and emerging disclosure requirements, including the Taskforce on Nature-related Financial Disclosures (TNFD).

Deforestation

Deforestation is a contributor to climate change and biodiversity loss and a driver of embedded emissions within our supply chain.

Recognising the important role forests play in mitigating climate change, Coles uses a range of certifications to support the safeguarding of forests across high-impact Coles Own Brand supply chains, including the Rainforest Alliance, the Forest Stewardship Council® (FSC®) and the Roundtable on Sustainable Palm Oil (RSPO).



Our efforts and progress to date are detailed in our, 'Protecting Forests' statement, published this year and available colesgroup.com.au/responsible-sourcing/

We are currently developing commodity roadmaps to address the potential risk of deforestation. These roadmaps build on existing programs of work across cocoa, palm oil, timber, pulp and paper, and lay the foundations for future work in beef and soy used in feed for livestock and aquaculture.

As we progress our work in this area, we will collaborate closely with our suppliers.



Pictured: Coles Finest Belgian Dark Chocolate made from responsibly sourced cocoa.

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OUR PROGRESS ON MANAGING HIGHER RISK COMMODITIES FOR ENVIRONMENTAL IMPACT

Commodity	Our approach	FY24 progress
Timber, pulp, paper	All Coles Own Brand timber, pulp and paper products source 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. ¹	As outlined in the <i>Our approach</i> column.
Palm oil	<p>All of Coles Own Brand food and drink products that contain palm oil, sold in Coles supermarkets, support the production of sustainable palm oil through the Roundtable on Sustainable Palm Oil (RSPO) certification.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>We require all our Coles Own Brand product labelling to identify palm oil specifically, rather than using the common term 'blended vegetable oils'.</p>	<p>We are progressively converting Coles Own Brand non-food products² and more than 90% of these products contain or support the production of sustainable palm oil.</p> <p>As we work towards transitioning the remaining 10% of non-food products, we are offsetting our impact by purchasing RSPO 'book and claim' credits,³ which support smallholder palm oil farmers.</p>
Cocoa, tea, coffee, sugar	All tea, coffee and cocoa used in Coles Own Brand products sold in Coles supermarkets, are required to be independently certified or verified to the programs of Fairtrade, Rainforest Alliance or Cocoa Horizons. Our Coles Own Brand caster, raw ⁴ , brown, white and icing single ingredient packet sugars are Bonsucro certified.	Since 2023, all tea, coffee and cocoa products have been certified/verified and we maintained our FY23 position for single ingredient packet sugars.
Soy	Soy as an ingredient in our Coles Own Brand food and drink products, is predominantly sourced from countries outside of South America ⁵ and therefore considered to be a lower risk of soy-related deforestation. ⁶	As part of our deforestation approach, we baselined our soy in feed sources for livestock and aquaculture, and engaged key suppliers and importers on the topic of deforestation and our governance and roadmap programs. We will continue to engage our suppliers and seek to embed the changes in a consultative and considered manner.
Cotton	In FY24, Coles became a member of the Better Cotton Initiative (BCI), which seeks to improve the environmental outcomes associated with farming cotton.	Coles has commenced sourcing Coles Own Brand cotton products through the BCI program, including our Cook and Dine tea towels, placemats and aprons, which will be available to customers in FY25. We will aim to increase the volume of Coles Own Brand cotton sourced as Better Cotton. ⁷

1. This excludes cellulose, viscose and product packaging. **2.** Based on the 2023 Annual Communication of Progress (ACOP) reporting period. The 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.** Excludes Coles Own Brand Organic raw sugar SKU. **5.** 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. **6.** Fraanje, W. & Garnett, T. (2020). Soy: food, feed, and land use change. (Foodsource: Building Blocks). Food Climate Research Network, University of Oxford. **7.** Better Cotton is sourced via a chain of custody model called mass balance. This means that Better Cotton is not physically traceable to end products, however Better Cotton Farmers benefit from the demand for Better Cotton in equivalent volumes to those we 'source'.

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Seafood

We care about how the seafood we sell is sourced and produced, recognising there are potential environmental impacts associated with seafood production, including overfishing, by-catch and illegal fishing, which we work hard to mitigate.

Our Responsibly Sourced Seafood Program recognises a range of certification and assessment programs.

For farmed (aquaculture) seafood Coles Own Brand products must be certified by:

- > Aquaculture Stewardship Council (ASC);
- > Best Aquaculture Practices (BAP); or
- > GLOBALG.A.P.

For wild-caught seafood Coles Own Brand products must be:

- > Certified to the Marine Stewardship Council (MSC) Standards; or
- > Independently assessed as meeting the Coles Wild Seafood Assessment Framework (Assessment Framework).

For wild seafood sources covered via our Assessment Framework, it is important that we account for the latest fishery science and management advice when updating our Approved Sourcing List – a process that is undertaken annually in collaboration with MRAG Asia Pacific.

In FY24, we enhanced this approach by embedding a 'spot-check' exercise into our process, whereby a subset of approved sources were independently reviewed to ensure that our Assessment Framework is being followed correctly and consistently.

In March 2024, Coles was awarded MSC Best Sustainable Seafood Supermarket at the Marine Stewardship Council and Aquaculture Stewardship Council's 'Sustainable Seafood Awards Australia'. Independently judged, the award recognised Coles for making the most significant commitment to MSC certified sustainable seafood of any Australian retailer during 2023.



CASE STUDY

Sourcing wild-caught banana prawns

Certified by the MSC since 2012, the Australian Northern Prawn Fishery has become a key source of wild banana prawns for Coles' deli range.

Heavy rainfall in early 2023 saw banana prawns move out of their estuary habitats into open seas, leading to an abundance of wild prawns being caught in Australia's far north-east, resulting in increased supply and availability for our customers across our delis.

Coles remains the first and only supermarket in Australia with MSC Chain-of-Custody certification, allowing for the application of the MSC blue fish tick label to certified seafood sold at our deli counters.

Our banana prawns join a range of other MSC certified products with the MSC label available in our fresh, frozen and canned range.



CASE STUDY

Coles canned tuna range to get tick of approval from the Marine Stewardship Council

To mark World Tuna Day in May 2024, we announced that all Coles Own Brand canned tuna will be MSC certified and will start to carry the blue fish tick label from September 2024.

The MSC is one of the world's most widely respected seafood certification programs and the distinctive blue fish tick label gives our customers the assurance that the seafood they are buying is wild and from a well-managed and sustainable fishery.

Coles will have the largest MSC certified own brand seafood range in Australia and be on track to become the first Australian supermarket to have its entire own brand canned fish range third-party certified by the leading global standard for sustainable seafood.¹

When the transition is complete, 75 Coles Own Brand seafood products will be MSC certified, including Thawed Australian Raw Banana Prawns, Canned Pink Salmon range and Frozen Beer Battered Fish Fillets.

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¹ Based on ranging as at 2 May 2024.



Human rights and ethical sourcing

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

With an extensive national footprint of stores and team members, supported by a range of digital platforms and a global supply chain, we recognise our responsibility to respect the fundamental human rights of people in our operations and supply chain.

Pictured: Chris Scheurs from Schreurs & Sons on his farm in Victoria.



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Our approach to human rights

We are pleased with the progress made since 2020, 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 purchasing practices, and protect the rights of vulnerable individuals across our value chain.

We understand the work we do to protect human rights is an ever-evolving process, requiring continuous improvement and innovation.

During FY24, we refreshed our Human Rights Strategy, building on the foundation of our 2020 Human Rights Strategy.

Our refreshed Strategy was developed over an extended period and included research, learning, consultation and design, in partnership with an external consultant with demonstrated experience in human rights for business. The Strategy incorporated wide engagement with internal and external stakeholders (including team members, suppliers, non-government organisations, academics, survivors of modern slavery and workers in our supply chain) and affected persons, as well as a detailed assessment and research on best practice.

The **Strategy architecture** (summarised below) includes the components of our approach:

- our **commitment** to human rights – which includes the principles that guide what we do.
- the **enablers** for our approach – core practices that drive the strategy via sound governance, due diligence, engagement, and continuous improvement.
- our **strategic ambitions** – focused on people in our team, our supply chain, our community, and customers, as well as strengthening core business processes. Each ambition has **key priorities** with dedicated actions in our detailed plan.
- the **key issues** we will focus on – the areas identified as having the greatest actual and potential adverse impact on human rights across our value chain. This is where we will address risks and drive our efforts to create change.

The Strategy will guide Coles' future activities until 2027 (when a formal review will be undertaken), and is integrated within our strategic approach to sustainability, diversity and inclusion, and First Nations engagement.



More information on our refreshed Human Rights Strategy can be found on our website colesgroup.com.au



Pictured: Coles team member Mariko with Cameron Davine from Haars nursery.

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Strengthening our ethical sourcing processes

We are committed to respecting human rights throughout our supply chain. Over the last five years we have significantly strengthened our ethical sourcing practices, building robust internal processes and stronger engagement with suppliers to help ensure our standards on human rights are met.

Our comprehensive Modern Slavery Statement – to be released in September 2024 – focuses on how we integrate modern slavery risk management across our business and outlines our approach to working in partnership with our suppliers on combatting modern slavery.

As stated on page 38, this year we undertook a significant piece of work to refresh our Human Rights Strategy.

Our Ethical Sourcing Program (Program) is designed to set, and assess suppliers against, our expectations relating to human rights, encompassing labour standards, health and safety, bribery, corruption, and the environment.

In FY24, we continued to embed the implementation of the Program across our supply chain.

Following the release of our research into accommodation standards in FY23, in partnership with the Retail Supply Chain Accord (Australian Workers Union, Transport Workers Union, SDA), Be Slavery Free, and a range of stakeholders, we have continued work to develop a minimum standard for accommodation provided to workers across our Australian agriculture supply chain.

We also:

- held education and engagement events for farm workers in Mildura (Victoria) and Devonport (Tasmania), covering labour rights, award rate calculations and available grievance channels.
- continued our worker voice project, by engaging with workers directly through surveys in both Australia and New Zealand.
- continued engagement with suppliers in the construction industry by conducting initial wage reviews on high-risk trades including plastering, painting, and tiling.

We recognise that working in partnership with our suppliers is essential to our Program. During the year we investigated 17 complaints raised through external-facing grievance mechanisms. We also invested more than \$800,000 during FY24 to fund independent ethical audits of sites in Australia, bringing our total audit investment to more than \$3.7 million in the past three years supporting both Australian farmers and developing capabilities of Australian certification bodies.

Early engagement with suppliers on higher risk findings is crucial for us to ensure a safe working environment, while simultaneously maintaining continuity from a supply and operations perspective. Sometimes only through engagement and investigation does the gravity of an issue, and the appropriate remediation strategy, become apparent, and ongoing review may be required for the issue to be resolved.

CASE STUDY

Our Ethical Sourcing Program in practice

Through the implementation of Coles Ethical Sourcing Program, a supplier of seasonal seafood product undertook an independent Ethical Audit in FY23, which identified a failure to meet the Ethical Trading Initiative (ETI) requirement that 'total hours worked in any 7-day period shall not exceed 60 hours'.

Due to the ongoing activities to address excessive working hours in our supply chain, (refer to Coles' 2023 Modern Slavery Statement) we engaged in further dialogue with the supplier to understand the root cause issues and real hours on site.

It was identified that the site had instances of workers performing over 100 hours per week, which is outside of Coles tolerance in relation to working hours because of the heightened safety risk due to fatigue.

Due to the hours identified, the initial phase of the investigation resulted in Coles suspending orders from the vendor until such time that the site could clearly demonstrate a reduction of hours as well as commit to retaining the reduction throughout all seasons.

In FY24, Coles again requested evidence of the reduced working hours and an ongoing commitment to comply. The supplier has continued to state they will not comply with Coles' requirements and therefore the suspension of orders has been maintained.

KEY REFLECTION

Audit reports provide comprehensive detail in assessing a sites' ethical compliance. However, sometimes it is necessary to conduct further due diligence and engage in discussions with suppliers to ensure all details are captured so that an appropriate response can be provided.



For further detailed information on Ethical sourcing refer to our 2024 Modern Slavery Statement to be released in September 2024 colesgroup.com.au/reports

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Win Together

Underpinning our 'Win Together' foundational building block, is the recognition that we only succeed together with our team members, community, and suppliers.

Win Together incorporates the following topics:

- > Enabling and developing our team members
- > Diversity and inclusion
- > Health, safety and wellbeing in our workplace
- > Supporting communities across Australia

Pictured: Coles Board and Executive Leadership Team and Head of Indigenous Affairs Cristle Houghton, attend a cultural immersion tour in NSW with Elder Uncle Paul and cultural educators Dave, Deen, Jeremy and Jayden.



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Enabling and developing our team members

We are making Coles a great place to work where team members can thrive and advance their careers.

Underpinning our 'Win Together' foundational building block is our commitment to developing and enabling our team members by equipping them with the tools and skills to perform in their roles, meet business priorities, and foster an inclusive culture. This approach drives great experiences for our customers and team members.

Our values

In September 2023, we launched a new set of values. Representing the voice of our people, our '4Cs' values were co-created with our diverse team members across all areas of our business.

Our values are our "how". They drive how our team of more than 115,000 team members work together and show up, and they shape the culture we aspire to. They guide our decisions, and how we serve our customers and the communities we work in every day.

Throughout FY24, we have embedded our values into the way we work, through our four culture levers of leadership, behaviours, symbols and systems, including:

- > Talent attraction
- > Recruitment and onboarding
- > Team member engagement survey (*mysay*)
- > Recognition platform (*mythanks*)
- > Performance
- > Leadership programs
- > Team communications
- > Key organisational events
- > Store and site property and signage



Pictured: Coles Customer Service Agent (delivery driver) Amy.

We are proudly Coles

Care
for each other

Have **Courage** to
make the right choices

Deliver for our
Customers

Create
for the future

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Engagement

+3 percentage point (pp)

Engagement across Coles Group, from FY23 (based on *mysay* May 2024)

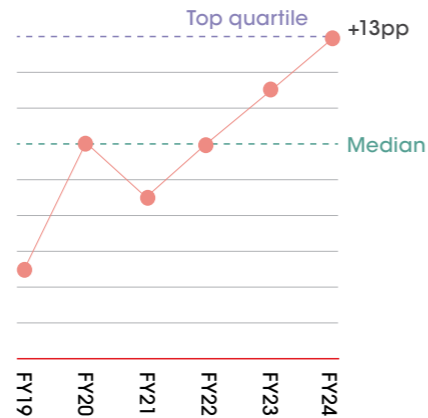
Successfully negotiated a new unified **Retail Enterprise Agreement 2024 (EA)**², which supports more meaningful and flexible work through voluntary additional shifts, multi-site work and increased minimum part time hours. The EA will commence legal operation on 7 October 2024, with a nominal expiry of 3 May 2028.

Our *mysay* internal engagement survey is an important opportunity for our team members to share specific feedback on their experiences and challenges, which helps paint an overall picture of what it is like to work at Coles Group.

In our FY24 *mysay* (71% participation), we achieved our highest ever Coles Group team member engagement score (+3pp compared to FY23 and +13pp since FY19). Improvements were seen across our operations teams, including supermarkets (+3pp), Coles Liquor (+2pp) and distribution centres (+7pp).

Our engagement result places us at the top quartile relative to the Australian benchmark.¹

Coles Group *mysay* engagement score vs benchmark¹



Increasing our team member engagement continues to be a priority for us. We work across the organisation to act on feedback and improve our team member experience. In FY24 we delivered the following:

- > Enhanced the **Successful Starts Induction** across the Group, to set new team members up to thrive from day one.
- > **Shoulder-to-shoulder learning** rolled out for department managers across Fresh departments and **Foundation Skills training** for new team members.
- > **Simplified the team member talent profile and development goal plan template** to better support career and development conversations.
- > Introduced '**Desired Hours**', providing tools for team members to advise if they wished to work additional hours. This led to 75.5% (57,500) of our supermarkets team members receiving their desired hours (increase of 21,000 team members).
- > More than 3,000 team members on **Student Visas** were approved to receive more hours during the peak 2023 Christmas trade.
- > **Introduction of quarterly 'Strategy Bites' sessions online** to assist team members to better understand, and drive the delivery of, our strategy.
- > **Team members received 10% discount** for 44 days on Coles supermarket in-store and online purchases and 12 days on Liquor in-store purchases (above a standard 5% discount on supermarkets and Liquor in-store and online purchases)

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Pictured: Coles team members from left to right: Chris, Katy, Christian, Craig, Thomas and Mati at the Store Support Centre.



¹ Benchmarked by Culture Amp against Australian companies with more than 5,000 team members. The median and top quartile benchmarks cover the period January - December 2023. ² The new EA consolidates for the first time our existing Coles supermarkets and Liquor enterprise agreements into one standalone agreement.

Recognition

Coles has a strong culture of recognition. We see recognition as an important factor in improving our sense of belonging, enjoyment of work and creating a positive, connected and supportive work environment.

With our recognition platform *mythanks* linked to our 4Cs values, we can recognise anyone from across Coles Group for their support, encouragement, assistance with a task, or for their accomplishments – big or small.

Since launching *mythanks* in November 2022, more than two million recognitions have been received by team members. To date, 93% of our team members have activated a profile on the platform and in FY24, \$7.5 million worth of points were issued to team members to redeem for rewards in the *mythanks* online shop. Our *mysay* recognition results have improved, and recognition activity (both sent and received) continues to be positively impacted by a regular cadence of campaigns and competitions.

Leadership

We invest in the development of leaders, equipping them to inspire, guide and develop team members to deliver on Coles' strategy and live our values.

Our leaders are supported with targeted programs, including our flagship Leading to 'Win Together' and 'Leading Teams' programs. Together, these programs reached more than

92%

of leaders' said they have access to learning and training to do their job, (+1pp from FY23)



800 of our senior and middle leadership roles in FY24 (e.g. Head of Regional Manager, or Manager or Store Manager). In addition, we continue to deliver leadership development opportunities to our frontline managers in-store with more than 1,400 team members completing a leadership program in FY24.

Our 'Management Factor' score in the *mysay* engagement survey increased from 84% to 87%, indicating our continued progress towards developing great leaders at Coles.

Development

All Coles salaried team members and store leaders have formal performance reviews annually where their performance is assessed against their goals, and they are given time to reflect on the impact they have made during

89%

of team members' said they have access to learning and training to do their job, (+2pp from FY23)

the year. We also encourage continuous conversations throughout the year so team members can grow and improve. Line managers regularly check-in with their team members to discuss progress against goals and receive feedback on performance. Our performance management process is captured in real time using an online system.

Our Capability team won eight awards in the 2023 LearnX Awards including Best Leadership Development, Best Technical Skills Training, Best Blended Learning, Best Online Learning, Best Interactive Scenario, Best VR (Soft Skills) and Best Simulation.

We want to support our team members to grow and develop in their current role, as well as prepare for their next role.

70%

of team members' understand how to grow their career at Coles. (+8pp from FY23)

We provide tailored learning and development for technical skills as required. For instance comprehensive learning is offered specifically for Technology and Digital team members to acquire and enhance their technology-based skills. Launched in October 2023, more than 900 Technology and Digital team members have completed over 2,800 hours of targeted learning across 1,403 unique courses.

Respect@Work

Coles' response to the positive duty requirements under the *Sex Discrimination Act 1984* (Cth) focuses on implementing measures to reduce the risk of sexual harassment and other harmful behaviour, and foster a respectful, safe and inclusive workplace for all of our team members.

In FY24, we developed a new Sexual Harassment Policy, a summary of which is included in our Sexual Harassment and Appropriate Workplace Behaviour Guideline on our website. We also uplifted our controls and processes to reiterate the expected standard of behaviour of all team members and third parties (including suppliers, contractors, consultants and customers) and to reaffirm the accountabilities of our leaders and their role in the prevention and response to sexual harassment. This includes enhancing our enterprise-wide workplace behaviour training, introducing mandatory reporting requirements for line managers and issuing regular communications to our team on the expected standard of behaviour, the support options available to them and the reporting channels available to raise concerns. We created an additional reporting channel (via Stopleveline, which is independent to Coles) for team members and third parties to raise any concerns (including anonymously) regarding sexual harassment, sex discrimination or other sex-based misconduct.

Pictured: 2024 participants of the Coles leadership development program 'Leading Teams'.

1. Based on results of our May 2024 *mysay* engagement survey, which was responded to by 71% of team members.

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Diversity and inclusion



Pictured: Coles team members Joshua and Voula in-store.

We recognise it is our differences – our backgrounds, experiences and perspectives – that help us spark ideas, create connections, discover commonality, and foster understanding and empathy.

We are focused on creating an inclusive environment where all team members feel respected and valued, and we work hard to ensure Coles is a place where everyone feels they belong.

Our previous suite of Diversity and Inclusion targets expired in December 2023. In FY24 we launched a new FY24-27 Diversity and Inclusion strategy to foster an open and welcoming culture where everyone feels valued.

The FY24-FY27 strategy focuses on five areas, including a new focus area of cultural diversity in addition to the existing focus areas of Indigenous engagement, gender equity, pride and accessibility; and lays out 10 new performance targets.

These performance targets are designed to:

- increase the diversity of our leadership;
- continue to build inclusive workplaces and stores; and
- amplify our impact through partnerships, community and supplier engagement and best practice external benchmarking.

Cultural diversity

More than a quarter of our team, and one in five leaders, identify as culturally diverse. Whilst engagement and inclusion scores of this cohort track higher than the Group overall, our priority in this area is to continue to raise awareness of different cultural groups, dates of significance and remove bias and barriers to career development.

Our target	FY24 progress
Increase the participation of under-represented culturally diverse team members in leadership roles	20% of our leaders ¹ identify as culturally diverse (+1pp from FY23).

In FY24, we developed an approach to building cultural competence and strength across the organisation, based on improving data capture in our human resources information systems, and identifying the requirements for a cultural awareness program, which will focus on cultural diversity and First Nations knowledge.

Gender equity

Equity amongst genders has remained a key focus, with year-on-year progress made in relation to women in leadership, pay parity and our gender pay gap, fostering a culture that values respect and inclusion.

Our targets	FY24 progress
Sustain 40/40/20 ² in our leadership population	42.5% of our leadership population ³ are women (+1pp from FY23).
Sustain 40/40/20 ² on the Board	44.4% of our Board are women (unchanged from FY23).
Maintain pay parity and reduce the gender pay gap	Coles pay parity gap is maintained at less than 1%. As at 30 June 2024, Coles had a mean gender pay gap of 6.1% and a median gender pay gap of 4.4%.



See the following page for detail on gender pay gap and pay parity.

1. Based on results of our May 2024 *mysay* engagement survey, which was responded to by 71% of team members. **2.** 40/40/20 is 40% men, 40% women and 20% of any gender. **3.** Leadership positions are comprised 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. All population categories are reported as at 3 July 2024, reflecting the Group's final payroll cycle for FY24.

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GENDER PAY GAP AND PAY PARITY

We are working to build a diverse and inclusive working environment and continue to take action to improve gender equity, representation, and support of women across Coles.

What is the gender pay gap? The gender pay gap is the difference in average earnings between men and women, expressed as a percentage of men's average earnings. This includes base salary, overtime, bonuses and additional payments. It also includes the annualised full time equivalent salaries of casual and part time team members. It is commonly reported as a mean (average of the data set) and median (middle value of the data set).

What is pay parity? Pay parity is how much salaried team members are paid through their total fixed compensation for doing the same – or similar – role compared to other team members. At Coles, we measure the pay parity gap by calculating the ratio between every salaried team member's total fixed compensation to their position's pay range midpoint, then calculating the difference between the overall average ratio for females vs. males.

Weekly paid team members working in stores and sites are covered by enterprise agreements. Rates under these agreements are applied equally to these team members regardless of gender.

Our company wide gender pay parity gap is less than 1%.

We know that two key factors are driving our gender pay gap:

- ① While we have a gender balanced ELT, and have significantly improved representation overall, there are still proportionally fewer women working at our most senior levels. Pay and bonuses are higher at more senior levels, so this imbalance of more males at the higher levels results in a gap between mean and median pay for males and females.
- ② Career and lifestyle choices mean a higher proportion of males choose to work in roles that pay penalty rates, including night fill roles. While these roles are available to both males and females, we note that more males typically choose these roles.

Actions we are taking

We continue to focus on improving our gender balance at senior levels.

To help further reduce the gender pay gap, we have several initiatives and targets in place to continue our focus on gender representation in the workforce and provide career opportunities for women.

These include:

- Reporting quarterly to our leadership team on our pay parity gap and half-yearly reporting on our gender pay gap. Where appropriate, we set targets (i.e. pay parity and representation of women in leadership roles) that supports reducing our gender pay gap. In June 2024, we introduced superannuation on unpaid parental leave to help improve women's economic security and assist families in making decisions about balancing care and work.
- Embedding diversity and inclusion principles into our leadership frameworks and programs to ensure team members continue to build capability that supports gender equity outcomes. We also provide targeted programs and transition coaching, mentoring, sponsorship and development opportunities that are aligned to talent and performance processes.
- Access to CarerHub, our coaching solution that helps parents, carers and line managers balance their work and caring responsibilities including the mainstreaming of workplace flexibility.
- Embedding gender equity principles in our key talent management process (e.g. recruitment, restructuring and internal promotions) to ensure we maintain gender balance within our organisation.

- Targeted leadership programs (such as our Store Manager Accelerator Program to fast-track women into retail leadership roles).
- Women in leadership targets are set at a functional level to ensure we maintain 40/40/20 gender representation in our leadership. We continue to focus on a pipeline of women in management and functional gender balance with a minimum of 30% women and men in all our functions.

Gender pay gap

(Mean) Average

2022	2023	FY24
8.7%	6.5%	6.1%

Median

2022	2023	FY24
6.5%	5.6%	4.4%

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Accessibility

We continue to work on removing barriers to work and creating career pathways for team members with disability to join, grow and thrive at Coles. In May 2024, we were ranked number one in the Access and Inclusion Index, a national benchmark for workplace disability inclusion in Australia, building on multiple years of work and improvements over time. We were also awarded Best in Class (top achiever) for Procurement and Candidate Experience.

Our targets	FY24 progress
Increase the engagement and workforce participation of team members with a disability	Engagement score of team members ¹ identifying as having a disability was 66% (unchanged from FY23). 7.5% of our team members ¹ identify as having a disability (-0.1pp from FY23).
Provide an improved accessible customer experience across online and in-store	We measure customer experience through the Australian Disability Network's Access and Inclusion Index and achieved 66/100 in this Index, which does not have a comparison point due to the Index being redesigned in 2023.

In November 2023, Coles joined the Department of Social Services, the Business Council of Australia and the Australian Disability Network to launch a career development program for people with disability.



The program commenced in May 2024 and participants and their leaders will be supported over six months with tailored career development support and mentoring.

In-store accessibility

All team members complete Disability Confidence Training when they start at Coles, to ensure our team has the confidence to serve our customers in an inclusive and respectful way. We expanded Quiet Hour – a low sensory shopping experience – which is now offered weekly in most stores.

Online accessibility

We have a dedicated team of digital experts who are passionate about accessibility. More than 200 participants with disability were included in user testing of our products across the 2023 calendar year, and in October 2023 we were named as Finalists for the Centre for Accessibility Website of the Year Award.

Pride

For the second year, Coles was a Presenting Partner of the Sydney Gay and Lesbian Mardi Gras, demonstrating our commitment to create a safe and welcoming environment that supports positive mental health outcomes for LGBTQI+ people. 8.5% of our team members¹ identify as part of the LGBTQI+ community and are supported by an ally network of more than 30,000 team members. Our Pride@Coles network also plays an integral role in connecting our team members, creating safe and inclusive spaces for all.

In FY24, our focus was on:

- Improving the team member experience for our trans and gender diverse cohorts who face additional barriers to workplace inclusion. To reduce instances of mis-gendering, bullying and harassment, we implemented system changes that support preferred name options.
- Growing our Pride Team Member Network to continue to support regional LGBTQI+ communities (Wagga Mardi Gras, Newcastle Pride and Chillout Daylesford Festival).
- Supporting LGBTQI+ people to live better through renewing our support for Pride Cup Australia who advocate for LGBTQI+ participation and inclusion in sport.

Our targets	FY24 progress
Achieve Platinum status in the AWEI (Australian Workplace Equality Index)	Coles was awarded Gold employer status in the AWEI 2024 Australian LGBTQ+ Inclusion Awards for the third consecutive year and remain on-track to achieve Platinum status by 2027.
Engage and educate our leaders so that they show increased active allyship to our LGBTQI+ team members	52% of our leaders ¹ self-identify as allies to the LGBTQI+ community ² (-10pp from FY23 ³). In FY24, we refreshed our allyship approach to focus on our operational leaders (store manager and above). As part of our Mardi Gras campaign, we brought together 70 operational leaders and team members in a dedicated workshop designed to build and grow our ally network. We continue to provide Pride in Diversity lead allyship training.

Pictured: Coles team member Germaine from Western Australia marching in the Sydney Gay and Lesbian Mardi Gras.

1. Based on results of our May 2024 *mysay* engagement survey, which was responded to by 71% of team members. **2.** We define an ally as: 'someone who supports the inclusion and equality of LGBTQI+ people'. **3.** Decreasing rates of self-identified allies also noted in results from the 2024 AWEI Employee Survey (2024 AWEI Practice Points | Australian Workplace Equality Index (pid-aweii.com.au)).

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Aboriginal and Torres Strait Islanders

We continue a 10 plus-year focus on maintaining deep relationships with our Aboriginal and Torres Strait Islander team members, communities and suppliers and launched our first Stretch Reconciliation Action Plan with Reconciliation Australia in 2024.

Our targets FY24 Progress

<p>Build our Indigenous workforce population year on year beyond 3.2% and increase the number of Indigenous team members in management and leadership roles¹ to 3%</p>	<p>3.6% of our team members² identify as Aboriginal or Torres Strait Islander (+0.1pp from FY23).</p> <p>2.1% of our team members in management and leadership roles are Indigenous.</p>
<p>Achieve endorsement of a Reconciliation Action Plan (RAP) from Reconciliation Australia</p>	<p>Following Board and Reconciliation Australia endorsement, we launched our Stretch RAP in March 2024.</p> <p>Our RAP sets out our vision to reflect the communities we serve by providing more opportunities for Aboriginal and Torres Strait Islander peoples, organisations, communities and customers to engage with our business.</p>



Pictured: Coles team members Chris and Katy at our Tooronga store.

To support our focus on recruitment and retention we incorporated lessons from trial stores to drive recruitment, retention and development of Indigenous team members. Nine Indigenous team members completed a Certificate IV in Indigenous Leadership through the Australian Indigenous Leadership Centre.




Pictured: Right – Coles Board and Executive Leadership Team attend a cultural immersion tour in NSW.

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. Management positions are all leadership roles as well as liquor store managers, supermarket department managers (including duty managers, trading managers and store support managers), Coles Service team leaders and team managers and shift managers in distribution centres **2.** Based on results of our May 2024 *mysay* engagement survey, which was responded to by 71% of team members.

RECONCILIATION ACTION PLAN

We are driven by our purpose of helping Australians eat and live better every day, which we extend to First Nations people across the country through the lens of our Reconciliation Action Plan (RAP).

In March 2024, we launched our first Stretch RAP, which is the next step on our continuing reconciliation journey. It sets out our ambition to win together through demonstrable impact aligned to three priority areas:

-  Mutually beneficial and trusted relationships
-  Building our cultural knowledge and understanding
-  Self-determination and economic advancement

These priority areas have measurable targets and align to the five dimensions of reconciliation and Reconciliation

Australia's core RAP pillars of Relationships, Respect and Opportunities.

We recognise there is still more to do, and we are committed to enhancing our contributions and our ambitions guided by the framework of our RAP.



Our Stretch RAP is available here.



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Health, safety and wellbeing in our workplace

There is nothing more important than providing our team members, contractors, customers and visitors with a safe workplace and shopping environment. Our organisational value of Care is demonstrated by fostering a culture that supports physical and mental wellbeing.

Coles' safety strategy, 'Safer Choices Together', has four key pillars that drive delivery of our Health, Safety and Wellbeing 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	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' group-wide operations. SafetyCARE provides a framework for identifying and managing risks and hazards to our team members and contractors.

Coles' Managing Director and Chief Executive Officer is responsible for ensuring the SafetyCARE System is established and maintained with the day-to-day management being overseen by the General Manager Health, Safety and Wellbeing.

The SafetyCARE System is document controlled and reviewed every five years or earlier in response to major changes in business activities processes, products or services, legislative and self-insurance obligations. This includes our risk profile and risk assessments, which have been updated to reflect our expanding business with the introduction of our CFCs and milk processing plants. The changes in team member activities, processes and machinery have been factored into controls required to manage these risks.

Our progress

Safety Index

Coles' measurement of safety performance is through the Coles Group Safety Index, which comprises key lead and lag safety indicators applicable to all business units. These include TRIFR, and other metrics involving the proactive identification and management of safety risks, including training and hazard observations. The Index outcomes exceeded FY24 targets by 13.7%.

The Total Recordable Injury Frequency Rate (TRIFR¹)

TRIFR remains a key performance metric. Coles continues to aim for a year-on-year improvement in TRIFR and in FY24, our TRIFR of 13.5 was an 8.8% improvement on FY23. This was delivered through a continued focus on risks including manual handling, fleet safety and mental wellbeing.



Pictured: Coles team member Alex operating a low-level order picker at Coles Laverton Distribution Centre.

1. TRIFR measures the 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.

Safe sustainable leadership

Our leaders are provided with regular safety performance updates and take part in management reviews to identify areas for action and improvement of our safety performance and culture. Monthly safety reporting is provided to the Board, the Audit and Risk Committee, the ELT and operational leadership teams.

Safety governance meetings are held quarterly to monitor safety performance, progress against plans and to ensure delivery of safety innovations.

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.

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

In FY24, Coles delivered a company-wide safety week that encouraged team members to own safety behaviours and control risks. This focused on all team members recognising each other's safety behaviour, creating coaching moments and tracking down hazards.

In FY24, more than 100,000 team members and leaders across the Group have been engaged through a variety of streams completing over 179,000 hours of Safety, Health and Wellbeing learning programs.

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Smarter safety

Coles' risk profile is reviewed quarterly.

In FY24, 29 risk assessments and 114 safety system documents were updated to ensure hazards were mitigated and controls are in line with current operational requirements and legislation. These reviews were completed in consultation with team members through site health and safety committees.

During the year, over 450 project manager site safety audits and 152 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 biannual contractor safety forums, across each state, where Coles' safety expectations were reiterated and lessons from incidents were shared.

Managing threatening situations

In FY24 there was a significant focus on threatening situations where team members are faced with aggression and violence. This included a program across retail sites to implement controls to mitigate risk, including enhancements to on-site security, body worn cameras, the rollout of duress devices and the delivery of face-to-face de-escalation training with 420 team members in stores that had been rated as high-risk, and more than 51,000 team members completing online de-escalation training.

The framework for addressing and minimising the risks associated with threatening situations is based on three key pillars:

	Prevention Actions we take to prevent threatening situations from occurring
	Protection Assist the team to protect themselves and provide support when there is a threatening situation
	Care Provide care for team members after they have been involved in a threatening situation



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

- Cleaning stations were delivered to 157 stores in FY24 which provide easy access to cleaning equipment in the areas of the store where slip hazards are more prevalent.
- Pallet guards were trialled and rolled out to 180 stores.
- General purpose gloves, to reduce hand laceration incidents in the grocery department were trialled at 142 stores.
- Quarterly safety engagement sessions were conducted with 25 Supply Chain transport carriers to focus on critical risk controls, motor vehicle incidents and to share industry activities that deliver improved safety outcomes for all road users.
- The procurement of 675 new material handling vehicles in the Supply Chain network with enhanced safety controls for example, blue halo lights and pedestrian alert system (to reduce interaction risks between pedestrians and mobile equipment).



Healthy teams

All team members have early and prioritised access to a network of doctors and physiotherapists across Australia, as part of Coles' early intervention program.

Given the manual nature of work, onsite physiotherapists are also made available across all distribution centres and more than 300 retail sites to provide coaching, advice and treatment for musculoskeletal injuries.

Team members in 59 of the 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 onsite health check. In FY24, 456 team members participated in this health assessment program.

Pictured: Left - Pallet guard at Coles Chadstone. **Right** - Coles team members from Coles Balwyn East participate in Wellness Week activities.

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Pictured: Coles team members Deanna, Stephanie and Jessica participate in Mind Your Health activities at the Store Support Centre.

Mind your Health

The Coles 'Mind Your Health' program is committed to fostering a supportive and nurturing work culture that values the mental health of its team members.

During the year, Coles' Safety Plan focused on building our mental wellbeing culture, with more than 1,200 department managers completing mental health training across the year.

In FY24, we launched a health and wellbeing portal, that serves as a centralized hub, offering team members numerous tools, information, and support services to enhance their well-being.

The portal also includes direct access to the Employee Assistance Program (EAP), which is accessible 24/7 for all our team members and their families and is also available to our suppliers. The EAP program was also expanded to include an onsite presence within distribution centres and stores. Counsellors were deployed at our distribution centres 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.

Within our stores, onsite counselling is made available to our team members to provide additional support with response to high-risk situations and events affecting the community.



Pictured: Coles team members Elesé and Travis celebrating RUOK? day.

Coles continued to contribute to the Corporate Mental Health Alliance as a founding member with Board representation. Through this, we work with other member organisations towards a common goal of providing mentally healthy workplaces. Coles supply chain continued its partnership with Healthy Heads in Trucks and Sheds as a founding member with Board representation. Through this, Coles continues to promote physical and mental wellbeing across the road transport and logistics sector.

In FY24, we launched our first annual Coles Wellness week campaign across the Group to continue to raise awareness about the importance of health and wellbeing among team members, encouraging them to prioritise their physical and mental health.



Pictured: Coles team members Sammy and Deanna with Movember and AFL Ahead of the Game teams at the Gather Round in Adelaide, South Australia.

As a part of our company-wide engagement survey, 88% of our team members indicated that their line manager genuinely cares about their mental wellbeing.

Coles joined the AFL and Movember as one of the official presenting partners of Movember Ahead of the Game (AOTG) – a mental health literacy and resilience program for young people. The AOTG initiative will be the largest rollout of a mental health literacy and resilience program in sport globally. Since its inception in June 2023, the program has delivered 740 workshops at more than 60 local clubs across Australia – delivered to more than 14,300 participants including young players and umpires, parents and coaches.

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Supporting communities across Australia

Aligned with our purpose of 'helping Australians to eat and live better every day', we support many charities and community organisations across Australia through partnerships, fundraising, food donations and disaster relief.

We are committed to serving and supporting the Australian community and have invested significantly in the communities in which we operate for more than 110 years.

Our contribution includes financial assistance and in-kind donations to community partners. It also includes helping our customers and communities through times of disaster.

We encourage our team members to support the communities in which they live and work. Through the Coles Local Community Support Program, stores can provide gift cards or donate products to support local events and fundraising initiatives.



Pictured: AFL legend Neale Daniher and Coles team members Dale, Ben and Alex at the launch of FightMND's Big Freeze 10 campaign.

With the help of our team members, customers, and suppliers, in FY24, Coles contributed:

\$38.5m

total community support¹ to promote health outcomes and build resilience in our communities.

\$15.5m

value of direct contributions

\$18.8m

fundraising via customer, team member and supplier contributions

\$320k

value of team member volunteering time²

\$3.9m

management costs including team member time³

39.8m

equivalent meals donated to SecondBite and Foodbank (20m kgs)⁴

1. Includes Coles' direct contributions (cash and products), time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations to SecondBite and Foodbank, valued at \$158m, are not included in this number. Coles' community support is verified by Business for Societal Impact (B4SI). **2.** Volunteering time allows team members to give back to their local community, or a Coles charity partner, during paid time. **3.** Management costs including team member time are hours spent across the business to execute community campaigns. **4.** In addition to unsold edible food, the figure also includes bulk food and grocery donations to SecondBite and Foodbank.

For the fourth consecutive year, Coles was recognised as one of Australia's top corporate givers in the 2023 Giving Large research, by Strive Philanthropy.

We were placed number one for community contribution as a percentage of profit, and number two in total community contribution.

FY24 fundraising highlights:

\$9.5m for FightMND



\$7m for SecondBite



\$2.4m for Redkite



\$1.9m for Hospitals United For Sicks Kids



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Community investment snapshot

Encouraging healthy lifestyles

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

As part of our AFL partnership, the Coles Healthy Kicks program continues to evolve and grow. The Coles Healthy Kicks program motivates children aged between 5 and 12 years to become more physically active, eat nutritious food and develop a healthy mind and body while having fun with others. In FY24, the program was delivered to over 50,000 children across Australia via stadium clinics, overnight camps, and holiday programs with the curriculum trialled in schools.

This year we commenced Coles Healthy Kicks Camps and introduced Coles Healthy Kicks curriculum directly into 3,000 schools.

In FY24, Coles provided \$150,000 in sports equipment grants to 40 Little Athletics centres across Australia, taking the total contribution of Little Athletics grants to over \$2.4 million since 2018. Coles also donated more than one million bananas to Little Athletics in FY24.

In FY24, we also announced our partnership with Football Australia's MiniRoos, the official junior grassroots program of Australian football (soccer). The program, which attracted more than 260,000 children aged 4 to 12 of all abilities in 2023, aims to make a positive difference to families across Australia by keeping children active.

Pictured: Children from some of Coles' community partners including Football Australia, the AFL and AFLW, and Little Athletics Australia, enjoying fresh fruit.

Improving food access for vulnerable Australians

Our partnerships with food rescue organisations SecondBite and Foodbank allow us to donate unsold, edible food which is used to create meals for the most vulnerable in the community.

To date, we have donated the equivalent of 257.8 million meals to SecondBite since 2011 and the equivalent of 44.9 million meals to Foodbank since 2003. The majority of this was food collected from our supermarkets and distribution centres but also includes bulk donations to both charities.

In FY24, we provided the equivalent of 36.6 million meals to SecondBite and 3.2 million meals to Foodbank.

In FY24, Coles raised more than \$3.1 million through its Christmas and Winter appeal campaigns to help SecondBite provide the equivalent of 15.9 million meals.

Empowering our stores to support their local communities

Coles' Local Community Support Program encourages store team members to support local events and charities, as well as schools and community groups.

Team members also get behind our national fundraising campaigns – selling \$2 donation cards in-store, hosting barbecues for SecondBite and other charities, participating in fun-runs for Redkite and staging local DIY Big Freeze events to support FightMND.

Supporting community during natural disasters

During December 2023, Queensland was faced with multiple significant flooding and rain events such as Cyclone Jasper that cut off road and rail access. During this time, our team members came together to support those impacted by donating essential items to local relief centres such as water, baby products, pet food and snacks.



More information on our charity and community partners is available on our [website link here](#).



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To deliver on our purpose of 'helping Australians eat and live better every day' we want to make it easy and affordable for our customers to make healthy food and drink choices while shopping at Coles.

We are also focused on providing products that are of the highest quality and comply with national safety standards and regulations.

Picture: Athletes from West Bundaberg and Burrum District Little Athletics centres celebrating the 2023 Coles 'Banana A-Peel'.

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Nutritious, healthy and safe food

We seek to offer our customers a range of nutritious Coles Own Brand products, supporting them to make informed dietary choices. We have an in-house team of Accredited Practising Dietitians who provide guidance on product development, aligning with health and nutrition standards.

Our progress

Access to healthier choices

We are committed to making healthy living convenient for our customers by increasing the accessibility of healthier food¹ options in stores and online.

We offer more than 330 Coles Healthier Living recipes on our website and online shopping app, for tasty and nutritious meal ideas. Our Nutrition team reviews these recipes to ensure nutritional alignment to the Australian Dietary Guidelines for good health. To help cater for a range of dietary requirements and lifestyle choices we have more than 3,400 recipes tagged with nutrition attributes, with tags including 'no added sugar' and 'gluten free'.

Affordable healthier choices

We know affordability is currently front of mind for many of our customers.

During the year, we undertook a range of initiatives to help make healthier choices more affordable by:

- including healthier food and drink options in promotional campaigns, such as 'Down Down', across the store, offering customers strong, consistent value. We also regularly featured healthier product specials within our Coles catalogue.
- expanding the Coles 'What's for dinner?' online recipes to help with planning cost-effective family meals.
- sending personalised Flybuys offers on fresh specials to members each week, with more than 4.2 million customers reached in FY24.
- continuing to offer Coles' I'm Perfect range of fresh produce to make eating fruit and vegetables more affordable and ensuring that a greater portion of each crop grown is picked and used, lessening what is traditionally not accepted.

Healthy choices for children

With only 8.5 per cent of children aged 2 to 17 years² meeting the daily recommended serves of fruit and vegetables, it is increasingly important we encourage children and their families to make healthy choices.

One of the ways Coles is promoting nutritious options for children is through appropriate product packaging and responsible serving sizes³ of Coles Own Brand food and drinks, in line with our On-Pack Responsible Marketing to Children Policy.

In FY24, we continued to remove cartoons and characters across discretionary⁴ products to decrease their appeal to children, for example within our confectionary, sweet bakery and snack biscuit ranges.

To encourage children to eat a greater variety of fresh fruit and vegetables, we launched a new collectible campaign, 'DC Superheroes', with the superheroes linked with nutrition benefits such as 'energy rich bananas for adventurers like Batman' or 'fibre-rich apples worthy of Amazonian warriors like Wonder Woman'.

We also ran a Pokémon collectible campaign alongside a lunchbox challenge to promote consumption of fruit and vegetables during the back-to-school period.



Our Coles Nutrition, Health and Lifestyle Charter outlines our commitments to nutrition and wellbeing. More information is available on our website colesgroup.com.au

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Pictured: Coles Ambassador and chef Courtney Roulston encouraging healthy eating at the launch of the 'DC Superheros'.

1. Health Star Rating = ≥ 3.5 . 2. Source: Dietary behaviour, 2020–21 financial year | Australian Bureau of Statistics (abs.gov.au).

3. 600 kilojoules maximum energy content per serve. 4. Defined by the Food Standards Australia New Zealand (FSANZ) Nutrient Profiling Scoring Criterion (NPSC).

Improved nutritional reformulation of Coles Own Brand products¹:

Less salt

▼ **269** tonnes
since FY19



Less sugar

▼ **228** tonnes
since FY19



More fruit and vegetables

▲ **765** million serves²
since FY22



More whole grains

▲ **871** million serves
since FY22



1. Figures based on 12-month sales quantities across FY of reformulation launch.

2. As per Australian Dietary Guidelines.

3. More information here: <https://www.eatforhealth.gov.au/guidelines>.

4. Source: <https://www.statista.com/statistics/1232881/australia-share-of-people-avoiding-or-reducing-meat-consumption/>.

5. About FAIRR. See www.fairr.org/

Identifying and improving healthier choices in Coles Own Brand

Coles continues its efforts under the Australian Government's Health Star Rating (HSR) front-of-pack labelling system, with 2,993 Coles Own Brand products displaying a HSR, making it easier for customers to identify healthier choices at point of sale. At the end of FY24, healthier products (HSR \geq 3.5) contributed to 71% of Coles Own Brand sales (unchanged from FY23).

During the year we continued our work towards meeting the Australian Government's Healthy Food Partnership (HFP)³ reformulation targets for salt (sodium), sugar and saturated fat in nominated categories for Coles Own Brand foods and beverages.

At the end of FY24, 80% of eligible Coles Own Brand products met their respective HFP targets, up 2% from FY24.

Expanding our range of healthier choices

We provide Australians with great quality and affordable Coles Own Brand products that deliver healthier options and enable our customers to meet their dietary needs.

We continued to expand our Coles health and lifestyle focused Coles Own Brands throughout FY24, including expanding the PerFORM Sports-Dietitian approved range to include a high protein wholemeal bread loaf, no added sugar frozen desserts and high protein snack soup pouches. We also introduced 100 calorie pastry crisps and launched our Joyful low sugar dark chocolate and raspberry muffin bar.



Pictured: Coles Nature's Kitchen plant-based food range.

Plant-based innovation

As our customers seek more vegan, vegetarian and flexitarian options, we have focused on expanding our Coles Nature's Kitchen plant-based range over the last four years to now include more than 40 products in multiple categories across the supermarket. In FY24, we launched innovative plant-based foods such as Coles Nature's Kitchen Mini Roasts, Coles Nature's Kitchen Mushroom and Caramelised Onion Burgers and Coles Nature's Kitchen Cookies & Cream Frozen Dessert Tub.

Since the brand's launch in 2019, we have observed a shift in consumer attitudes, with more consumers adopting a plant-based lifestyle. Whilst 10% of Australians consider themselves vegan or vegetarian, 20% of Australians consider themselves flexitarian or are actively reducing the consumption of animal proteins⁴. In response, we have sought to strengthen the Coles Nature's Kitchen brand, launching a refreshed 'look and feel' to the range in late 2023.

We understand the importance of providing plant-based food and drinks which offer customers nutritional equivalence compared

to the non-plant-based counterpart. We achieve this through our nutrition policy to fortify key nutrients, such as iron and vitamin B12, which is implemented when developing Coles Own Brand plant-based substitutes.

INVESTOR ENGAGEMENT

During the year, Coles engaged with the FAIRR investor network⁵ on the topic of protein diversification, including the role of alternative proteins in our climate strategy, consumer education and marketing, and making plant-based alternatives accessible and affordable.

We recognise the potential climate and nature impacts associated with dietary choices is an issue of increasing importance to some stakeholders and we will seek to explore this further as we continue to develop our longer-term approach to climate related risks and opportunities.



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ACCESS TO SAFE FOOD AND PRODUCTS

We promote a strong culture of food safety, where safety is prioritised at every stage in the supply chain and our operations.

This means we maintain rigorous supplier requirements, conduct an audit and inspection program across our supply chain, have robust in-store standards, and require compliance with recall and withdrawal conditions.

We also have a well-established supplier training and support program to help ensure the food we sell to our customers is safe and of high quality. In FY24, more than 20,978 hours of training were provided through classrooms, virtual webinars and online learning portals across Coles Quality Academy and in-store operations.

During FY24, two recalls occurred for Coles Own Brand products – oysters due to microbiological contamination (limited to distribution in 48 stores), and Easter plush toys due to a potential choking hazard. In response, we issued public communications and worked with regulators and suppliers to promptly mitigate any associated issues.

There were no recalls for Coles Liquor Own Brand products in FY24.



More information on our product safety and quality is available on our website at colesgroup.com.au



Pictured: Coles Quality Inspector Shalika inspecting produce at the Laverton distribution centre.

RESPONSIBLE RETAILING OF ALCOHOL

Coles sells alcohol through its Coles Liquor businesses of Liquorland, First Choice Liquor Market and Vintage Cellars, and we are committed to promoting the responsible sale and consumption of alcohol.

We recognise the importance of not-for-profit organisations like DrinkWise and their role in bringing about a healthier and safer drinking culture in Australia.

In FY24, in collaboration with DrinkWise, Coles rolled out a customer education resource to all Coles Group Liquor stores which features scannable links to alcohol support services including the National Alcohol and Other Drug Hotline, Lifeline, Beyond Blue and Alcoholics Anonymous.

Coles Liquor also participated in the 'Always Respect, Always DrinkWise' education campaigns for AFL Gather Round and NRL State of Origin, and in collaboration with the Crime Prevention Command of NSW Police, developed the 'Families Protect Not Provide' education campaign targeted at preventing secondary supply of alcohol to minors.

As part of our commitment to promoting responsible consumption, and in recognition of changing customer preferences, we sell a range of low and no alcohol products.

In FY24 we ranged more than 200 low and no alcohol products in our stores.



Pictured: Simon Strahan, CEO of DrinkWise and Steve Hugginson, General Manager Operations, Coles Liquor launching the new DrinkWise education resource.

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Pictured: Coles team member Rabina at the Coles Chef Fresh manufacturing facility packing meals.



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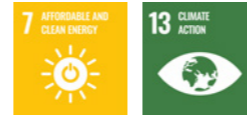
Issue and what it means for Coles

Relevant UNSDG

Location of disclosures

Climate change

Decarbonisation across Coles' operations and value chain. Implementing initiatives for emissions reduction, renewable electricity, 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.



Managing climate risks and opportunities – pages 14-18

Plastics and packaging

Working with our supplier partners, government, and industry to reduce unnecessary plastic packaging and increase recyclability and recycled content in packaging.



Driving sustainable packaging – pages 24-26

Food waste

Minimising food waste, both upstream and downstream in our value chain.



Food waste – page 22

Corporate conduct

Acting ethically, with integrity, transparency and 'doing what we say we will do'. Robust governance and procedures contribute positively to sustainable development.



Coles 2024 Annual Report and Corporate Governance Statement

Ethical and responsible sourcing

Supporting suppliers who demonstrate protection for human rights and the environment within their operations and supply chains.



Strengthening our ethical sourcing processes – page 39

Sustainable products and ingredients – pages 34-36

Customer engagement

Maintaining strong customer engagement and satisfaction, alongside broader stakeholder relationships, including with respect to sustainability.

Coles 2024 Annual Report – pages 6, 10-11, 16-17, 32

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Human rights

Safeguarding and uplifting the human rights of all people affected by our business activities. Demonstrating a positive impact on our team members, customers, the broader community, and the people who are part of our supply chain.



Our approach to human rights – page 38

Health, safety and wellbeing of our team

Ensuring safe and healthy working conditions and providing team members with mental health and wellbeing policies, programs, and initiatives.



Health, safety and wellbeing in our workplace – pages 48-50

Healthy and affordable food

Promoting healthy and affordable food. Improving human health and nutrition through product development and innovation and meeting diverse dietary and consumer needs.



Nutritious, healthy and safe food – pages 54-56 and Coles 2024 Annual Report page 5, 17

Circular economy

Identifying and supporting initiatives to reduce waste to landfill and create end-markets for recovered materials through product stewardship schemes.



Moving towards a circular economy – pages 20-22

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

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Investors, analysts and capital providers	<ul style="list-style-type: none"> • Company strategy (financial and non-financial performance) • Business outlook • Governance • Management of climate-related risks and opportunities • Human rights and modern slavery • Biodiversity • Cyber security • Cost of living pressures 	<ul style="list-style-type: none"> • Direct investor engagement with our Board, CEO, CFO and senior management in our Investor Relations, Finance, Procurement, Technology, Sustainability and Business Units' teams • Quarterly results announcements • Annual General Meeting • Annual reporting • Investor roadshows • ASX releases
Non-government organisations	<ul style="list-style-type: none"> • Human rights • Animal welfare • Climate change • Electric vehicles • Circular economy • Deforestation and biodiversity impacts • Environmental impacts associated with salmon farming in Tasmania • Alternative proteins/plant-based diets 	<ul style="list-style-type: none"> • Direct discussions with NGOs including Greenpeace, Australian Conservation Foundation, WWF • Partnerships to build on-the-ground sustainability programs • External surveys and benchmarks/assessments
Government and regulators	<ul style="list-style-type: none"> • Engagement with state and federal governments including at several inquiries including the ACCC's supermarket inquiry, the Senate Select Committee on supermarket Prices, the Senate Select Committee on Cost of Living, and the Australian Government's Food and Grocery Code of Conduct Review 	<ul style="list-style-type: none"> • Policy discussions • Responding to government inquiries and consultations • Working groups
Supply partners	<ul style="list-style-type: none"> • Collaboration on shared sustainability • Ethical sourcing (including modern slavery risks) in the supply chain • Traceability of products • Training and development 	<ul style="list-style-type: none"> • Coles' Supplier Portal • Regular meetings • Site visits and audits • Supplier training and capacity building • Coles Supplier of the Year Awards • Supplier forums • Coles Nurture Fund
Trade and industry associations	<ul style="list-style-type: none"> • Issues of mutual interest (e.g. sustainable agriculture) • Public policy debate 	<ul style="list-style-type: none"> • Through peak national bodies representing retailers, manufacturers and businesses across Australia • Membership of industry associations (See section on Industry Associations page 10)
Unions	<ul style="list-style-type: none"> • Fair wages • Promotion of a safe, sustainable, ethical and fair retail supply chain for all workers • Freedom of association 	<ul style="list-style-type: none"> • Through the Ethical Retail Supply Chain Accord made up of the Shop, Distributive and Allied Employees' Association (SDA), the Transport Workers' Union (TWU) and the Australian Workers' Union (AWU) • Participation with SDA in national retail safety programs

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ARL: The Australasian Recycling Label (ARL) Program is an on-pack labelling scheme that helps consumers to recycle correctly and supports brand owners and packaging manufacturers to design packaging that is recyclable at end-of-life.

Biodiversity: Biological diversity (biodiversity) means the variability among living organisms from all sources including, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and of ecosystems.

Biodegradable: Ability of a material to completely break down and decompose into elements found in nature within no more than one year after customary disposal (i.e. landfill).

Cage-free: The industry term used to describe production systems where laying hens are not confined to cages, includes cage-free (barn) and free-range systems.

Carbon emissions: Release of anthropogenic carbon dioxide (CO₂) emissions into the atmosphere.

Circularity/Circular economy: A circular economy is a system which seeks to maintain the value of products, materials and resources in the economy for as long as possible, and minimise the generation of waste. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting. The circular economy aims to tackle climate change and other global challenges, like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources.

Coles Liquor Own Brand: The portfolio of product brands owned by Coles and available in Coles Liquor stores. It includes liquor products that are available under Coles Liquor brands (e.g. Vintage Cellars Collaborations) and private label brands (e.g. Pensilva, James Busby, Mr Finch).

Coles Own Brand: The portfolio of product brands owned by Coles and available in Coles supermarkets. It includes grocery, fresh produce, meat and non-food products that are available under Coles brands (e.g. Coles Finest, Coles Nature's Kitchen, Coles Simply) and other exclusive own brands (e.g. Koi, Daley St).

Compostable: Ability for a product or packaging to decompose into usable, soil-enriching compost in home or commercial composting facilities within a timeframe that is comparable to plant material decomposition.

Decarbonisation: Decarbonisation is the term used for implementing measures to mitigate value chain carbon dioxide emissions (Scope 1, Scope 2 and Scope 3).

At Coles, we use the term to describe activities or pathways that have the effect of moving towards a state that is lower in carbon emissions as compared to the current state.

Deforestation: Loss of natural forest as a result of, 1) conversion to agriculture or other nonforest land use, 2) conversion to a tree plantation, or 3) severe and sustained degradation.

Emissions: Release of anthropogenic greenhouse gasses into the atmosphere.

Farmed responsibly: Farming practices that occur in a way that minimises environmental impacts, is considerate of animal health and welfare, and considers food safety and supply chain traceability.

Greenhouse gas emissions: These are the aggregate anthropogenic carbon dioxide equivalent emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), ozone (O₃), perfluorinated carbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF₆), categorised as Scope 1, Scope 2 and Scope 3 emissions. Nitrogen trifluoride (NF₃) GHG emissions are not currently relevant for Coles reporting purposes because they are specific to the electronics industry.

Higher welfare: Higher welfare refers to animals raised to standards which go beyond minimum industry requirements.

Kilowatt hour (kWh): A measure of electricity equal to 1,000-watt hours. It is the unit measure used on your electricity bill.

Kilowatt (kW): A measure of electricity equal to 1,000 watts.

Large-scale generation certificate (LGC): An LGC is a tradeable certificate created by eligible large-scale renewable electricity power stations. Each certificate represents one megawatt hour of renewable electricity generated or displaced by a power station.

Megawatt hour (MWh): A measure of electricity equal to one-million-watt hours.

Megawatt (MW): A measure of electricity equal to one-million-watts.

Nature positive: A term used to describe circumstances where species and ecosystems are being protected, repaired and are regenerating rather than being in decline.

Net zero: Net zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals of greenhouse gases over a specified period. This may include the use of carbon credits for offsetting purposes.

Operational emissions: The Scope 1 and Scope 2 emissions from Coles' operations.

Paris Agreement: An agreement between countries party to the United Nations Framework Convention on Climate Change to strengthen efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so.

The central objective of the Paris Agreement is its long-term goal to hold global average temperature increase to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

Post consumer recycled content: Post consumer recycled content is material made from products that consumers have used and are at end of life. These include everyday items such as aluminium cans, cardboard boxes, paper and plastic bottles.

Primary packaging: The packaging used to contain and protect a product (e.g. bag, bottle, jar, box etc. and any associated components) which goes home with the consumer.

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Recyclable packaging: A packaging or packaging component is recyclable if its successful post-consumer collection, sorting, and recycling is proven to work in practice and at scale. Recyclability is determined utilising the Packaging Recyclability Evaluation Portal (PREP) which assesses the recyclability of packaging in Australia and New Zealand.

A package can be considered recyclable if its main packaging components are recyclable, and if the remaining minor components are compatible with the recycling process and do not hinder the recyclability of the main components.

Recycled materials/recycled content: Materials that would otherwise have been sent to the waste stream but are instead used in the production of a new product.

Made from recycled materials/recycled content: Materials that are made from recycled materials/ recycled content but may or may not be in themselves recyclable.

Renewable electricity: Electricity that is derived from natural sources (e.g. sunlight and wind) that are replenished at a higher rate than they are consumed. Solar, wind, geothermal and hydro are common sources of renewable electricity.

Science-based: Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

Scope 1 emissions: Scope 1 greenhouse gas emissions are emissions released from the activities from operations owned or controlled by Coles Group. For example:

- emissions from the use of refrigerants in air conditioning units

- emissions from fuels used in transport

Scope 1 emissions are also referred to as direct emissions.

Scope 1 and Scope 2 emissions reduction target: Reduce combined Scope 1 & 2 emissions by more than 75% by end of FY30. Coles' main sources of Scope 1 emissions include emissions from refrigerant gases, natural gas and transport fuels, with a small contribution from stationary LPG and diesel for onsite back-up generators. Scope 2 emissions are those associated with our electricity use and make up most of our combined Scope 1 and 2 emissions.

Coles does not plan to rely on the use of carbon offsets for the achievement of our current FY30 Scope 1 and 2 emissions reduction target.

Scope 2 emissions: Scope 2 emissions represent the emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by Coles Group but occur at sources owned or controlled by another company. Scope 2 emissions are also referred to as indirect emissions.

Scope 3 emissions: Scope 3 emissions are indirect emissions (not included in Scope 2 emissions) that occur in Coles Group's value chain including business travel, procurement, waste and water. Scope 3 emissions may occur:

- upstream, which are related to purchased or acquired goods and services (e.g. waste disposal services)
- downstream, which are related to sold goods and services (e.g. end-of-life treatment of sold products).

Sustainability: References to sustainability (including sustainable and sustainably) are used with reference to Coles' sustainability related policies and governance procedures, as well as in the context of Coles' aim to ensure its business is sustainable from a long-term perspective, considering a range of factors including economic (including being able to sustain our business in the long term), environmental (including considering our environmental impact), social (including supporting our license to operate), and regulatory (including ongoing compliance with relevant legal obligations).

Use of the terms 'sustainability', 'sustainable' and 'sustainably' is not intended to imply that Coles will have no adverse impact on the economy, environment, or society, or that Coles will achieve any particular economic, environmental, or social outcomes.

Sustainability at Coles: At Coles, our Sustainability approach includes (but is not limited to):

- Moving towards decarbonisation across our value chain and building climate resilience.
- Reducing unnecessary packaging and redesigning, recycling, and reusing.
- Delivering positive outcomes for nature and protecting animal welfare.
- Focusing on reducing waste from our operations and products and identifying opportunities to transition to a circular economy.
- Protecting and promoting human rights.
- Creating a diverse and inclusive workplace.
- Fostering a safe working environment; and
- Supporting communities across Australia.

Sustainable packaging: The primary function of packaging is to contain and protect products from the point of manufacture, through the supply chain to the retail store or end user, to attract people to buy a product to achieve more sales, and to provide product information. 'Sustainable packaging' is packaging that performs this primary function but also has lower environmental impact compared to existing or conventional packaging.

Target: Coles uses this term to describe an intended outcome, where Coles considers that it has developed a suitably defined plan or pathway to achieve that outcome.

Team member: Employees of Coles Group.

Tertiary packaging: Packaging used to transport the product through the Coles supply chain, including pallets, pallet wrap, pallet strapping, cardboard cartons, slip sheets.

TRIFR: Total Recordable Injury Frequency Rate (TRIFR). The number of 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.

Waste hierarchy: An order for preference for the management of waste, with donating to Coles' food recovery partners being the most preferred option, and disposal being the least.

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

Our Conclusions:

- ▶ **Limited assurance:** Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Limited Assurance Subject Matter for the year ended 30 June 2024 has not been prepared, in all material respects, in accordance with the Criteria defined below.
- ▶ **Reasonable assurance:** In our opinion, the Reasonable Assurance Subject Matter for the year ended 30 June 2024 is prepared, in all material respects, in accordance with the Criteria defined below.

What we assured

Ernst & Young ('EY', 'we') were engaged by Coles Group Limited ('Coles') to provide limited assurance over certain sustainability data and disclosures in Coles' Sustainability Report and Sustainability Data Pack (the 'Report') for the year ended 30 June 2024 in accordance with the noted Criteria, as defined in the following table:

What we assured (Limited Assurance Subject Matter)	What we assured it against (Criteria)	What we assured (Limited Assurance Subject Matter)	What we assured it against (Criteria)
Qualitative sustainability disclosures: selected qualitative disclosures reported in Coles FY24 Sustainability Report.	▶ Management's own publicly disclosed criteria	Greenhouse gas emissions and energy: ▶ Scope 3 greenhouse gas emissions (tCO ₂ -e) FY24 ▶ Supplier by spend with science-based targets (%)	▶ Management methods publicly disclosed ▶ GRI Standards performance indicators ▶ GRI definition of materiality ▶ World Business Council for Sustainable Development's Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard
Coles reported performance of the following selected quantitative performance disclosures and metrics of the Report.	▶ Management methods publicly disclosed ▶ GRI Standards performance indicators ▶ GRI definition of materiality ▶ World Business Council for Sustainable Development's Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard	Waste: ▶ Combined data for solid waste recycled and disposed (tonnes) ▶ Cardboard recycled (tonnes) ▶ Organics recycled (tonnes)	
People: ▶ Indigenous employment (%) ▶ Total workforce (headcount), new hires and turnover by gender, region, age, and employment type ▶ Women in leadership positions (headcount and %) ▶ Pay parity gap (%)		Own Brand Packaging recyclability: ▶ Sum of % recyclability of Coles Own Brand packaging (%)	
Health and Safety: ▶ Safety index (% change against FY24 target) ▶ Total recordable injury frequency rate (TRIFR)		Community Investment: ▶ Total community support (\$) by direct contributions (cash and products), time, leverage and management costs ▶ In-kind donations (equivalent meals) of unsold edible food plus direct food donations	
		Water: ▶ Water (kL)	
		Global Reporting Index: ▶ GRI Index presented disclosures in Sustainability Data Pack	

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

What we assured (Reasonable Assurance Subject Matter)	What we assured it against (Criteria)
Energy consumption (GJ) Scope 1 greenhouse gas emissions (t CO ₂ -e) <ul style="list-style-type: none"> ▶ Scope 2 greenhouse gas emissions location-based (t CO₂-e) ▶ Scope 2 greenhouse gas emissions market-based (t CO₂-e) <ul style="list-style-type: none"> • Energy production (GJ) – specifically total solar electricity generated • Large-scale generation certificate (LGC) surrenders ▶ Renewable electricity (%) 	<ul style="list-style-type: none"> ▶ National Greenhouse and Energy Reporting Act 2007 ▶ National Greenhouse and Energy Reporting Regulations 2008 ▶ NGER (Measurement) Amendment (2023 update) Determination 2018 ▶ The National Greenhouse Accounts Factors (August 2023)

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion or conclusion on this information.

Key responsibilities

Coles responsibility

Coles management is responsible for selecting the Criteria, and ensuring the Subject Matter is prepared, in all material respects, in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

For the limited assurance engagement, our responsibility is to express a conclusion on the Limited Assurance Subject Matter based on the evidence we have obtained. For the reasonable assurance engagement, our responsibility is to express an opinion on the Reasonable Assurance Subject Matter based on the evidence we have obtained.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

EY applies Auditing Standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Our approach to conducting the assurance procedures

We conducted our assurance procedures in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE3000') and the terms of reference for this engagement as agreed with Coles on 22 March 2024.

For the limited assurance engagement, these standards require that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Limited Assurance Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

For the reasonable assurance engagement, these standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Reasonable Assurance Subject Matter is presented in accordance with the Criteria, and to issue a report.

The nature, timing and extent of the assurance procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

Description of assurance procedures performed

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Limited Assurance Subject Matter and related information, and applying analytical and other appropriate procedures.

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

- ▶ Conducted interviews with personnel to understand the business and reporting process;
- ▶ Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period;
- ▶ Assessed that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- ▶ Undertook analytical review procedures to support the reasonableness of the data;
- ▶ Identified and tested assumptions supporting calculations; and
- ▶ Tested, on a sample basis, underlying source information to assess the accuracy of the data.

Additional reasonable assurance procedures we performed were based on professional judgement and included, but were not limited to:

- ▶ For our reasonable assurance of Scope 1 and Scope 2 greenhouse gas emissions, on a sample basis, agreed underlying data to source information to assess completeness of performance data, which included invoices, system extracts and other records.

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

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Inherent limitations

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

The greenhouse gas emissions quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of greenhouse gases. Additionally, greenhouse gas procedures are subject to estimation and measurement uncertainty resulting from the measurement and calculation processes used to quantify greenhouse gas emissions within the bounds of existing scientific knowledge.

Additional inherent limitations – limited assurance scope

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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Additional inherent limitations – reasonable assurance scope

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 Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the directors of Coles, or for any purpose other than that for which it was prepared. Our assurance procedures were performed over certain web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance report.

Ernst & Young

Mathew Nelson
Partner
Melbourne, Australia
27 August 2024

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