



17 September 2021

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Manager,

**2021 SUSTAINABILITY REPORT**

Attached is the Coles Group Limited 2021 Sustainability Report.

This announcement is authorised by the Board.

Yours faithfully,

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

Daniella Pereira  
Company Secretary

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# colesgroup



TOGETHER TO  
**ZERO**

**BETTER**  
TOGETHER

2021 Sustainability Report

Winning Together.

Coles Group Limited  
ABN 11 004 089 936



# Winning together.

## Acting

The impact of climate change calls on all of us to take urgent action. We have identified powerful initiatives across how we use energy, how we can move towards a circular economy, as well as how we will continue to improve our sustainable sourcing.

## together

We are not working alone. Our relationships with our team members, shareholders, farmers, suppliers, partners, customers and communities drive our sustainability agenda forward. We are winning together in the best interests of all, including through our Australian-first sourcing policy.

Front cover: Coles Head of Energy, Jane, and Coles Category Manager – Energy, Sustainability & Store Services, Vinay at Lal Lal Wind Farms, Victoria. In March 2021, Coles announced a commitment to source 100% renewable electricity by the end of FY25. As part of this commitment, Coles signed an agreement with Lal Lal Wind Farms near Ballarat, for the purchase of large-scale generation certificates for renewable electricity until the end of 2030. This page: Coles became the first major Australian retailer to commit to buying renewable electricity through a 10-year Power Purchase Agreement with global renewable power generation company MYTILINEOS (Renewables & Storage Development Business Unit, previously known as METKA EGN). The solar farm at Corowa, New South Wales (pictured), was the first of three farms to become fully operational in June 2021.



TOGETHER TO  
**ZERO**



**BETTER  
TOGETHER**

**now**

Our sustainability journey is already underway. Our partnerships with SecondBite and REDcycle are long-established, and we have made sustainability more affordable and accessible with our Coles Own Brand responsibly sourced seafood, RSPCA Approved fresh chicken and 100% Australian fresh beef with no added hormones.

**for generations ahead.**

We are optimistic about the future, and our sustainability focus is not just guiding Coles in our second century. It is about striving to ensure that future generations will enjoy the same, unique way of life and the fresh Australian food that we do, far into the future. Our purpose is to sustainably feed all Australians to help them lead healthier, happier lives and we value and want to protect the Australian way.



Coles acknowledges the Traditional Custodians of Country throughout Australia and pays its respects to Elders past and present. We recognise their rich cultures and continuing connection to land, waters and seas.

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

All references to Indigenous people in this document are intended to include Aboriginal and/or Torres Strait Islander peoples.

### Forward-looking statements

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

Any forward-looking statements are based on the Group's good-faith assumptions as to the 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 and other important factors, many of which are beyond the reasonable control of the Group, that could cause the actual results, performances or achievements of the Group to be materially different from the relevant statements. There are also limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as at the date of issue. Except as required by applicable laws or regulations, the Group does not undertake any obligation to publicly update 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 to future performance.

### Other Information

Photographs in our Sustainability Report may have been taken when COVID-19 restrictions were not in place.

### Reliance on third-party information

The views expressed in this Sustainability Report contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.



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# Welcome to the Coles Group 2021 Sustainability Report

TOGETHER TO  
**ZERO**



**BETTER**  
TOGETHER



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

**With a vision to become the most trusted retailer in Australia and grow long-term shareholder value, and a purpose to sustainably feed all Australians to help them lead healthier, happier lives, we believe we can help lead the change required for a more sustainable future.**

At Coles, we recognise the importance of our sustainability responsibilities and believe that our ambitions can create momentum and activate change. We have a clear ambition to become Australia's most sustainable supermarket. Our Sustainability Strategy under the focus areas of Together to Zero and Better Together sets out how we will act together with our stakeholders to drive change and create a more sustainable future for generations of Australians ahead.

This last year has been one of challenges, as we continue to live with the impacts of COVID-19 as well as the difficulties presented by extreme weather events. It has also been one of celebration, as we acknowledge the extraordinary efforts and resilience of our team members, suppliers and community partners, and how we have worked together to address these and other challenges.

## New Sustainability Strategy

Sustainability continues to grow in importance for all our stakeholders, including our shareholders, customers and team members, across a range of areas such as climate change, packaging and waste, single-use plastics, animal welfare, health and nutrition, and farmer and supplier partnerships.

During the year we were delighted to release our new Sustainability Strategy focusing on Together to Zero and Better Together. Together to Zero sets out our ambitions across key sustainability areas including climate change, waste and hunger. Better Together recognises that when we work together, we can make a real difference to our team members, our suppliers, our customers and the communities in which we live and work.

Our Sustainability Strategy focuses on those areas which are important to us and to our stakeholders and where we can have the most impact. It acknowledges that we are not working alone and that by acting together, we can leave a better place for future Australians. We were pleased to launch our Sustainability Strategy with an advertising campaign to raise awareness of the challenges and opportunities we face as a community and our shared responsibility to address them. We also launched our sustainability innovation supermarket at Moonee Ponds, Victoria which has been designed to set a new standard in supermarket sustainability.

## Together to Zero

Under the focus area of *Together to zero emissions*, we announced our new energy and greenhouse gas emissions targets for 100% renewable electricity by the end of FY25, to reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% by the end of FY30 (from a FY20 baseline) and to have net zero emissions by 2050.

In addition to announcing new targets, this year we released our Climate Change Position Statement and enhanced our response to

the recommendations of the Task Force on Climate-related Financial Disclosures which can be found in our Annual Report. We also joined the Carbon Markets Institute and the Australian Climate Leaders Coalition to drive climate action.

At the end of FY21, Coles had five renewable electricity agreements in place, which will enable us to purchase more than 70% of the renewable electricity required by FY25, once these agreements commence. Eighty-three supermarkets now have solar power and construction of solar panels on our distribution centre at Edinburgh Parks, South Australia is underway. When completed in FY22, it will be our largest solar installation to date. Across our portfolio we continued to increase the use of natural refrigerant gases which have close to no global warming impacts.

Our climate change response and disclosures are not static. They will continue to evolve as we further assess the implications on our business and the community more broadly. This will include developing a Scope 3 emissions inventory, including boundaries and priority areas, to support our intention of developing a Scope 3 target.

Waste, recycling and packaging are key areas of interest for customers and stakeholders more broadly. *Together to zero waste* reflects our ambitions to address these and includes our new target for 85% solid waste diversion from landfill by FY25.

We are working together with our supplier partners, government and industry to accelerate packaging sustainability and transition to a circular economy in Australia. We are aligned with Australia's 2025 National Packaging Targets and during the year became a founding member of the ANZPAC Plastics Pact.

This year marks 10 years of partnering with REDcycle, and since 2011 Coles and our customers, have collected more than 1.6 billion pieces of soft plastic. During FY21, Coles partnered with Victorian recycling organisations RED Group and Replas, and with RMIT University to develop Polyrok – a sustainable alternative to mineral aggregate used in concrete.

Early in 2021, we announced we would no longer be selling single-use plastic tableware and in July 2021, we committed to no more plastic or recycled plastic collectable toy campaigns.

In 2021, we celebrated ten years of working with food rescue organisation SecondBite supporting our ambition of *Together to zero hunger* and helping Australians in need. Over the past ten years, we have donated the equivalent of 151.1 million meals to Australians in need through SecondBite. More than ever, with the additional challenges of COVID-19, our donations and support for community food programs is paramount.



Safer choices together

Great place to work

Together to Zero

Better Together

Innovation through partnerships

## Better Together

Better Together sets out our ambitions to work with our stakeholders to drive positive change.

We recognise the importance of being *A team that is better together* and creating a positive working environment focusing on the areas of Belonging, Gender equity, Accessibility, Pride and Indigenous engagement. We are proud we have achieved our biggest year-on-year improvement in the percentage of women in leadership through a focus on developing female leaders in store manager and technology roles, reaching 36.5% in FY21. Coles' leadership in LGBTIQ+ was also recognised as a Gold Employer at the 2021 Australian Workplace Equality LGBTQ Inclusion Awards. We continued to implement our Aboriginal and Torres Strait Islander Plan, with approximately four percent of Coles team members identifying as Aboriginal and Torres Strait Islander peoples.

We hold a unique position in Australia and know that we are *A community that is better together* when we work together to support and build strong, resilient communities. In the past year, we achieved some significant milestones in raising \$40 million, since 2013, for children's cancer charity, Redkite and reached a new single event record in fundraising of more than \$6.7 million for FightMND to help find a cure for motor neurone disease.

During the year, Western Australia faced bushfires and cyclones, while New South Wales and Queensland experienced floods. We donated essential food and grocery items and raised funds in partnership with relief organisations, to help those affected by these natural disasters.

*Sourcing that is better together* is aimed at protecting workers in our supply chains, reducing environmental impacts and helping our customers make more responsible choices. We recognise the complexities in these areas and understand the importance of ensuring our sustainability-related claims are robust and meet Coles' and our stakeholders' expectations. During FY21, we commenced development of a product certification framework to assess the quality, transparency and rigor of third-party certifications and internal risk assessments of Coles Own Brand products that make responsible or sustainable sourcing claims.

Coles supermarkets has an Australian-first sourcing policy to provide our customers with quality Australian-grown fresh produce as a first priority. Coles is proud to partner with our Australian fresh produce growers to provide our customers with great quality Australian fruit and vegetables, a key area under *Farming that is better together*.

Our Animal Welfare Policy sets out our expectations regarding the treatment of animals in our Coles Own Brand global supply chains helping to ensure they are from farming operations that have a high standard of animal welfare and, where appropriate, hold animal welfare certification.

During FY21, we extended our Coles Own Brand direct milk sourcing model to Tasmania and further expanded the model in Victoria, New South Wales and South Australia to source fresh white milk for many varieties of Coles Own Brand cheese, allowing more dairy farmer suppliers to enter long-term relationships with Coles so that they can reinvest in their businesses to make them more sustainable.

## Sustainability governance and reporting

During the year, the Board Charter was updated to further embed the Board's oversight of sustainability. The Audit and Risk Committee Charter continues to reflect its oversight of the Group's identification and management of environmental and social sustainability risks and assurance of those risks.

The role of the executive Sustainability Steering Committee remains central to sustainability governance and is supported by other committees and subcommittees including the Human Rights Steering Committee, the Diversity and Inclusion Council, and the Climate Change Subcommittee.

Standardised quarterly reporting, with performance monitoring against our commitments is provided to the Board. A new External Targets Policy was also adopted providing additional rigour and governance over our external commitments.

External assurance over our Sustainability Report has been enhanced with approximately 50 qualitative statements from the report being assured this year, as well as data and metrics. Scope 1 and 2 emissions are now determined according to the Greenhouse Gas Protocol and we have moved from limited to reasonable assurance for our greenhouse gas emissions data.

We proudly support the United Nations Global Compact and this Report demonstrates how we are responding to its ten principles.

## Looking ahead

At Coles, we take our responsibility for managing our environmental and social impacts seriously. Our ambition is to be Australia's most sustainable supermarket and we are always looking for opportunities to make a positive difference. We believe we have an important role to play in driving change and we look forward to continuing our sustainability journey and delivering on our Sustainability Strategy and associated ambitions with our team members, shareholders, farmers, suppliers, partners, customers and communities.

**James Graham AM**  
Chairman

**Steven Cain**  
Managing Director  
and Chief Executive Officer

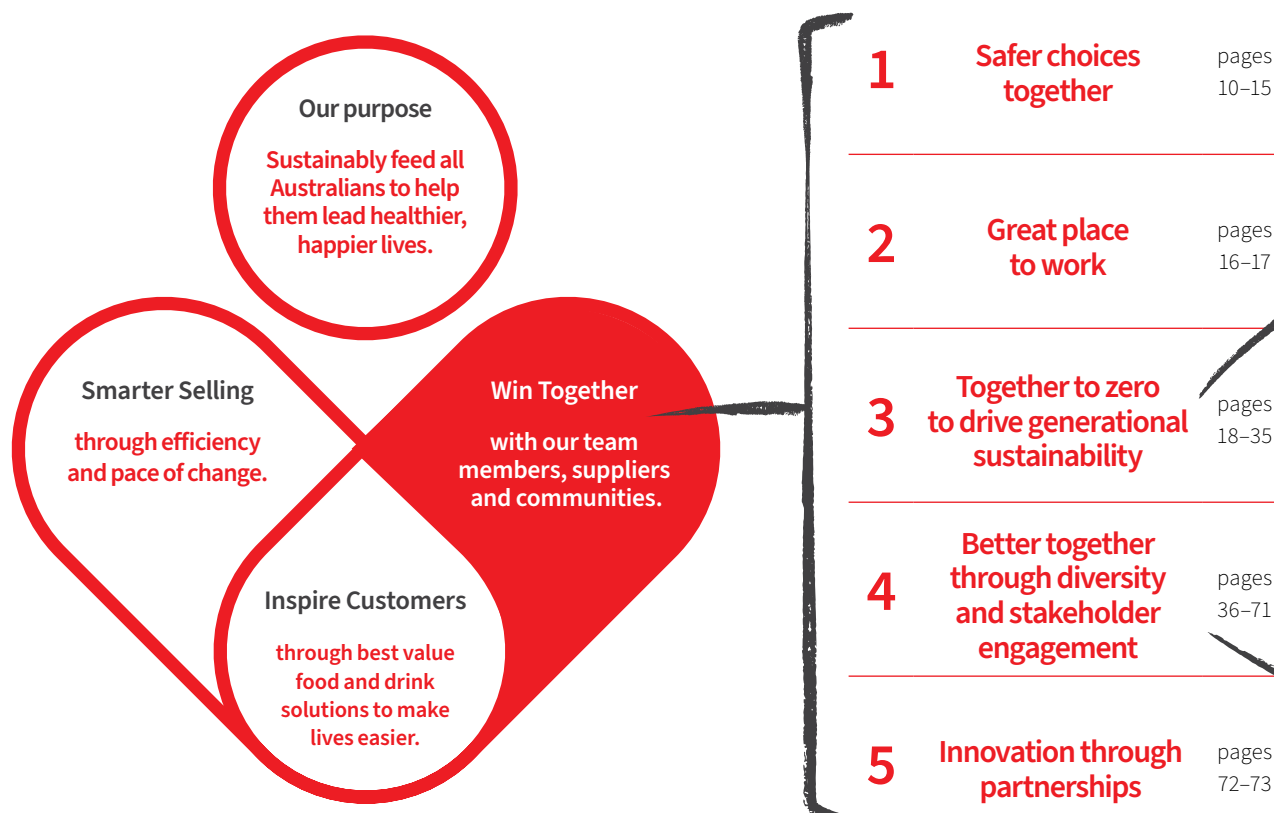


# Our Strategy

## Our vision

**To become the most trusted retailer in Australia and grow long-term shareholder value.**

## Win Together key focus areas:



At Coles, our vision is to become the most trusted retailer in Australia and grow long-term shareholder value. Becoming the most trusted retailer in Australia means we need to be reliable and responsible, and deliver on our purpose. With trust as our foundation, we will build long-term performance for our shareholders.

Our purpose is to sustainably feed all Australians to help them lead healthier, happier lives. We have an important role to play and this is why we exist.

Supporting our vision and purpose, our corporate strategy has three strategic pillars to enable us to deliver our vision and purpose: Inspire Customers, Smarter Selling and Win Together. Our Win Together pillar has five key focus areas: Safer choices together, Great place to work, Together to zero to drive generational

sustainability, Better together through diversity and stakeholder engagement, and Innovation through partnerships.

Our Sustainability Strategy focuses on two of these areas – Together to Zero and Better Together. Working towards our ambitions and targets under each of these areas will enable us to take actions together now for generations ahead.

Released in FY21, the Sustainability Strategy will be reviewed annually in acknowledgment that sustainability issues are dynamic and evolving, and our Strategy may need to be refreshed to reflect any changes. We will provide an update of any changes in our annual Sustainability Report.

# Sustainability Strategy

What we are doing and why?  
Acting together now for generations ahead.

TOGETHER TO  
**ZERO**



**BETTER  
TOGETHER**

Together to  
zero emissions

Together to  
zero waste

Together to  
zero hunger

A team that  
is better together

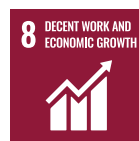
A community that  
is better together

Sourcing that  
is better together

Farming that  
is better together

## United Nations Sustainable Development Goals

The 17 United Nations Sustainable Development Goals (UN SDGs) are the UN's plan for a better future for people and the planet. Coles' Sustainability Strategy is aligned with and supports the achievement of the UN SDGs. Our focus areas under Together to Zero and Better Together help to address nine key goals highlighted below.





## Key achievements

### Safer choices together

**15.7%**

improvement in TRIFR

**2,000**

leaders completed  
safety leadership  
training

**80,000**

team members  
completed  
safety refresher training

### Excellence Award Finalist

Best Health and Wellbeing Program,  
Australian Human Resource Awards 2021

### Founding member

Corporate Mental Health Alliance  
of Australia

Successfully rolled out

### four mental health campaigns

for team members  
working with The Resilience Project

### 1st ever

Company- wide Safety Week

### Great place to work

**120,000+**

team members

### Best Use of Technology for Learning Award

Australian Institute of Training  
and Development, Excellence Awards

### Excellence Award

Australian Human Resource Awards 2021  
for Best Graduate Development Program

**1,000**

Coursera<sup>1</sup> scholarships with  
universities around the world

### Careers for everyone

website launched

### Appreciate a mate

recognition program launched

<sup>1</sup> Coursera is an online education platform

<sup>2</sup> Based on latest packaging data provided by suppliers, overlaid with sales data and purchase data for goods not for resale packaging items for the last 52 weeks as at 27 June 2021. Coverage is 82% of units in the reporting period. For Coles supermarkets this excludes floral, Coles Best Buys, cigarettes/tobacco, Lead Business Initiative merchandise, magazines and pre-recorded media

<sup>3</sup> Since 2011 with SecondBite and since 2003 with Foodbank

<sup>4</sup> Includes Coles' direct contribution of cash, time, in-kind and management costs as well fundraising from customers and suppliers (leverage)

## Key achievements

### Together to Zero

↓2.2%

reduction in Scope 1 and 2 greenhouse gas emissions from FY20

80.6%

solid waste diverted from landfill

87%

Coles Own Brand and Coles Own Liquor Brand primary packaging recyclable<sup>2</sup>

1.6bn

pieces of soft plastic collected for REDcycle since 2011

185.2m

equivalent meals donated to SecondBite and Foodbank<sup>3</sup>

#### Plastic and paper reduction:

- Stopped delivering paper catalogues to customers' letterboxes
- No longer selling single use plastic tableware products
- No longer giving away plastic or recycled plastic collectable toys

### Better Together

↑2.3pp

(percentage point)  
increase in women in leadership

4% (approx.)

Coles team members identify as Aboriginal and Torres Strait Islander peoples

#### Gold Employer

2021 Australian Workplace Equality LGBTQ Inclusion Award

\$143m

Total community support<sup>4</sup>

\$4 million

Coles Nurture Fund grants announced in FY21

Broadest range of RSPCA Approved products of any major Australian supermarket

### Innovation through partnerships

Witron automated distribution centres

under construction

Ocado customer fulfilment centres

under construction

Investment in

state-of-art ripening facility

in Victoria to support banana, avocado and mango growers across Australia





# Safer choices together

## Health, safety and wellbeing

**The health, safety and wellbeing of team members, customers and contractors is fundamental to our purpose to sustainably feed all Australians to help them lead healthier, happier lives.**

We are committed to providing a safe working and shopping environment, and are focused on creating a culture where our team make better choices together regarding health, safety and wellbeing at work and at home.

The welfare of our team members, customers, contractors and suppliers, was again a key focus area for Coles in FY21, as we continued to deal with the demands of COVID-19 as well as other challenges such as the severe floods in New South Wales.

Our Health and Safety Strategy encourages all leaders and team members to take an active role in making Coles safe from a physical and mental health perspective, and our five-year Safety and Wellbeing Plan (reviewed annually and covering the next five years) provides the platform for continuous improvement by focusing on three key areas:

### Safety leadership and culture

**SEE IT, CALL IT  
COACH IT**

### Critical risk reduction

**Target zero**

### Health and wellbeing



The plan is supported by our Safety Management System which is integrated into Coles' operations. This provides the framework for managing the risks and hazards that come with operating across a variety of retail sites, distribution centres, Store Support Centres, manufacturing sites and the supply chain network.

This report reflects the Health and Safety Strategy for this year. In late FY21, management and the Board endorsed a new strategy – Safer choices together. It focuses on — Safe sustainable leadership, Smarter safety, Mind your health and Healthy teams. We will report against this new strategy and framework in FY22.

### Safety governance

Safety legislation review programs are in place to ensure that our safety management system, SafetyCARE, reflects the requirements of all applicable health and safety legislation, standards, and codes of practice across all State and Territory jurisdictions.

SafetyCARE system procedures, risk assessments and associated documents continued to be reviewed and re-published to ensure they remain relevant and drive improvement in safety across Coles. As at the end of FY21 there have been 40 supermarkets risk assessments, five safety procedures, 30 safe work practices and a further five associated forms and tools updated and re-published.

Our businesses in Queensland were audited during the year against the National Audit Tool, to ensure compliance with our Queensland self-insurance license requirements. Coles successfully completed the audits, with no non-conformances recorded and scoring above the required benchmark.



Coles team members Albert and Jeannie use new materials-handling equipment at Coles' distribution centre in Laverton, Victoria to directly reduce manual-handling risks in the supply chain network as part of our critical risk reduction pillar.



Resilience Project founder Hugh Van Cuylenburg talks to Coles team member Nina as part of our focus on the mental health of our team members and to build resilience and connection during challenging times.

### Safety leadership and culture

In FY21, Coles launched 'Safety Leadership – LEaD with Care' training for all leaders across the Group. The program focuses on driving a safety culture through authentic care leadership, risk reduction programs and root cause incident investigations. More than 2,000 leaders have completed the program.

Leaders receive regular safety performance updates and take part in management reviews to identify areas for action and improvement. Regular safety reporting is provided to the Board, the Audit and Risk Committee, the Executive Leadership Team and operational leadership teams to manage performance and update on progress against safety plans.

Health and Safety Committees, comprising leadership representatives and team members, also meet regularly.

### Critical risk reduction

During FY21, Coles ran its first company-wide Safety Week focusing on mental wellbeing, threatening situations and hazard elimination. It included training programs, activities and hazard hunts which were completed across the Group.

In line with our focus on critical risk reduction, engineering controls were added to waste management equipment to reduce the risk of hand and crush injuries. We reduced fall-from-height risks in plant rooms and back of house areas through improvements in engineering controls. Traffic management plans were developed and implemented for supermarket back of house receiving areas. These plans highlighted traffic management standards applicable to all stores, as well as the unique conditions and requirements for individual stores. We have commenced the rollout of pedestrian alert warnings on materials-handling equipment in our distribution centres, which alert the equipment operator when they are in physical proximity to a team member in the area.

As part of reducing critical manual-handling risks, several different types of manual-handling equipment were provided to stores

including motorised trolley pushers, automatic bin movers, electric pallet jacks, milk-handling trolleys and walkie stackers.

More than 80,000 team members also participated in annual safety refresher training covering key risk areas such as manual handling, cleaning and hygiene, use of mobile plant and a refresher on our Employee Assistance Program.

To respond to threatening situations for team members working in isolation, the Coles Services team successfully trialled duress devices. These devices are similar to wrist watches and vehicle operators wear them while performing trolley street collection duties. To address and minimise the risk of threatening situations, the watches can remotely and quickly alert the duress monitoring centre when emergency assistance is required, also dispatching emergency services to the vehicle operator's location.

### Measuring performance

One of the key measurements used to track and monitor safety performance is total recordable injury frequency rate (TRIFR). TRIFR measures the number of medically treated, lost time and restricted duties injuries per million hours worked by team members. TRIFR includes all injury types, including degenerative musculoskeletal injuries.

TRIFR decreased from 22.7 in FY20 to 19.1 in FY21. This 15.7% improvement reflects our focus on addressing critical risks and driving an improved safety culture.

We aim to achieve a year-on-year reduction in TRIFR. During the past four years, our TRIFR has decreased by 44.5%.

### Improvement in total recordable injury frequency rate

# 15.7%

Safer choices together

Great place to work

Together to Zero

Better Together

Innovation through partnerships



## Health and wellbeing – Mind Your Health

At Coles we believe that the mental health and wellbeing of team members is just as important as their physical wellbeing.

The Coles 'Mind Your Health Program' is built on three pillars of 'I am seen, I am heard, I matter', providing programs for personal support, line manager capability building and personal mental health strategies.



Coles was recognised as an Excellence Award finalist at the Australian Human Resource Awards 2021 for the Best Health and Wellbeing Program category, for the positive impact of our Mind Your Health Program.

During FY21, Coles became a founding member of the Corporate Mental Health Alliance of Australia (CMHAA). Coles Chief Legal & Safety Officer is a member of the CMHAA Board and Coles General Manager Health, Safety & Wellbeing is a member of the functional leads working group. The CMHAA also has an Expert Advisory Group with representatives from major mental health organisations from across Australia.

Through this collaboration we are taking collective responsibility for creating mentally healthy workplaces, sharing workplace strategies and activities that are supporting mental health and wellbeing.

CMHAA is focused on areas such as data and research, psychological risk assessments and leadership, all aimed at creating a mentally healthy workplace.

Recognising that it has been a challenging year, our number one priority has been the physical and mental wellbeing of our team members. Our GEM (gratitude, empathy and mindfulness) program, in partnership with The Resilience Project, has played an important role in helping build resilience and connection during challenging times. During the year we ran four GEM campaigns focused on helping to improve wellbeing through daily gratitude, empathy and mindfulness activities.

These challenges were supported with tangible materials such as journals and health sheets which were made available to team members. Retail sites and distribution centres were also provided

with GEM wall decals to promote these wellbeing campaigns; this also contained a kindness tree for team members to recognise their fellow team members.

Coles continues to sponsor TRP@home, a free online platform that houses The Resilience Project's resources and materials for team members and their families.

Coles is also a founding member of the Healthy Heads in Trucks & Sheds (HHTS) Foundation which focuses on mental wellbeing across the road transport and logistics sector. Coles' General Manager Health, Safety and Wellbeing – Supply Chain is a member of the HHTS Board.

HHTS is a not-for-profit organisation that aspires to be the overarching body in the road transport industry for mental health by facilitating and coordinating the National Mental Health and Wellbeing Roadmap.

The rollout of initiatives with HHTS is aligned to the three strategic pillars of training, standards and wellness which will provide workers in the transport and logistics industry with resources to support their mental health and physical wellbeing.

During the year, Coles partnered with Converge, our Employee Assistance Program provider, to develop and launch the *Coles Mind Your Health* magazine for our team members. This magazine is made available to team members across the Group and contains Coles-specific wellbeing articles as well as covering different topics to inspire team members to improve physical and mental health, along with tips and insights on a healthy diet, fitness and mindfulness.

RUOK? Day was marked widely across the Group to inspire and empower team members to meaningfully connect with and support those around them.

The theme for RUOK? Day in FY21 was: "There is more to say after RU OK?" All leaders were provided with RUOK? Day packs to support promotion of the event. The Employee Assistance Program was promoted, morning teas were held, and connection postcards were provided to stores for all team members to access and send to friends, family and teammates.



Coles team members Jordan and Andrew review materials which are part of the Healthy Heads in Trucks and Sheds program that focuses on mental wellbeing across the road transport and supply chain sector.



Coles team members David and Stacey (wearing yellow) with transport drivers Maninder and Harpreet (wearing orange) showcasing trucks branded with safety messaging to highlight the 'We Need Space' campaign aimed at making Australia's roads safer for all users.

### Help in times of need

As COVID-19 continued throughout the year, team members were faced with many challenging situations, and we provided them with protective measures and extensive support to help them deal with these situations and help them stay safe.

Regular COVID-19 communications and team talks were provided to leaders and team members, and shared with external regulators. Flu vaccinations were also provided free to team members.

The food safety cleaning verification program continued in FY21 to support COVID-19 cleaning controls and cleaner, safer stores for customers. These initiatives have accelerated in the new financial year as a result of significant COVID-19 outbreaks occurring.

### Supporting customer and contractor safety

Providing customers and contractors with a safe shopping and working environment is a top priority and we continually look for opportunities to improve safety in our stores.

In FY21, a new contractor safety induction program was developed and launched. During new store builds or renewal programs, safety audits are completed every six weeks with actions plans developed for any risks identified.

Coles and the Transport Workers Union (TWU) signed a charter in December 2020 to work collaboratively to ensure that high standards of safety and fairness are embedded in Coles' supply chain network.

Coles and the TWU are committed to working together to improve safety in the road transport industry. This includes the safe and productive transport of Coles' freight in Australia and enhancing the safety of transport workers engaged within the Coles supply chain.

Coles and the TWU have been working towards the charter since 2018, when they signed a formal agreement to ensure safety and fairness for transport workers within Coles' supply chain. Under the terms of the charter, Coles and the TWU will now establish pilot

programs with businesses in the road transport and gig economy sectors.

Coles and our supply chain partners have joined forces with the National Heavy Vehicle Regulator (NHVR) to help make Australia's roads safer for all users. The We Need Space campaign is aimed at educating road users about how to share the road safely with heavy vehicles and is an example of the regulator, business and government working together in the interest of improved road safety outcomes.

Coles trailers, carried by Linfox and Toll, are branded with safety messaging urging road users to be mindful of trucks' blind spots, overtake trucks safely and avoid overtaking turning trucks.

The NHVR has produced a series of community service announcements that are publicly available online as educational resources. This campaign highlights to all road users the importance of giving trucks the space they require to safely navigate our roads and highways as they deliver everyday essential items to the communities we operate in.

### Supporting our communities

Coles and the Heart Foundation launched Coles Healthier Living, an online health hub which provides information and solutions to help Australians reach their health and wellbeing goals. Coles Healthier Living includes regularly updated information relating to exercise, diet, mental health management and social and community support. It also features heart-healthy, exclusive recipes from the Heart Foundation, together with Coles' recipes to support healthy eating and build healthier and happier lives.

We also partnered with The Resilience Project to deliver positive mental health programs to schools in 2021. As an education partner, we will work with The Resilience Project to embed lifelong wellbeing strategies in school communities by supporting the implementation of The Resilience Project's Digital Program. The program will provide schools with curriculum resources, including lesson plans and student journals.



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## Safer choices together

### Product safety and quality

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**We are committed to providing customers with safe, high-quality Coles Own Brand products. We support this through rigorous supplier requirements, our auditing and inspection program across the supply chain, in-store standards, and compliance with recall and withdrawal requirements.**

#### Governance

The Product and Food Safety Steering Committee, chaired by Coles' Chief Legal & Safety Officer, provides oversight of Coles' comprehensive food safety program. This forum also assesses emerging risks and regulatory changes to ensure compliance with the Food Standards Code.

The food safety program, spanning our value chain from suppliers to customers, is made up of supplier food safety and quality standards, our distribution centre and transport food safety plan, and our supermarket food safety plan.

#### Supplier food safety and quality standards

The supplier food safety and quality standards are based on the Global Food Safety Initiative. Under the program, Coles Own Brand suppliers must provide detailed product specifications through an online database that supports product traceability and includes strict adherence to quality compliance standards such as declared allergens, certifications and nutritional information.

Suppliers also need to have the factory or facility where food is produced audited annually by approved auditors.

A key aspect of our food safety program is comprehensive surveillance testing to validate safety and quality of products supplied by our suppliers.

Coles also owns and operates three food production facilities. We apply the same standards to our own facilities as to those applied to external suppliers of Coles Own Brand products.

#### Our distribution food safety plan

In addition to an holistic food safety program, we have quality control checks on incoming fresh and chilled products at our distribution centres aimed at assuring the quality and safety of food being supplied to our stores. This is supported by an independent audit program to ensure compliance to required standards.

#### Our store food safety program

There is a comprehensive food safety program to assure the food safety and quality of product sold in Coles supermarkets. This includes food handling and hygiene, cold chain integrity and a number of other pre-requisite programs. To ensure compliance, there are independent audits, recall and withdrawal systems, and customer complaints systems in place.

#### Product safety program (non-food)

Our product safety program covers non-food products. We work closely with suppliers in terms of compliance with relevant mandatory standards and consumer guarantees under the Australian Consumer Law.

#### Supplier training and support

Coles Quality Academy, in partnership with quality assurance training business SAI Global Assurance Learning, provides training in food safety and quality management. In FY21, approximately 15,400 hours of training were provided through classrooms and virtual webinars to our suppliers and team members. Training included recalls and withdrawals management, compliance auditing, food legislation and labelling, allergen management and food safety management.

A key training program provided to our suppliers is the Coles Food Manufacturing Supplier Requirements which has been designed to ensure all Coles Own Brand products are safe and high quality while meeting all legal, regulatory and Coles policy requirements such as ethical, environmental and/or animal welfare standards.

## Industry engagement

We take an active role in various standards committees and working groups to drive food safety and social and environmental sustainability. Coles is a member of, and participates in, the Global Food Safety Initiative Australasia Steering Committee, the Australian Food and Grocery Council Technical Leads Forum, the Allergen Collaboration and the Food Incident Forum.

Certain foods and ingredients can cause severe allergic and other adverse reactions in some people. The Australia New Zealand Food Standards Code requires these to be declared on labels when they are present in food.

In FY21, Coles contributed to the Food Standards working group on the introduction of plain English allergen terms on food labels. The changes will help people find allergen information on food labels more quickly and easily, so they can make informed and safe food choices. Coles is working towards implementing this legislation across all Coles Own Brand products within the three-year transition period.

In line with the Australian Consumer Law, Coles complies with standards for advertising and selling products and services as well as the Country of Origin Food Labelling Information Standard.

As a member of Australian Association of National Advertisers (AANA) we comply with the AANA Advertising and Marketing Codes, including the Code of Ethics to ensure that advertisements and other forms of marketing communications are legal, honest, truthful and have been prepared with respect for human dignity, an obligation to avoid harm to the consumer and society and a sense of fairness and responsibility to competitors. Coles' Chief Marketing Officer is a board member of the AANA.

## Product withdrawals and recalls

Products identified as unsafe or defective are withdrawn and/or recalled and corrective action taken to prevent it happening again.

During FY21, two Coles Own Brand products were recalled due to undeclared allergen (peanut) and incorrect labelling, leading to a potential food safety risk. In response we issued public communications and worked with regulators and suppliers to promptly mitigate any associated issues.

Any time a customer reports they have suffered an injury or sickness associated with one of our products (proven or unproven), it is reported to the Australian Competition and Consumer Commission, as required under Australian Consumer Law.



## Coles Own Brand awards

We strive to inspire customers with great value and innovation with our Coles Own Brand products. These products range from everyday essentials, organic and health food products to indulgent treats.

In FY21, Coles Own Brand products were acknowledged with 46 awards and recognitions including:

- Eleven category winners at the 2021 Product of the Year awards including GRAZE Lamb Loin Chops, Coles Urban Coffee Culture Strong Beans, Daley St Medium/Dark Aluminium Coffee Capsules and five winners for our hand and body skin care brands KOi and LPO.



Coles team members Feim and Jon Carlo undertake product quality tests at Coles' distribution centre at Laverton, Victoria.

- Fourteen CHOICE recommendations on products such as the new iON Laundry Detergent, Coles Organic Wholemeal Spaghetti, Coles Brand Spaghetti and Coles Brand Traditional Hot Cross Buns.
- Ten Canstar Blue's Most Satisfied Customer Awards on product ranges including Fresh Pasta and the overall winner for the Fresh Chicken category.
- Coles Nature's Kitchen won Best Vegan Ready meals with Nourish magazine.
- Three medals from the Royal Sydney Cheese Awards for Coles Finest cheeses.
- Two Gold and the Publishers Choice Award at the Global Vertex awards 2021 for packaging design on our KOi and Woofin' Good ranges.

Coles Urban Coffee Culture blend, roasted by Aurigin and exclusive to Coles Express, won five awards at the 2020 international Golden Bean Competition, the most awarded single coffee at the competition. The blend is Rainforest Alliance Certified.



## Exclusive Liquor Brand awards

With a focus on inspiring customers, our Exclusive Liquor Brand products were recognised with 479 medals, awards and accolades in FY21. This included a collection of accolades for our newly rebranded Tinnies Ultra-Low Alcohol Hoppy Ale which won Best Non-Alcohol Beer at the prestigious Australian International Beer Awards 2021, Low Alcohol Beer of the Year at the 2020 Melbourne International Beer Competition, and topped the United Kingdom's World Beer Awards 2020 competition as the Country Winner.



# Great place to work

**We are passionate about being a great place to work and our team members bring to life the Win Together pillar of Coles' corporate strategy.**

With more than 120,000 team members, Coles is one of Australia's largest private-sector employers. Our culture, with health, safety and wellbeing at its core, is aimed at fostering an inclusive and supportive environment where everyone feels they belong, are respected and valued.

Our *Great place to work* strategy sits under Win Together and focuses on increasing team member engagement, measured through our team member engagement survey, mysay. The strategy has three key platforms:

- Create experiences our team members will love.
- Make life easier for our team members.
- Shape rewarding careers for our team members.

The mysay survey is conducted twice yearly, using both a full survey and a pulse survey. Team member engagement remained strong despite a small step back (-3pp) compared to our highest ever engagement score achieved in FY20. Seventy-two percent of our workforce participated, providing valuable insight into team member sentiment. Ratings increased in our key focus areas of learning and career development (up eight percentage points), feedback and recognition (up six percentage points) and motivation (up four percentage points).

## Inclusive recruitment

We are committed to attracting and employing people who represent the communities in which we live and work. The Inclusive Recruitment team within Talent Acquisition seeks to widen our candidate pool by supporting candidates with a barrier-free, inclusive recruitment experience.

We can track the number of candidates who identify as an Australian Aboriginal and/or Torres Strait Islander, have disability or are gender diverse. This helps us understand the diversity of our candidate population so that we can better support them through the recruitment process.

In September 2020, we enhanced the Coles Careers website adding a 'Careers for everyone' section that includes information on Indigenous employment and Disability employment. Coles can

accommodate adjustments to the recruitment process, and this is promoted on our Coles Careers website and in all Coles job advertisements.

## Team member development

We provide great career opportunities for our team members and we are the first employer for thousands of Australians, with 20.7% of Coles' workforce aged under 20.

Talent development helps team members grow in their role and prepare for their next career opportunity at Coles. Team leaders are given the resources to support their team, helping us to retain great talent.

Coles' online learning hub hosts mandatory and voluntary training.



In FY21, our Culture and Capability team received the Best Use of Technology for Learning Award at the Australian Institute of Training and Development (AITD) Excellence Awards. The AITD Excellence Awards celebrate and recognise outstanding achievements and innovations in the learning and development space.

In FY21, we offered 1,000 scholarships for training provided on the online education platform Coursera, with universities including Yale, Duke and Stanford. This program will be offered again in FY22. We have developed a mini MBA in strategic category management in partnership with Deakin University.

The Coles Retail Leaders Program is our pathway for developing leadership capability and talent in our supermarkets. In FY21, the program was refreshed to enhance the learner experience for supermarket team members who are stepping up to a new leadership role.

In FY21, we also deployed technology to each store to enable on-site virtual training. This enabled us to run Time to Thrive, a program focused on leadership team effectiveness, with leadership teams across the business investing almost 30,000 hours in development activities.



Team members John, Ben and Kel (left to right) at the new Coles Local store in Fitzroy, Victoria.

#### Team members

# 120,000+

#### Stores around Australia

# 2,480

Safer choices together

Great place to work

Together to Zero

Better Together

Innovation through partnerships

### Our graduate program

Coles' two-year graduate program provides participants with a mix of technical, operational and leadership skills.

Typically, the program will see graduates working across a range of different roles, teams and projects on a rotational basis, gaining practical experience with increasing responsibility as the program progresses.

At the end of FY21, there were more than 180 graduates on our Store Support Centre, store operations and distribution centre graduate program.



During the year, Coles was ranked first in GradAustralia's Retail, Sales and Consumer Goods category, finishing third overall in its Top 100 Graduate Employers of 2021. For the second year running we were recognised as GradConnection's Most Popular Retail and Fast-Moving Consumer Goods Employer. We were included in the Australian Association of Graduate Employers (AAGE) top 75 Graduate Employers, and our Graduate Attraction and Recruitment Manager ranked in the AAGE top 25 graduate recruiters list.



Coles was awarded an Excellence Award at the Australian Human Resource Awards 2021 for Best Graduate Development Program, which focused on our reinvigorated approach to graduate attraction and development to overcome the impacts of COVID-19 and increased competition for top graduate talent.

### Performance

Our approach to performance enables team members to set meaningful objectives related to our strategy, provides the opportunity to seek and give feedback, celebrate progress and achievements, and continuously grow and improve.

The visibility of performance objectives from executive leaders down helps create consistency and alignment across the business.

#### Team member recognition

We identified that a key driver of motivation and engagement for team members was linked to recognition. The need to feel valued and appreciated for who you are and how you contribute to the team, store and community.

In October 2020, we increased our focus on enabling our leaders and empowering team members through recognition. We created a series of videos and other materials to coach and guide team members on creating great moments of recognition, integrating our Value and LEaD behaviours.

This included the redesign of Coles' Good Things Awards to recognise team members for good things they do, big or small, that align with our LEaD behaviours. In April 2021, we launched our Appreciate a Mate campaign across the Group encouraging everyone to thank a work mate with Appreciate a Mate thank you cards.

These programs have resulted in significant improvements with motivation up four percentage points and recognition up six percentage points since the October 2020 mysay engagement survey.





# TOGETHER TO ZERO

Together to Zero sets out our ambitions across key sustainability areas including climate change, waste and hunger.

We will work together with our stakeholders to drive change in these areas, with high expectations for ourselves and the broader community.

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Together to  
zero emissions

Together to  
zero waste

Together to  
zero hunger

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### Cleaning up Australia

Thousands of volunteers across Australia will receive kits to clean up local parks, beaches, rivers and outdoor spaces thanks to one of the most successful fundraising campaigns ever conducted by Coles Liquor. In just two days, Coles Liquor raised more than \$125,000 to support Clean Up Australia, which will use the funds to pay for 1,788 community clean up kits in its mission to clean up, fix up and conserve the environment. In addition to fundraising, Liquorland team members and family members helped to collect rubbish in their local communities as part of Clean Up Australia Day.



More information can be found at [www.colesgroup.com.au](http://www.colesgroup.com.au)

### Funds raised

# \$125,000



# Together to zero emissions



**We understand our responsibility to minimise our environmental footprint and to show leadership in protecting our planet and climate.**

**We are a significant energy user and producer of greenhouse gas emissions, both directly in our own operations and indirectly through our extensive supply chains.**

As part of our ambition to be Australia's most sustainable supermarket and drive generational sustainability, in March 2021 we launched new targets to accelerate climate action and reduce greenhouse gas emissions.

This included committing:

- to deliver net zero greenhouse gas emissions by 2050;
- for the entire Coles Group to be powered by 100% renewable electricity by the end of FY25, building on the progress already made towards this target through renewable power purchase agreements, on-site solar and agreements with renewable electricity generators; and
- to reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% by the end of FY30 (from a FY20 baseline).

At the end of FY21, Coles already had five renewable electricity agreements in place, which will enable us to purchase more than 70% of the renewable electricity required by FY25, once the agreements commence.

Our ability to influence climate action is not limited to those areas directly under our control, but more broadly across our value chain. As part of this, we have commenced work on understanding our Scope 3 emissions more broadly.

As one of Australia's largest companies, we understand our responsibility to minimise our environmental footprint as well as to mitigate the environmental, health and social impacts of climate change.

We know that we cannot do this alone. We will seek out opportunities to work together with our team members, suppliers, customers and communities to create positive change. Our aim is to find constructive and proactive approaches to reduce emissions, develop resilience to climate impacts and build momentum towards the aims of the Paris Agreement.

## Climate change position statement and strategy

Coles supports the goals of the Paris Agreement to limit global warming to well below two degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

We also support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). More details on our response to the TCFD can be found in our 2021 Annual Report.

To enhance our climate change response and support Coles' transition to a lower-carbon economy, we are continuing to develop a roadmap and associated action plans which align with the recommendations of the TCFD. Our approach, which was endorsed by the Board, highlights the key milestones we need to meet to enable more comprehensive climate change responses and disclosures.

During FY21, we also published our Climate Change Position Statement which was endorsed by the Board. The Statement, which can be found on our website, acknowledges the risks climate change presents to the community and the planet.

We are addressing the *Together to zero emissions* component of our Sustainability Strategy under the following three key areas:

- building the resilience of our business, supply chain and community against climate change related impacts, both physical and transitional (manage climate change risks and opportunities);
- using our position and voice to play a constructive role in influencing others to meet similar goals (influence climate action); and
- building a roadmap aligned with the Paris Agreement and taking action to reduce our climate impacts (decarbonisation).

## Manage climate change risks and opportunities

Climate change presents an evolving and dynamic set of risks and opportunities for Coles.

As supporters of the TCFD, we are working towards a comprehensive and integrated approach to managing and reporting climate-related risks and opportunities, as well as understanding the impacts of climate change on our corporate strategy through scenario analysis.

Climate-related risks and opportunities are generally classified as risks related to the physical impacts of climate change (physical risks) and those related to the transition to a lower-carbon economy (transition risks).





Solar installer Garry and Coles team member Michael review the installation of panels at Coles' distribution centre at Edinburgh Parks in South Australia.

Through the application of the Coles Risk Management Framework, climate change has been identified as a material business risk to the Group.

During FY21, we commenced a high-level scenario analysis on the impacts of climate change on the resilience of our Coles Group strategy. The purpose of this analysis was to identify possible responses to increase Coles' resilience to future climate change under three possible climate change 2030 scenarios:

- 1 Stated policies**  
Assuming current government policies already in place result in three degrees Celsius warming above pre-industrial levels.
- 2 Ambitious global climate action**  
Where there is active movement towards the goals set in the Paris Agreement to limit global warming to well below two degrees Celsius, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.
- 3 Runaway climate change**  
Where there is no limit placed on carbon emissions and warming is set to reach four degrees Celsius above pre-industrial levels.

As a result of our analysis and risk assessment, we acknowledge climate change will impact aspects of our business to varying levels under each of the assessed scenarios.

The scenario analysis work, which continues to be refined, identified actions to support Coles' resilience to potential climate change impacts that can be undertaken as part of Coles' future annual strategy planning process. This was the first scenario analysis conducted for Coles' strategy and will continue to be developed and analysed over time. As such, we will continue to review internal processes to adapt and respond in alignment with our strategy.

During FY21, we also updated our assessment of Coles' climate-related risks and opportunities. More detail on the risks, and on mitigants and opportunities associated with each risk, can be found in our 2021 Annual Report.

## Influence climate action

Our ability to influence climate action is not limited to those areas directly under our control, but more broadly across our value chain. We continue to seek out opportunities to work together with our team members, suppliers, customers and communities to create positive change. Our aim is to find constructive and proactive approaches to reduce emissions, develop resilience to climate impacts and build momentum towards the aims of the Paris Agreement.

In FY21, we joined the Carbon Markets Institute and our Managing Director and Chief Executive Officer became a member of the Australian Climate Leaders Coalition (CLC). The CLC is a group of cross-sectoral Australian corporate CEOs supporting the Paris Agreement commitments and setting public decarbonisation targets. Its purpose is to provide a common voice on why 'big business' is seeing decarbonisation as a way to ensure long-term economic sustainability.

We continue to constructively engage on issues and challenges associated with climate change and climate policy with a consistent and balanced approach that is responsive to the needs of stakeholders.

Coles supports the United Nations (UN) Sustainable Development Goals including Goal 13 (Climate action) and the UN Global Compact Principles (including Principles seven, eight and nine which relate to the environment).

## Decarbonisation

We continue to reduce greenhouse gas emissions and implement initiatives to reduce greenhouse gas emissions in areas over which we have control and influence.

Where practicable we seek to deploy mature and available technology to reduce our greenhouse gas emissions and work with industry and stakeholders to invest in knowledge and research to identify pathways to address difficult, or as yet unsolved, decarbonisation challenges.



Doors on upright refrigeration cases help to reduce energy consumption by keeping in the cold air.

### Energy Strategy

Our Energy Strategy guides our approach to energy procurement, management, energy efficiency, renewable electricity and energy-related greenhouse gas emissions.

During FY21, we announced four renewable electricity agreements demonstrating our commitment to achieve being powered by 100% renewable electricity by the end of FY25, bringing the total number of renewable electricity agreements to five.

These included:

- an agreement with ENGIE – the largest independent power producer in the world – to purchase largescale generation certificates (LGCs) from ENGIE's Willogoleche and Canunda Wind Farms, in South Australia;
- an agreement with French energy producer Neoen to purchase LGCs from its portfolio of renewable power plants located across New South Wales, Queensland, Victoria and South Australia;
- an agreement with Lal Lal Wind Farms near Ballarat, Victoria, to purchase LGCs; and
- an agreement with CleanCo to source more than 90% of our Queensland electricity requirements.

These agreements are in addition to those reported in our 2020 Sustainability Report when Coles became the first major Australian retailer to commit to buying renewable electricity through a 10-year Power Purchase Agreement with global renewable power generation company MYTILINEOS (Renewables & Storage Development (RSD) Business Unit, previously known as METKA EGN).

The agreement with MYTILINEOS' RSD business unit will see Coles purchase 70% of the electricity generated by three solar power plants being constructed in Corowa, Wagga and Junee in regional New South Wales. Corowa was the first of the three farms to become fully operational in June 2021.

During FY21, we installed solar power at 16 supermarkets taking the total number of supermarkets with solar to 83.

Construction of solar panels on our distribution centre at Edinburgh Parks, South Australia is currently underway. When completed in FY22, it will be our largest solar installation to date with 4,200 solar panels, reducing grid electricity requirements at the site by 30%.

At the end of FY21, the rollout of LED lighting was completed across all Coles supermarkets, 90% of Coles Liquor stores and more than 90% of Coles Express sites.

### Refrigeration management

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

When building new Coles supermarkets, the majority (>90%) now use natural refrigerants.

We have also converted two existing supermarkets to natural refrigerants. Moonee Ponds, Victoria and Ascot, Queensland both now use natural refrigerants, with the installation taking place while the supermarkets were trading.

At the end of FY21, natural refrigerants were in use in 14 supermarkets.

In FY21, Coles Liquor launched its first standalone store designed with a natural refrigerant cooling system.

We continued our refrigeration-pipe replacement program and increased investment in leak-detection technology, further reducing gas loss. We are also including doors on many refrigeration units to reduce energy consumption.

In Coles Liquor, to reduce electricity consumption, new door heater controllers were installed in the cool room insert doors of more than 400 stores and a further 120 stores had existing door heater controllers optimised. Door heaters are electric resistance heaters, installed in the frames and doors of cool rooms that reduce condensation and prevent fogging and ice build-up. The door heater controllers are programed to ensure the doors and frames are heated only when necessary.

In FY21, Coles Express completed its rollout of fastlane fridges with doors to more than 400 sites as part of its energy reduction program.



## Distribution centres

We are also reducing greenhouse gas emissions at our nine ambient distribution centres across Australia where we have implemented dynamic despatch lanes (DDL). DDL reduces the travelling time within our distribution centres by optimising the loading of pallets from the floor onto our store delivery vehicles.

In addition to being safer for our team members, the reduced travel time lowers our greenhouse gas emissions by using less electricity to charge our loading machine batteries which, in turn, increases their life cycle. By cutting more than 20,000 kilometres of travelling time per year we are reducing 7.13 tonnes<sup>1</sup> CO<sub>2</sub>-e of greenhouse gas emissions. We also plan to implement DDLs in our fresh food distribution centres.

We have implemented additional projects that have contributed to greenhouse gas emissions reductions at our distribution centres:

- By extending store delivery from three to six-hour timeslots at our ambient distribution centres in Victoria and Queensland we have reduced travel by more than 610,000 kilometres per year, equating to a reduction of approximately 870 tonnes<sup>2</sup> CO<sub>2</sub>-e per year.
- Following a review of delivery frequency at our ambient distribution centres, as well as at our frozen and confectionary distribution centre in Queensland and frozen distribution centre in Western Australia, we were able to remove more than 220 loads per week being despatched from our distribution centres nationally, equating to an estimated reduction of more than 430 tonnes CO<sub>2</sub>-e per year.

## Electric vehicle charging stations

Coles Express, in partnership with our fuel partner VIVA and EVIE, has delivered two rapid-charging stations for electrical vehicles in the Coles Express network. The sites in Brighton, Tasmania and Coomera, Queensland are the first two of six for Coles Express due to be completed by the end of 2021.

At our supermarkets at the end of FY21 we had electric-charging stations at 12 sites – Willowdale, Huntlee and Schofield in New South Wales; Middle Camberwell, Cobblebank and Woodend in Victoria; Victor Harbor in South Australia; Ormeau, Rochedale, Flagstone and Glenvale in Queensland; Whiteman Edge in Western Australia. There are more electric-charging stations in shopping centres where we are tenants.

At our Store Support Centre at Tooronga, Victoria we have two charging stations.

We will continue to work with our partners on additional locations where we can activate electric vehicle charging at Coles supermarkets and Coles Express sites.

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Coles Express team member Tammy helps local customer Emily as she charges her car at the electric-charging station at Coles Express in Brighton, Tasmania.

1 Using the powershop.com.au kWh to CO<sub>2</sub> calculator and using 53.2L/100kms and 1L diesel = 2.1kg CO<sub>2</sub> for diesel calculator  
 2 Using 53.1L/100kms and 1L diesel = 2.7kg CO<sub>2</sub>-e

## Store blueprint activities

In FY21, sustainability features were added to our new supermarkets blueprint, including the external design for our Coles freehold developments. Changes made include:

- new architectural entrance canopy which provides shade to our glazed shopfront with much lighter construction and less material;
- reduction in glass across the entrance foyer to reduce heat loads;
- addition of Gro-walls along the side elevations of our stores to train climbing plants and improve insulation;
- enlarged green space in the front of our stores and additional landscape zones across our car parks to improve site permeability; and
- increase in the number of trees within our external carpark as supplementary shading.

There is also a continued emphasis on water-sensitive urban design implementation, for example using swale to reduce storm water run-off.

Within Coles supermarkets we have also implemented the following blueprint updates to improve sustainability:

- Changed our Coles lighting design standard in the customer retail area to one that is 18% more energy efficient. Light fittings and lighting tracks in customer retail areas are now 100% recyclable and do not contain any Red List<sup>1</sup> materials including:
  - no PVC (Polyvinyl chloride);
  - no PCBs (Polychlorinated biphenyls);
  - no mercury; and
  - no lead.
- Changed car park lighting lux requirements from minimum 230 lux to a minimum maintained average of 160 lux.
- Where practical, in new supermarkets, we combine air-conditioning and refrigeration into one system that uses natural refrigerants.
- For standalone air-conditioning and heating systems we are trialling low GWP refrigerants for air conditioning and natural refrigerant powered heating systems in lieu of natural gas.
- Revised all Coles internal paint finishes to ones with low volatile organic compounds which comply with the Green Building Council of Australia (GBCA) who accredits Green Star projects.

- Introduced a process to measure and report on differences in embodied and operational greenhouse gas emissions from blueprint to blueprint due to major changes to building fabric and equipment. This information helps us understand the direct impact on greenhouse gas emissions as a result of suggested changes to new store blueprint design for example:
  - selling area slab rating reduced from 40 Mpa to 25 Mpa (concrete strength) resulting in reduction of 48 tonnes CO<sub>2</sub>-e embodied greenhouse gas emissions; and
  - replaced Daytona convenience cases with produce promo table resulting in reduction of 43 tonnes CO<sub>2</sub>-e operational greenhouse gas emissions.

## Support through the Coles Nurture Fund

Through the Coles Nurture Fund, we are also supporting suppliers and small organisations with grants to help them adapt to climate change as well as to mitigate their own impact.

In FY21, New South Wales community-based charity Addison Road was awarded a Coles Nurture Fund grant to continue to provide food and services for disadvantaged people in Sydney's Inner West and beyond. Based in Marrickville, Addison Road will use the \$165,000 grant from the Coles Nurture Fund to fit out a 'zero waste zero emissions' kitchen run entirely on solar energy.

A grant was also awarded to 'That Spirited Lot Distillers' in Seaford, Victoria, which will expand its manufacturing capacity to increase its production of a line of spirits and support the use of solar energy and recycled wine waste material.

Mt Boothby Pastoral located at Tintinara, South Australia, was awarded a grant which will help reduce its carbon footprint by installing solar energy systems and close the loop within a diversified and integrated agricultural production system.

## Working with suppliers

During FY21, Coles entered a 10-year supply chain partnership with CHEP Australia, a division of Brambles. CHEP is providing many of Coles' fresh produce and protein suppliers with a pool of reusable crates that are washed and rotated up to 80 million times per year. By using and reusing crates in our fresh produce supply chain, Coles is driving environmental benefits including: avoiding more than 98,000 tonnes of greenhouse gas emissions; removing more than 13,000 tonnes of solid waste to landfill; and reducing the use of water by 770 megalitres.<sup>2</sup>

## Greenhouse gas emissions

↓2.2%

<sup>1</sup> The Red List represents the "worst in class" materials, chemicals and elements known to pose serious risks to human health and the greater ecosystem that are prevalent in the building products industry  
<sup>2</sup> Information provided by CHEP. Source: Carre, A. Bontik, P-A. 2010. Centre for Design & RMIT University. A Comparative Life Cycle Assessment of Returnable Plastic Crates versus a Disposable Cardboard Carton for Fresh Produce Distribution





Mark Thurlow and Bethaney George from True Foods celebrate winning the *Coles Sustainability Supplier of the Year Award* in 2020. The family business based at Maryborough in regional Victoria was recognised for its investment in solar energy, LED lighting, new refrigeration equipment and reduced plastic packaging to drive sustainability.

### Suppliers enhancing their local environment

Our GRAZE lamb producers have self-reported that approximately 88% have a conservation plan for their property that includes elements such as fenced-off waterways or native bush areas. Of these producers, 73% report that they have a tree-planting program, from which approximately 50,000 trees have been planted in the past 12 months and more than 600,000 in the past 10 years.

GRAZE beef producers self-report that approximately 70% have a conservation plan for their property that includes elements such as fenced-off waterways or native bush areas and corridors. Of these producers, 66% report that they have a tree-planting program, from which approximately 255,000 trees have been planted in the past 12 months and more than 680,000 in the past 10 years.

### Greenhouse gas emissions FY21 performance

Our main sources of Scope 1 (direct) emissions include emissions from refrigerant gases, natural gas, transport fuel, stationary LPG and diesel for on-site back-up generators, while Scope 2 (indirect) emissions are those associated with electricity use.

Purchased electricity represents 82% of our combined Scope 1 and 2 emissions, followed by refrigerant gases at 15%.

In FY21, our Scope 1 and 2 emissions were 1,579,091 tonnes CO<sub>2</sub>-e, a 2.2% decrease compared with FY20.

Scope 3 emissions are indirect emissions (not included in Scope 2) that occur in Coles' value chain. In FY21, our Scope 3 emissions from: business air travel; transmission-related emissions from electricity, gas and fuel; and waste disposal from stores and sites; were 266,881 tonnes CO<sub>2</sub>-e, a 0.4% decrease compared with FY20.

During FY21, we continued work to better understand our Scope 3 emissions recognising that the majority of these emissions occur in our supply chain.

This work will continue in FY22 with development of a Scope 3 emissions inventory, planned to support our intention of developing a Scope 3 emissions reduction target. We will also progress work on determining boundaries and identifying key areas to address as a priority.

### Climate change governance

The Board oversees the effectiveness of Coles' environment, sustainability and governance policies and retains ultimate oversight of material environmental and sustainability risks and opportunities, including those related to climate change. The Board is supported by the Audit and Risk Committee.

The Board has endorsed the Group Sustainability Steering Committee as the management group responsible for overseeing the Group-wide identification and response to sustainability issues.

As climate change is recognised as having wide-ranging implications for our business, responsibilities for managing and mitigating climate-related risks are Group-wide. The Group Sustainability Steering Committee coordinates this response through a specific Climate Change Subcommittee, which oversees Coles' climate change approach and reports to the Sustainability Steering Committee and its Chair.

Ultimately, Coles Managing Director and Chief Executive Officer, supported by the Chief Sustainability, Property & Export Officer (Chair of the Group Sustainability Steering Committee), has accountability for ensuring climate-related risks are identified, assessed and appropriately managed.



### Reducing waste through food donations

Coles has donated the equivalent of 151.1 million meals to people in need through our partnership with SecondBite since 2011.

Pictured is Coles team member Chloe with Flemington Food Pantry coordinator Reverend Marcus Curnow with food donations provided by Coles.



More information can be found at [www.colesgroup.com.au](http://www.colesgroup.com.au)

### Meals donated to SecondBite\*

# 151.1 million

\* equivalent of

**SecondBite**  
Ending Waste. Ending Hunger.





# Together to zero waste



**Recognising the role we can play in reducing waste, particularly food waste, and packaging, we are working with industry partners and suppliers to help conserve our valuable resources.**

Safer choices together

Great place to work

Together to Zero

Better Together

Innovation through partnerships

## Reducing waste

We had previously been working towards a target for Coles supermarkets to divert 90% of waste from landfill by 2022. Progress to meeting this target has been constrained by a range of issues, particularly disruptions to the recycling industry following the introduction of China's National Sword Policy, and slow adoption of advanced waste-processing options outside of major cities in Australia.

During FY21, we announced our new target for the Group to divert 85% of waste from landfill by FY25, while continuing our focus on reducing food waste.

We have also reset our definition of waste to landfill. Across the market, definitions differ with some organisations including liquid waste in landfill diversion and others excluding it. Previously, liquid waste was in scope, however, the majority of liquid waste will now be excluded with the exception of high-strength sludges (which contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers). This revised definition of diversion from landfill considers only solid waste streams and is consistent with widespread bans on disposal of liquids to landfill. This reset will add additional stretch to our new waste target.

As previous reporting had included some liquids, we have recalculated previous years' data in the data tables on page 78.

Using the updated definition, in FY21 we diverted 80.6% of the Group's solid waste from landfill, compared with 76.7%<sup>1</sup> diversion in FY20. This was achieved by working with our team members on education and awareness, as well as maximising food waste diversion opportunities in stores to bring in services like packaged organics and expansion of the bread return program with Goodman Fielder.

Coles held a 'Sustainability Week' in May 2021 across all stores which focused on increasing landfill diversion, donating unsold, edible food to SecondBite and Foodbank and opportunities to reduce our environmental footprint. We also expanded a packaged organics services to a wider range of stores and trial new technology in South Australia and New South Wales to turn 'dry waste' into processed engineered fuel.

In partnership with Cleanaway, our Coles Liquor stores installed additional plastic and commingled waste services which has reduced the amount of waste going to landfill.

## Reducing food waste

Every Coles supermarket and distribution centre has a food waste solution available, something we first achieved at the end of FY19.

Our first choice for unsold, edible food is to donate it to food rescue organisations such as SecondBite and Foodbank. Following that, we have other food waste solutions including donations to farmers and animal or wildlife services, organics collections and in-store food waste disposal equipment.

During FY21, 517 Coles supermarkets and one distribution centre were connected with the farmer donations program, allowing them to connect to their local farmers and communities. The program donated more than 28 million kilograms of fruit, vegetable and bakery products to farmers and organisations such as the Featherdale and Symbio Wildlife Parks in New South Wales, and the RSPCA in Launceston, Tasmania and Glenn Innes, Queensland.

In November 2020, we partnered with our waste and recycling services company partner Cleanaway to introduce a food waste depackaging service in Queensland, enabling our waste organics to be converted into nutrient-rich compost. The service will process inedible food (including packaged food) from more than 100 Queensland Coles supermarkets, creating compost for farms, gardens and parks out of waste that would otherwise have gone to landfill.

At the end of FY21, we had access to packaged organics services in all mainland state capitals, with 568 Coles supermarkets, 14 distribution centres and 347 Coles Express sites connected to this option.

We are working with Goodman Fielder, one of our bakery suppliers, to recycle surplus Coles Own Brand bread that cannot be used by our food charity partners or as part of the farmer donations program. Goodman Fielder is collecting the bread and taking it to a facility where it is being processed into breadcrumbs and bread meal, as an ingredient in pet foods such as dog biscuits. At the end of FY21, the program was running in 275 supermarkets.

<sup>1</sup> Recalculated number based on new definition



Foodbank Victoria established a pop-up store in Melbourne during COVID-19 to provide international students with free fresh produce and key staples. Coles supported the set-up of the shop. Pictured are Coles team member Tania and Foodbank team member Leticia.

### Working with suppliers to reduce food waste

As we continue to focus on reducing food waste in-store, it is just as important to make sure we are using as much of the crop yield from our Australian suppliers as possible. Produce, which typically would not be sold in stores, can be repurposed into other products such as Coles Kitchen Zucchini Noodles and Coles Kitchen Sweet Potato Noodles.

We want to provide our customers with produce that tastes great, and our range of I'm Perfect fruit and vegetables celebrates produce that may be flawed in appearance but with the same great tasting quality at good value – helping to reduce food waste and increase supplier yield.

In our bakery department, some unsold bread from Coles Bakery by Laurent, which may have gone to waste, is made into cheesy garlic bread and margherita pizza bread.

We are also working with our suppliers to reduce waste in the transportation of products to distribution centres and stores.

Reusable plastic crates are used across our fresh produce and meat supply chains, replacing some corrugated cardboard, waxed cardboard and expanded polystyrene boxes. As well as reducing packaging waste, these crates help to protect our products from damage, cutting down on food waste.

### Sustainable promotions and catalogues

Coles supermarkets has committed to no longer giving away plastic or recycled plastic collectable toys. The move, announced in July 2021, followed a review of the sustainability of our marketing campaigns. Coles will continue to explore reward programs such as the MasterChef cookware campaign and the Coles Little Treehouse™ book series.

In July 2020, our supermarkets launched the collectable Coles Little Treehouse™ book promotion. The paper and packaging used to produce the books are Forest Stewardship Council® (FSC®) certified.<sup>1</sup> The packaging for the books can be recycled in household kerbside

recycling services. The promotion also involved a case to collect the books, with the case packaging recyclable through REDcycle.

Coles Express launched The Great Aussie Road Trip activity booklet in March 2021 with the booklet, and all accompanying stickers, kerbside recyclable. The booklet was printed on recycled paper.

To support our customers to reduce waste, as well as responding to more customers choosing digital options, Coles launched a refreshed digital catalogue and stopped delivering paper catalogues to our customers' letterboxes during FY21. It is expected the change will save more than 10,000 tonnes of paper every year.

We partnered with suppliers to support the environment and communities in FY21. For every in-store and online purchase of Finish Quantum Ultimate Pro at Coles during the promotional period, 40 litres of water was donated by Finish to Rural Aid. This totalled approximately eight million litres of water distributed to drought-affected farmers.

We partnered with Unilever in May 2021 to promote its range of products made from 25-100% post-consumer recycled plastic. For every purchase of selected Unilever products sold at Coles during the promotional period, Unilever contributed 10 cents to Clean Up Australia.

### Supporting a circular economy

#### Partnering with REDcycle

We have partnered with REDcycle since 2011, providing customers an option for soft plastic recycling.

Customers can return plastic bags, as well as other soft plastic packaging that cannot be recycled through most household kerbside recycling services. Online customers can return soft plastics to their customer service agent for recycling through REDcycle.

In FY21, more than 565 million pieces (2,260 tonnes) of flexible plastic was collected from our stores by REDcycle. This is an increase of 55% compared with FY20.



Since the REDcycle program began in 2011, more than 1.6 billion pieces (6,567 tonnes) of flexible plastic have been returned to our supermarkets across Australia.

The soft plastic is converted into a range of products including playground equipment and fence posts, and even used as a road base. During FY21, the soft plastic was also converted into hand sanitiser stations used in some of our stores and our store support centres.

We have also introduced recycled plastic wheel stops to our blueprint for new stores. These are made from 98% post-consumer soft plastics recovered by REDcycle.

While REDcycle provides an option for customers to return soft plastic, we recognise that significant amounts of soft plastic are still going to landfill and we will continue to work with industry to look for other solutions.

### Polyrok

During FY21, Coles partnered with Victorian recycling organisations RED Group and Replas, and with RMIT University to develop Polyrok – a sustainable alternative to mineral aggregate used in concrete.

Made from plastic bags and soft plastic packaging recovered from the REDcycle program, Polyrok provides an end-of-life solution for problematic soft plastics whilst ensuring maximum performance in concrete is achieved and maintained.

Together with these partners, Coles pioneered the use of Polyrok in footpaths, curbing and footings at new and refurbished Victorian supermarkets at Horsham, Cobblebank and Moonee Ponds.

These carparks were the first commercial construction projects in Australia to use Polyrok.

### Container deposit schemes

We support container deposit schemes (CDS) by providing collection points in Coles supermarkets and supermarket carparks. Coles

began offering container deposit services in 2018 and now has 88 reverse-vending machines available at Coles supermarkets in the Northern Territory, Queensland, New South Wales and Western Australia. Coles partners with Indigenous-owned recycling company Envirobank in the Northern Territory and Queensland, and with TOMRA in New South Wales and Western Australia.

Coles looks forward to supporting the Tasmania and Victorian CDS, launching in 2022 and 2023 respectively.

In North Lake, in the Northern Territory, Coles has partnered with Envirobank to offer can and bottle recycling Drop 'n Go points in exchange for shopping vouchers or cash. Funds raised through the purchase of Envirobank collection bags available at Coles supermarkets across the Territory support Purple House to provide health care to 18 remote Indigenous communities.

### Support through the Coles Nurture Fund

Recycled plastic pipe manufacturer. RPM Pipes, at Lancaster in Victoria will receive a Nurture Fund grant to purchase equipment to increase its ability to accept additional plastic waste from the kerbside bin and process it into a high-quality storm water drainage pipes, reducing waste going to landfill and providing an end-to-end solution in the circular economy.

### Single-use plastic tableware

In February 2021, we committed to no longer selling single-use plastic tableware products including cups, plates, bowls, straws and cutlery from 1 July 2021.

The move will divert approximately 1.5 million kilograms of single-use plastic from landfill each year. As an alternative to single-use plastic, we are offering a range of FSC® certified tableware as well as reusable options. The commitment applies to single-use plastic tableware products sold at Coles supermarkets, Coles Express and Coles Liquor stores.



Coles team member Kylie from the Lake Innes store provides bread and bakery items, which are not suitable for sale, to horse owner Michelle who supports rescued horses.

1 FSC® is an independent, not-for-profit, non-governmental organisation that works to promote the environmentally appropriate, socially beneficial, and economically viable management of the world's forests





### Partnering with REDcycle to recycle soft plastic

Coles team members Luke and Fiona at the new Coles Cobblebank, Victoria. Coles has partnered with RMIT University and Victorian recycling organisations RED Group and Replas to pioneer and install footpaths, curbing and footings, made partly out of recycled soft plastics, in the carpark at the store. The carpark is one of the first commercial construction projects in Australia to make use of Polyrok – a sustainable alternative to mineral aggregate used in concrete. Polyrok is made from plastic bags and soft plastic packaging recovered from the REDcycle program, available in all Coles supermarkets. Insert: Polyrok is used in the concrete paving and edges of the supermarket carpark at our new supermarket in Cobblebank, Victoria.



More information can be found at [www.colesgroup.com.au](http://www.colesgroup.com.au)



# 1.6bn

pieces of soft plastic collected since 2011





## Circular thinking in our stores

As part of our environmental sustainability focus in new stores, during FY21 we looked for opportunities to divert fit-out waste from landfill during the construction of 15 supermarkets. Of the 128.7 tonnes of fit-out waste collected, 99.5 tonnes (77.3%) was sent for recycling (e.g. metal, plastic, timber), 26.2 tonnes (20.4%) was reused (e.g. pallets and boxes) with only three tonnes (2.3%) sent to landfill.

During FY21, we also continued to recycle and repurpose excess fittings and goods not for resale from our new store and supermarket refurbishment construction projects. Working with the TIC Group, the program is aimed at diverting waste from landfill by repurposing or recycling the capital equipment.

In FY21, Coles partnered with Boost Mobile to sell refurbished Apple iPhone devices, at our supermarkets nation-wide.

## Sustainable packaging

We understand our customers want us to reduce packaging and to make it easier for them to recycle. We also know that packaging, including plastic packaging, plays a key role in protecting products during transport, extending product life, keeping food safe and reducing food waste.

We are working together with our supplier partners, government and industry to accelerate packaging sustainability and transition to a circular economy in Australia.

### Supporting the National Packaging Targets

Our ambition is to play a key role in driving the delivery of Australia's 2025 National Packaging Targets (2025 Targets) which apply to all packaging that is made, used and sold in Australia.

We will do this by working to ensure that by 2025, or earlier, all Coles Own Brand and Coles Own Liquor Brand packaging in Australia:

- is 100% recyclable, reusable or compostable;
- includes an average of 50% recycled content;
- carries the Australasian Recycling Label (ARL). The ARL provides guidance on what packaging components can be disposed of according to different waste streams and supports the National Packaging Target of 70% of plastic packaging being recycled or composted; and
- has phased out problematic, and unnecessary single-use plastic.

Coles is a signatory to the Australian Packaging Covenant and an active member of the Australian Packaging Covenant Organisation (APCO), tasked with delivering Australia's 2025 Targets.

During FY21, Coles' Head of Strategic and Responsible Sourcing joined APCO's Collective Action Group tasked with overseeing the strategic delivery of the 2025 Targets. Coles is also a member of APCO's Marketing Advisory Committee, a group established to address public consumer education supporting the ARL.

We understand our important role in driving change and will strive to take a leadership position working with industry and APCO to support the 2025 Targets' delivery.

### ANZPAC Plastics Pact

The ANZPAC Plastics Pact (ANZPAC) was launched in May 2021 with Coles as one of its founding members.

ANZPAC aims to bring together key players behind a shared vision of a circular economy for plastic, where plastic never becomes waste or pollution. Together through shared knowledge, investment and

industry-led innovation it will implement solutions tailored to Australia, New Zealand and the Pacific Islands region.

APCO will lead the development and delivery of ANZPAC which was developed in consultation with the Ellen MacArthur Foundation and WRAP UK.

The ANZPAC Regional Plastic Targets (ANZPAC Targets), which closely align with the 2025 Targets are:

- eliminate unnecessary and problematic plastic packaging through redesign, innovation and alternative (reuse) delivery models;
- 100% of plastic packaging to be reusable, recyclable or compostable packaging by 2025;
- increase plastic packaging collected and effectively recycled by at least 25% for each geography within the ANZPAC region; and
- average of 25% recycled content in plastic packaging across the region.

There are many external dependencies on achieving the 2025 Targets and the ANZPAC Targets. These include industry progress and developments in infrastructure (such as specialised recycling facilities), market innovation to support supply of quality recycled raw material (especially in relation to food-grade packaging), and industry awareness and understanding of packaging sustainability including traceability of material to verify recycled content.

While external dependencies will present challenges, Coles is committed to working with industry and government to play a leading role in delivering the ANZPAC Targets.

### Our packaging strategy and program

Our R3 Packaging Strategy for Coles Own Brand and Coles Own Liquor Brand was established in FY21 and outlines three key pillars and eight initiatives to support the elimination of packaging from landfill. These initiatives support the delivery of Australia's 2025 National Packaging Targets. The key pillars of our strategy are:

- 1 Redesign** focuses on redesigning our packaging where we can, to reduce unnecessary components, phase out problematic materials, increase reusability and improve recyclability;
- 2 Recycle** focuses on making sure our packaging is not only recyclable but is also recycled effectively by our customers. We do this through application of the ARL on our packaging; and
- 3 Reimagine** drives us to reimagine our packaging and look at how we can increase the amount of recycled content included and support industry on new circular economy initiatives.

In October 2020, we completed a comprehensive review of Coles Own Brand and Coles Own Liquor Brand primary packaging using the Packaging Recyclability Evaluation Portal (PREP tool) — a tool available under the ARL Program to determine recyclability of primary packaging.

Action plans have been implemented to identify non-recyclable components to address in the short-term, as well as identifying where we need to engage APCO on industry-wide solutions such as potential feasibility studies and innovative trials with suppliers.

In the second half of FY21, we held two supplier webinars to discuss the targets and Coles Own Brand and Coles Own Liquor Brand requirements with more than 700 people registering for the events.



Customers at Coles supermarket Tooronga, Victoria with Coles Own Brand mince packed in a Plantic™ tray which is both recyclable and includes renewable and recycled material.

As part of our engagement with suppliers, we developed the Coles Own Brand Preferred Packaging Materials and Formats Guidelines. Developed in collaboration with APCO, the Guidelines are designed to help identify packaging materials and formats that are currently challenging to recycle in Australia, supporting our Own Brand suppliers to identify opportunities to improve packaging design.

#### Advanced recycling feasibility study

We understand the need to work towards a circular economy. In March 2021, Coles announced that it was working with technology developer Licella, recycler iQ Renew, polymer manufacturer LyondellBasell and Nestlé on a feasibility study into an Australian-first advanced recycling facility. Advanced recycling turns soft plastic back into oil for use in the production of new food-grade packaging.

The new collaboration aims to determine the technical, economic, and environmental benefits of a local advanced recycling industry and will look at potential sites in Victoria for an advanced recycling facility.

#### Packaging updates<sup>1</sup>

During the year we implemented key packaging changes across some of our Coles Own Brand products to improve packaging recyclability. We have also looked at where we can increase reusable packaging in our supply chain and in FY21 we introduced an additional 1.5 million reusable crates across our distribution network, reducing the use of single-use secondary packaging.

At the end of FY21, 87% of Coles Own Brand and Coles Own Liquor Brand primary packaging was classified as recyclable or conditionally recyclable utilising the PREP tool.

Across our deli and seafood department we have worked with one of our suppliers of pre-packaged salmon to remove soaker pads from our packaging, and we are also transitioning to recyclable Deli Express antipasti tubs and removing non-recyclable PVC trays from

our hot smoked salmon range. These changes will see approximately 188 tonnes of packaging waste diverted from landfill each year.

Within our in-store bakery department we have announced changes to support a circular economy in packaging by utilising 100% recycled plastic across our rigid bakery packaging in FY22, removing approximately 2,600 tonnes of virgin plastic each year.

We are also trialling the replacement of problematic polystyrene bread tags with a cardboard option. If successful, the roll out of this trial across our in-store and packaged bread ranges will see approximately 223 million non-recyclable plastic tags (weighing 79 tonnes) diverted from landfill each year.

Supporting the Government target for 70% of plastic packaging to be recycled or composted, we continued to rollout the ARL on Coles Own Brand and Coles Own Liquor Brand packaging. At the end of FY21, the ARL was on more than 3,500 Coles Own Brand and Coles Own Liquor Brand products.

Supporting the ANZPAC target for an average of 25% recycled content in plastic packaging, during FY21 we continued to include 100% recycled content in our Coles Brand still spring water bottles, included 30% recycled content in our fresh produce bags, 80% recycled content in our Coles Better Bags and 80% recycled content in some of our convenience ready-meal trays. The meat trays used at our RROA site also contain 72% recycled content.

During FY21, we launched three trial initiatives to increase the sustainability credentials of our shopping bag range.

We partnered with a cleantech company that specialises in converting mechanically recycled post-use maritime fibres, fishing nets and ropes into high quality raw plastic materials to help manufacture our new Coles Marine Bag. Our bag is made from 80% recycled materials including 20% marine industry waste such as fishing nets, trawls and ropes that could have otherwise ended up in the ocean or landfill. The Coles Marine Bag costs 20 cents and 10% of proceeds will be donated to Clean Up Australia.

We are trialling a moisture-resistant paper bag which is PEFC<sup>2</sup> certified and made from 70% recycled paper. This bag is also reusable and recyclable through kerbside collection at its end-of-life. We are also trialling reusable produce bags.

In fresh produce, we have improved our packaging by:

- working with our suppliers to transfer plastic liners in some of our loose avocado cartons to paper liners. This will remove almost four million unrecyclable plastic trays annually from our supply chain, with paper liners able to be recycled back of house in our supermarkets;
- moving nuts into recyclable packaging in December 2020 meaning an additional 101 tonnes or 18 million pieces of soft plastic can now be recycled through REDcycle each year;
- working with suppliers such as Fresh Select (one of our packaged lettuce suppliers) to reduce the weight of plastic wrap. With Fresh Select this has resulted in a reduction of approximately 16 tonnes of plastic each year;
- replacing black trays with clear plastic trays for sweet pointed capsicums, baby corn and parsnips and the transitioning from a black to a white plastic lid on our garlic paste, meaning each year over 1.2 million pieces or 13 tonnes of plastic can now be recycled in kerbside collection; and

<sup>1</sup> Data by volume or number in this section is based on latest packaging data provided by suppliers, overlayed with sales data and purchase data for goods not for resale packaging items for the last 52 weeks as at 27 June 2021. Coverage is 82% of units in the reporting period. For Coles supermarkets this excludes floral, Coles Best Buys, cigarettes/tobacco, Lead Business Initiative merchandise, magazines and pre-recorded media

<sup>2</sup> Programme for the Endorsement of Forest Certification



- driving efficiencies within the supply chain by moving truss loose tomatoes supplied by Sundrop Farms from a five to a 10 kilogram carton which has resulted in fewer cartons utilised within the supply chain and a reduction of 234 tonnes of packaging annually.

In Coles Own Brand non-food range we have:

- launched a single material 100% recyclable pump in our Zena haircare range;
- introduced compostable options for our customers including a certified compostable kitchen tidy bag and pet tidy bags;
- investigated options to reduce the impact of packaging through renewable plant-based plastics including launching tidy bags, made with 50% plant-based plastic which is sugar cane derived; and
- transitioned from plastic to FSC® certified paper stems in cotton tips.

In Coles Own Brand general needs categories, packaging initiatives have included:

- removing 45 tonnes of cardboard by the end of December 2021 across nine products from our disposable tableware range by removing excess cardboard from our master carton;
- moving from a cardboard box to a lighter weight, recyclable pouch across our stationery range, we have reduced the weight of our packaging by 54%;
- moving kitchen textiles packaging from non-recyclable plastic hanging hooks to recyclable cardboard headers;
- launching iKi-NA brand featuring glass bottles, bamboo cups and bento boxes as alternatives to plastic;
- launching the Coles Green Choice disposable tableware range with products made from 98% sugarcane pulp that are certified home compostable to AS 5810, meaning they can be home composted or placed in the council organics bin if it accepts food waste; and
- moving to compact cardboard packaging in our hosiery range on 36 SKUs, reducing the amount of packaging by 5.4 tonnes including 0.59 tonnes of plastic per year.

In our convenience food department we have:

- switched our Coles Kitchen soup range to a new plastic tub which uses 45% less packaging, resulting in a reduction of 18 tonnes of plastic per year;
- transitioned our Coles Finest fresh pasta packaging from non-recyclable black plastic to recyclable clear plastic, diverting 4.5 tonnes (or almost 250,000 trays) from landfill each year; and
- moved the packaging of Coles Own Brand flat breads and pizza bases to a film which can now be recycled through REDcycle, diverting 4.9 tonnes (or over 750,000 pieces of plastic wrapping) from landfill each year.

In beverages we have reduced the weight of our Coles Brand 600ml still spring water bottles sold in Western Australia, resulting in a plastic packaging reduction of 1.5 tonnes annually. This brings the Western Australia bottle weight in line with other states. In our snacks range, we reduced the amount of packaging used for our Coles Brand multipack popcorn, reducing our use of plastic by 1.7 tonnes each year.

Recyclability of meat trays has long been a key focus area. In 2012, Coles was the first Australian national supermarket to adopt Plantic™ meat trays, which are both recyclable and include renewable and

recycled material. In FY21, Plantic™ meat trays were used to pack a variety of our Coles Own Brand fresh beef, lamb, pork mince and poultry products.

*"Coles is committed to the development of the circular economy through its packaging developments with Plantic Technologies Limited. Our partnership with Coles will help to create an Australian circular economy for Coles meat packaging. Coles are leading the way in the use of recyclable plastics. Through new investments in recycling, Plantic and its recycling partners will supply Coles with meat trays which include plant-based materials and Australian recycled PET. Coles is the only retailer in Australia to use Plantic™ trays across a range of its own brand meat products."*

**Brendan Morris**, CEO, Kuraray, Plantic Technologies Ltd.

Other packaging reduction initiatives in our meat department include:

- down-gauging plastic meat bags and moving to a non-PVDC bag for pork and lamb resulting in over 21.5 tonnes of material taken out of the supply chain;
- down-gauging the thickness of some of our meat trays resulted in 108 tonnes of excess plastic being removed;
- continuing to reduce the need for non-recyclable soaker pads. During FY21 soaker pads have been removed from a range of products which will result in the removal of approximately 36 million soaker pads per year. This will mean approximately 90 tonnes being eliminated from landfill;
- transitioned to recyclable trays for Coles Finest sausages eliminating approximately 44 tonnes of non-recyclable trays from landfill;
- transitioned our non-recyclable in-store black foam meat trays to recyclable clear trays made from 70% recycled PET – resulting in approximately 14 million less foam trays going into landfill each year;
- transitioning from a non-recyclable label to a fully recyclable label for a range of our meat products saving approximately 28 tonnes of waste from landfill; and
- transitioning products within our breaded poultry range from non-recyclable trays into fully recyclable trays made from 100% recycled PET which results in the removal of more than 1.6 million trays a year from landfill, the equivalent of approximately 36 tonnes.

We will continue to look for opportunities to transition to recyclable packaging, working with industry and suppliers on potential solutions.

#### Awards and recognition



In November 2020, Coles was rated as a 'leading' retailer by APCO in its annual performance assessment of its members. Also in November 2020, Coles was a finalist in APCO's Industry Sector Award and Our Packaging Future Award for our achievements in sustainable packaging design and recycling initiatives.



In the Australian Institute of Packaging (AIP) 2021 Australasian Packaging Innovation & Design (PIDA) Awards, Coles won the bronze award in the Sustainable Packaging Design of the Year for our Coles Brand Hot Smoked Salmon range and Coles' Group Responsible Sourcing Manager was a finalist in the 2021 Young Packaging Professional of the Year awards.

# Together to zero hunger



**As a food retailer, we love food and do not want it to go to waste.  
We also recognise the significant role we can play in fighting hunger  
and supporting Australians in need.**

Coles has an ambition to work *Together to zero hunger*. This encompasses our commitment to donate unsold, edible food from our supermarkets and distribution centres to food rescue organisations. It includes the support we provide in times of need, such as providing funds and food as part of disaster relief, and our commitment to lower the cost of living for our customers through best value food and drink solutions.

During FY21, more than 16,780,000 kilograms of unsold, edible food (equivalent of 33.6 million meals) was donated to SecondBite and more than 1,223,000 kilograms of unsold edible food (equivalent of 2.2 million meals) was donated to Foodbank from Coles supermarkets and distribution centres.<sup>1</sup>

This was an increase compared with FY20 when we provided nearly 14,000 tonnes (the equivalent of 29.6 million meals) of unsold, edible food to SecondBite and Foodbank from our supermarkets and distribution centres.

## SecondBite

Coles and food rescue organisation SecondBite have been working together since 2011 in the fight against hunger and food waste. Coles' General Manager Fresh Produce is a Director on the SecondBite Board.

Since the partnership began, Coles has provided SecondBite with the equivalent of 151.1 million meals, as well as valuable funds raised with the support of our generous customers.

In FY21, we provided the equivalent of 33.6 million meals and raised more than \$2.6 million for SecondBite.

SecondBite collects unsold, edible food either directly from our supermarkets or organises for local charities and not-for-profits to collect it on its behalf. In addition to collecting and redistributing food from our supermarkets, SecondBite also collects food from our fresh and chilled distribution centres.

The food we provide to SecondBite is distributed to more than 1,300 community organisations who are helping Australians in need.

In addition to providing food donations, we also raise funds for SecondBite through the sale of \$2 donation cards (for dedicated campaigns), Coles Kitchen fresh soup and reusable shopping bags.

As part of our 2020 Christmas Appeal, more than \$851,000 was raised in Coles supermarkets and \$720,000 in Coles Liquor stores. Across all fundraising activities, including the Christmas Appeal, Coles Group raised more than \$2.6 million for SecondBite in FY21.

## Foodbank

We have been working with Foodbank since 2003, providing the equivalent of 34.1 million meals. The food we provide Foodbank supports approximately 2,600 agencies and community groups. In FY21, we provided the equivalent of 2.2 million meals to Foodbank.

Foodbank collects from our grocery distribution centres across Australia. Coles' General Manager National Meat Processing is a Director on the Board for Foodbank New South Wales and the Australian Capital Territory.

In addition to food donations, we also supported Foodbank with other projects in FY21. As a result of the impact of COVID-19 on international students, Foodbank Victoria set up a pop-up food store in central Melbourne. Coles assisted by working with some of our suppliers to provide fixtures for the store.

Together with our suppliers we are also supporting Foodbank through the supply of fixtures and shop fittings for other Foodbank initiatives in central Australia.

## Community impact

Our donations to SecondBite and Foodbank were welcomed in a year when COVID-19 created additional challenges for community food programs and people in need.

For the Flemington People's Pantry in Melbourne's inner west, COVID-19 created economic and social challenges for people across the community.

<sup>1</sup> SecondBite uses the conversion of total kilograms donated multiplied by two to determine equivalent meals. Foodbank uses the conversion of total kilograms donated divided by 0.555 to determine equivalent meals





Hoa, Deanne and Nina prepare food donated by SecondBite at Diamond House Clubhouse in Adelaide, South Australia.

*"It has been a challenging year for us trying to provide food for those who need it most. During COVID-19, we needed to change our service. Instead of people coming to us to share food together, we've provided deliveries to them. We couldn't do what we do without SecondBite."*

**Rev. Marcus Curnow** from the Flemington People's Pantry

Our Coles supermarket team at Coles Lake Macquarie Fair, New South Wales, was congratulated by Dave from Gateway Christian Care for its support of SecondBite. Not only does the store actively support the SecondBite program, they also went to an extra effort during Christmas 2020.

*"Each week Store Manager Jasmine and her team donate fresh fruit, vegetables, meat, dry goods and bread to the Coles Community Food Program with SecondBite. Rescued food is distributed to those finding it hard to make ends meet with some being cooked into a nutritious meal and frozen for those without ability to cook themselves."*

*Over the Christmas period, a free lunch was provided for the community including carols, games and a Christmas hamper that included real hams and chocolates for the kids. Through the generosity of Coles Lake Macquarie Fair, the community Christmas lunch was a great success. Amazingly the Coles team dressed up in the Christmas spirit and helped serve the meal including pudding and custard. The Coles team even stayed to help clean up the kitchen and hand out hampers to community members."*

**Dave** from Gateway Christian Care.

Foodbank recipient **Mandy**, a mother of two, expressed her thanks.

*"Thanks to Foodbank, we get access to fresh food, toiletries and other necessities that we truly could not live without. Without Foodbank we'd be lost, it's that simple."*

### Support through the Coles Nurture Fund

Since the launch of the Nurture Fund in April 2015, Coles has provided grants to small and medium-sized businesses across Australia to help fund innovative projects.

In FY21, the Coles Nurture Fund provided a grant to community health service, Purple House, who will use the funds to train and

employ Indigenous people in food service.

Based in Alice Springs, Purple House will use a \$114,450 grant to fit out a new commercial kitchen where training and employment opportunities will be offered to dialysis patients, their families and Indigenous people from remote communities.

The commercial kitchen is a new project for the Indigenous-owned health service, which primarily focuses on providing dialysis to Indigenous people, and also runs a social enterprise selling a range of balms and creams based on Central Australian bush medicines.

Once completed, the new kitchen will offer healthy food to customers with a Central Australian, bush tucker twist.

A Coles Nurture Fund grant was also provided to Addison Road Community Organisation to establish a 'zero waste, zero emissions' kitchen for rescued food.

Located in Marrickville in western Sydney, the charity will use a \$165,000 grant from the Nurture Fund to fit out a new commercial kitchen and install solar panels so it can run entirely on solar energy and close the loop on rescued food by making ready-to-eat meals from food donated by SecondBite and Coles. The meals will then be distributed to disadvantaged people in Sydney's Inner West.

### Volunteering

In FY21, team members' ability to participate in volunteering programs was restricted due to COVID-19. The usual volunteering at SecondBite and Foodbank warehouses was not possible due to COVID-19 impacts.

However, in early 2021 some volunteering opportunities resumed with eight team members volunteering with the Salvation Army's Magpie Nest Café.

During Easter 2021, our teams in Geelong, Victoria were busy giving back to their local community. The store teams from the greater Geelong community prepared over 22 pallets of non-perishable food items for Geelong Food Relief, a not-for-profit which currently supports more than 52,000 people who need emergency food relief in the Geelong, Surf Coast and Bellarine communities.



# BETTER TOGETHER

We know that when we work together, we can create positive outcomes for our team members, farmers, suppliers, customers and the communities in which we live and work.

Better Together sets out our ambitions as to how we will work with our stakeholders to drive positive change.

---

A team that  
is better together

A community that  
is better together

Sourcing that  
is better together

Farming that  
is better together

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### Coles Nurture Fund

Daniel Mathie from Wybalena Partnership at Holbrook, New South Wales, and employee Darcy feed hay to cattle.

The Mathies, who supply beef to Coles, received a grant from the Coles Nurture Fund to help their business to better manage feed shortages through times of drought. The project, which involved the construction of a commodities storage facility, was completed in FY21.

 More information can be found at [www.colesgroup.com.au](http://www.colesgroup.com.au)

Coles Nurture Fund support since 2015

# \$28 million

**coles** nurture fund 



## A team that is better together



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

Our differences help us spark ideas, create connections and discover commonality, helping us foster understanding, show empathy and build communities. Being unique reminds us that every customer, team member and supplier we work with is unique too.

Our teams inspire us all to win together to achieve our purpose of sustainably feeding all Australians. We are making Coles somewhere everyone feels like they belong so that we can all live healthier and happier lives.

In FY21, management and the Board reviewed our diversity and inclusion program and endorsed five focus areas – Belonging, Accessibility, Gender equity, Pride and Indigenous engagement. These are the same as our previous focus areas with the exception of Belonging which replaces Flexibility.



Coles team members Phillip and Julie are part of Coles graduate program. Pictured at the Store Support Centre in Victoria, they were two of thousands of team members who adapted to flexible working resulting from the impacts of COVID-19.

Under each of the five areas we had already set targets to be delivered by December 2023. For the existing focus areas, our targets remain unchanged, but we have updated the wording around each. For the new focus area – Belonging – we have set new targets that strengthen our ambition to create an inclusive and welcoming culture.

### **Belonging**

**Foster an open and welcoming culture where everyone feels valued.**

Belonging brings together our continued focus on mainstreaming flexibility, building inclusive and diverse leaders across our company, as well as the measurement and tracking of engagement for groups who are considered under-represented. Within this pillar, we have made three new commitments:

- Develop the inclusive skill of people leaders, so that we create diverse teams reflecting the communities in which we live and work.
- Make work flexible at Coles, so we can all thrive in our careers.
- Improve engagement of all diverse groups so that everyone at Coles can be at their best.

We are delivering inclusive leadership training to senior leaders and unconscious bias awareness training to all people leaders and specialist teams. By the end of FY21, we had delivered senior leader sessions, piloted unconscious bias e-learning and selected a vendor to help us create an awareness module to be rolled out to people leaders by December 2023.

Coles has always had a strong focus on flexibility and in June 2021 we updated our Flexible Working Policy to recognise new models of working which have been accelerated by COVID-19. Our Store Support Centre team members have welcomed a more flexible environment and we have developed resources and tools to support leaders managing hybrid teams.

While remote working is not applicable to most team members who work in stores and at sites, more than 50% of surveyed team members are accessing flexible work arrangements in some form.





Increasing the number of women in leaderships positions in FY21, we welcomed (from left to right) General Manager - Property, Fiona Mackenzie, General Manager eCommerce, Claire Pallot, General Manager People and Culture Commercial and Corporate, Jasmine Doak and General Manager Financial Control and Corporate Partnering, Jo York. (Claire Lauber, State General Manager Coles supermarkets Victoria/ Tasmania not pictured)

Our progress on flexible working is tracked through our engagement survey, mysay. The May 2021 survey found that 63% of surveyed team members feel working flexibly does not negatively impact their career opportunities and 79% feel their line manager supports them if they choose to make use of flexible working arrangements.

We recognise that some under-represented groups often have lower engagement compared with the company overall. We will continue to track engagement of a range of diverse groups, developing plans to improve engagement and inclusion.

## Gender equity

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

In gender equity we are focussed on fairness for all genders and addressing historical imbalance in access to opportunities. Everyone benefits from gender equity. There are many factors which can influence gender equity. At Coles our focus is on increasing women in leadership, ensuring gender representation in each function, mainstreaming flexible working for all, and achieving pay parity.

Under Gender equity we have three targets:

- Reach 40% women in leadership roles at an organisational level. Improve male and female representation in each function to 30% of each gender.
- Achieve pay parity to support achievement of gender equality.
- Be recognised as a Workforce Gender Equality Agency (WGEA) Employer of Choice for Gender Equality enabling us to attract and retain the best talent at Coles.

We are proud of our gender-balance achievements with 50.5% of team members identifying as female. Team members have access to equitable opportunities and resources to be successful in their role and have fulfilling careers.

We continue to build female representation in management roles as part of the focus on gender balance across the organisation.

In FY21, our focus was to develop detailed gender-balance plans in the largest functions, including technology and operations, where we have traditionally seen less leadership gender balance. We have also:

- continued to set targets and monitor progress at a Group and functional level;
- introduced gender balance principles so that gender balance is considered in recruitment, new positions and restructure processes; and
- continued to highlight team member stories to advance the gender-equity discussion.

For leadership, we define gender balance as achieving 40/40/20 gender balance, achieving minimum of 40% male and female, with the remaining 20% to be made up of any/all gender. Our commitment remains to achieve 40% women in leadership by December 2023.

Leadership positions comprise the Executive Leadership Team, General Managers, team members pay grade eight and above<sup>1</sup>, and supermarket store managers. At the end of FY21, the percentage of women in leadership increased from 34.2% in FY20 to 36.5% in FY21. This was the biggest year-on-year improvement in this metric by Coles Group and was achieved through a focus on developing female leaders in store manager and technology roles.

Looking more broadly at women in management – a category that includes leadership as well as other key leader roles including Coles Liquor store managers, Coles Express site managers, Coles supermarket department managers, Coles Services area managers and team leaders, and people leaders in our distribution centres – the percentage increased from 43.3% in FY20 to 43.8% in FY21.

### Women in leadership

# 36.5%

↑ from 34.2% in FY20

<sup>1</sup> Pay grade eight and above includes middle managers and specialist roles



Coles team members in Queensland show their support for the LGBTQI+ community at Brisbane's Big Gay Day.

In FY21, women represented 37.5% of the Board, meeting the Board objective to be not less than 30% of each gender.

We are committed to achieving pay parity as an outcome of our continuing work to increase female representation in leadership roles, and ensuring that we are mitigating the risk of bias in key talent decisions such as promotions and performance outcomes. Coles measures pay parity, which is focussed on ensuring that people receive equal pay for equal work. We aim to achieve and maintain a pay parity gap of less than 1%. In FY21, our pay parity gap<sup>1</sup> was 1.3%, an improvement on the prior year. We continue to make positive progress on improving pay parity through regular reviews and investment to close the gap.

In accordance with the requirements of the Workplace Gender Equality Act 2012, we lodge annual compliance reports with the WGEA. In FY21, we reviewed our roadmap for Employer of Choice for Gender Equality to enable us to achieve our goal of achieving recognition by December 2023.

We changed our parental leave policy with a move to increase the upfront entitlement to eight weeks, up from six weeks and a lump sum payment of four weeks' pay on return to work for primary carers. For secondary carers, we increased the paid parental leave benefit from one week paid to two weeks paid leave.

For the third year running, we have also continued our partnership with the National Association of Women in Operations, to achieve gender diversity that is valued and balanced at every level in operations. This provides valuable support, education and connections for our women in operations.

We celebrate days of significance to raise awareness and continue the conversation on gender equity at Coles. We celebrated International Men's Day in November 2020 with speakers talking about men's mental health. In March 2021, we celebrated International Women's Day through our sponsorship of United Nations Women Australia with a national virtual event featuring Australian of the Year, Grace Tame.

## Accessibility

### Recognise and enable people with all kinds of abilities.

For Accessibility we will:

- Achieve 90% completion of Disability Confidence Training by customer-facing team members so we can support every customer.
- Continue to improve the accessibility of our in-store and online experience, including Quiet Hour being available in more than 420 supermarkets nationally.
- Take part in the Australian Network on Disability's (AND) Access and Inclusion Index to make sure we are always working to improve our inclusion score.

We continue to implement training for all customer-facing team members to help increase their awareness and confidence in supporting people with disability. Since September 2019, 50.7% of customer-facing team members had completed the training.

Quiet Hour, a low sensory shopping experience, was expanded and is now offered weekly in more than 420 Coles supermarkets nationally.

In February 2021, we launched an innovative and accessible range of baked beans from Able Foods, an Australian profit for purpose start up, co-founded by Paralympian Dylan Alcott.

We continued to sponsor A11y camp, an annual conference on accessibility and inclusion.

To reflect our commitment to continuously improve our digital assets to WCAG 2.1 compliance, we updated our Digital Accessibility Policy. Our Digital Accessibility team leader was appointed co-chair of the W3C Business Merchant Working Group, helping to influence the accessibility guidelines of the future.

We participate in the AND Access and Inclusion Index, a comprehensive benchmark that enables organisations to benchmark themselves on their inclusion of people with disability. Coles last participated in 2019, and our ranking improved from 10th in 2017

<sup>1</sup> Pay parity gap is calculated through the following steps, calculating the ratio between every team member's compensation to their position's pay range midpoint which is set relative to the market, then calculating the difference between the average ratio for females vs. males



to 8th out of 24 participating organisations. Our overall access and inclusion score has improved by 43% since 2017.

We are committed to improving our score, and our current Accessibility Action Plan focuses on our products and services, building a great place to work, and community and engagement. The Plan is publicly available on the Australian Human Rights Commission's website. The next Plan is due for publication in 2022.

In FY21, we became a signatory to the Valuable 500, a CEO-led global movement for disability inclusion in workplaces. Coles was one of only eleven Australian signatories, and the only Australian retailer in the initial group of 500.

We are committed to attracting and employing people with disability in an accessible and inclusive way and our Inclusive Recruitment Hub provides guidance on hiring people with disability; participation in the Federal Government's Supported Wage System and Wage Subsidy Scheme (JobAccess and JobActive); and access to disability employment service providers.

This year we hosted four interns through the AND's Stepping Into Internships Program. We also launched ColesAbility, a team member network and resource group made up of team members with disability, carers and allies. The group is working on projects to raise awareness of disability and create a more inclusive environment at Coles.

In FY21, our construction team created a mini supermarket at the Eileen O'Connor Catholic College in Sydney, New South Wales which provides specialist education for students with intellectual disabilities and other learning needs.

## Pride

### Champion LGBTQI+ inclusion in the workplace and beyond.

Our commitments under Pride are to:

- Build a strong Pride at Coles network and actively contribute to local LGBTQI+ communities and events in all states.
- Provide LGBTQI+ inclusion training to all team members to create a place where everyone feels like they can be their authentic selves at work.
- Improve our status in the Australian Workplace Equality Index and be recognised as an active and influential leader in LGBTQI+ workplace inclusion.

Our Pride network has grown significantly over the past year, and we have Pride committees in every state, driving activity and engagement at a local level. The network grew to more than 500 team members in FY21.

Our May 2021 mysay survey found that 7.6% of surveyed team members identify as members of the LGBTQI+ community, and more than a quarter as an ally. Our mysay results also indicated that our transgender and gender-diverse populations have both increased in 2021.

In April and May 2021, Coles Liquor and Coles Express launched ACON's Welcome Here initiative which is aimed at creating and promoting environments that are visibly welcoming and inclusive of LGBTQI+ people in the community. ACON is a community organisation focused on health services and community programs for the LGBTQI+ community. Welcome Here is now implemented in over 1,600 stores and sites and the rollout continues in Coles supermarkets. The Welcome Here initiative demonstrates

commitment to welcoming LGBTQI+ people to our stores, creating positive change in local communities and celebrating diversity.

Our Pride networks continue to support LGBTQI+ organisations. We were a major sponsor of Pride WA's PrideFEST in Perth in November 2020. During Brisbane's Big Gay Day, the Queensland Pride network raised funds that supported local LGBTQI+ charities and our Victorian team members participated in the Midsumma Festival in Melbourne.

In May 2021, Coles recognised the International Day Against Homophobia, Biphobia, Interphobia and Transphobia (IDAHOBIT) with a business-wide virtual event and by raising the Pride flag at our Tooronga Store Support Centre for the IDAHOBIT week.

We partner with Pride in Diversity, a national not-for-profit support program for employers to support LGBTQI+ workplace inclusion. With the support of Pride in Diversity, Coles continued to train more LGBTQI+ allies, advancing our commitment to creating a safe and inclusive working environment.

Across the organisation we held 11 training sessions for allies in FY21.

In FY21 we also launched an LGBTQI+ Awareness training module which showcases stories of Coles team members to build awareness of inclusion.

We are proud to have been recognised as a Gold Employer at the 2021 Australian Workplace Equality LGBTQ Inclusion Awards in May 2021. One of only 21 Australian companies to achieve this award and one of only seven ASX-listed organisations.

## Indigenous engagement

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

Our Aboriginal and Torres Strait Islander Plan sets out our commitment to engage with Aboriginal and/or Torres Strait Islander peoples to better reflect the communities in which we live and work.

Underpinning the Plan is a focus on cultural learning and respect, ensuring as a business we continue to increase understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights.

For Indigenous engagement we will:

- Increase Aboriginal and Torres Strait Islander team member representation to 5% of our workforce and 3% of trade and management roles by providing great careers at Coles.
- Increase opportunities for Aboriginal and/or Torres Strait Islander suppliers to participate in our supply chain.
- Progress sustainable relationships with Indigenous customers and communities to increase our understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights.

### Aboriginal and Torres Strait Islander team members

**4%** (approx.)

We are proud to be one of Australia's largest private-sector employers of Aboriginal and Torres Strait Islander peoples.<sup>1</sup> Across the Coles Group, approximately 4% of Coles team members identify as Aboriginal and Torres Strait Islander peoples.

During FY21, it was decided to use the May 2020 mysay team member engagement survey as the new baseline to record the total number of team members who identify as Aboriginal and/or Torres Strait Islander. This decision was based on our view that it is more representative of the workforce due to the larger number of respondents (81% of team members) who completed the May 2020 survey, compared with 72% in May 2021.

Aboriginal and/or Torres Strait Islander team members in trade and management<sup>2</sup> positions continues to be a key priority for the business. This was 1.7% in FY21, compared with 1.6% in FY20.

During FY21, we focused on engaging with team members and communities at a regional level through direct recruitment campaigns and a pre-employment program aimed at developing confidence and providing practical skills and knowledge to help participants successfully transition into the workplace. The campaigns provided positive results with high numbers of Aboriginal and/or Torres Strait Islander team members recruited to our supermarket in Kalgoorlie, Western Australia where we recruited 13 new team members taking the total number of Indigenous team members to 17. In total we had 62 Coles supermarkets with five or more Indigenous new team members in FY21.

In FY21, we worked with more than 50 Indigenous suppliers across categories including employment and training, property, food and beverage, container processing, promotional material and graphic design including Bundjalung/Biripi artist Nikita Ridgeway of Boss

Lady Design and Communications who designed the Together to Zero and Better Together sustainability icon. Coles also commissioned Indigenous artworks at new supermarkets at Huntlee Shopping Centre, New South Wales and Kalgoorlie, Western Australia.

To support and engage with the Aboriginal and Torres Strait Islander population, we increased our 2021 media spend on Indigenous-led initiatives and with Indigenous-owned media suppliers. Coles is currently the largest spending non-government partner with the National Indigenous Television Network (NITV), a channel made by, for and about Aboriginal and Torres Strait Islander peoples.

On Indigenous Literacy Day 2020, we partnered with the Indigenous Literacy Foundation (ILF) to provide 10,000 books to remote Indigenous communities. The ILF works with up to 400 remote communities and gifts thousands of culturally relevant books while encouraging communities to tell and publish their own stories.

Our partnership with Essendon Football Club and the Essendon First Nations Women's Pathway Program also supports Indigenous communities. In June 2021, as the Official Partner of the Long Walk and Official Match Day Support Partner, we supported the Australian Football League's Sir Doug Nicholls Round.

We have implemented initiatives in partnership with the Central Australian Youth Link Up Service (CAYLUS) to remove access to harmful insolvents and inhalants in some locations across the Northern Territory. In Alice Springs, we installed deodorant cabinets and removed mouthwash with alcohol. According to CAYLUS, this has seen a reduction of incidents and has had a positive impact on the community. Across Darwin, deodorant cabinets have been installed in all seven stores.



Coles State General Manager Western Australia, Pat Zanetti with Indigenous artists Kugki Catherine Howard-Noble (middle) and Buoodooon Edie Ulrich at the new Coles supermarket in Kalgoorlie, Western Australia which opened in FY21. Coles is proud to work with local Indigenous artists whose work is showcased at the supermarket. The artists are pictured in front of their work – *Seven Sisters Dreaming and Countryside at Springtime*.

1 As at March 2021, based on publicly available FY20 data

2 Indigenous workforce participation defines leadership role more broadly as trade and management comprising: – Management: store/site managers, assistant store/site managers, department managers and in-charge roles. Above store positions include regional/area managers and all Store Support Centre roles. – Trade positions: apprentices and trade qualified /skilled bakers and butchers



## A community that is better together through community partnerships



**By building strong, resilient communities, we aim to work together to help Australians to lead healthier, happier lives. In FY21, Coles supported communities across Australia through fundraising, cash contributions, partnerships, sponsorships and the donation of unsold, edible food.**

### Community contributions

One of the most significant ways Coles contributes to the community is by donating unsold, edible food from our supermarkets and distribution centres to SecondBite and Foodbank.

In FY21, Coles donated more than 18,003,000 kilograms of food to SecondBite and Foodbank, which was then redistributed to agencies and community groups to provide meals for vulnerable people across Australia. In FY21 we donated the equivalent of 33.6 million meals to SecondBite and the equivalent of 2.2 million meals to Foodbank.

Coles also provided more than \$10 million in cash contributions to charities and community organisations in FY21. This included cash contributions from the sale of:

- reusable bags designed by Australian school children;
- Coles Own Brand bread for Redkite;
- Mum's Sause pasta and pizza sauce for Curing Homesickness, an initiative supporting children's hospital foundations and paediatric services across Australia;
- Select in-store baked biscuits and cookies for Bravery Trust to support veterans facing financial hardship; and
- Coles Own Brand fresh pork for FightMND.

In addition, Coles' customers, suppliers and team members contributed more than \$18 million from activities including in-store fundraising for SecondBite, children's cancer charity Redkite, children's hospital foundations and Guide Dogs Australia.

More information on our partnerships with SecondBite and Foodbank can be found on pages 34 and 35. More information on our commitment to disaster relief can be found on page 49.

# \$108.5m

In-kind donations

# 35.8m

Equivalent meals donated to  
SecondBite and Foodbank in FY21

# \$10.2m

Cash donations

# \$18.6m

Customer, supplier and  
team member contributions

# \$5.7m

Management costs and team  
member time

# \$143m

Total community support<sup>1</sup>

<sup>1</sup> Includes Coles' direct contribution of cash, time, in-kind donations and management costs as well as donations from customers, suppliers and team members (leverage). Coles references the Business for Societal Impact (formerly London Benchmarking Group) framework for reporting community contributions



### Helping to find a cure for MND

Coles Group reached a new record in its fundraising for Motor Neurone Disease, with more than \$6.7 million raised during a six week campaign from the sale of FightMND beanies and Coles Own Brand fresh pork plus donations from customers and Coles' Australian pork farmers. Pictured are Coles team members with AFL legend and FightMND founder Neale Daniher at the Melbourne Cricket Ground for the launch of the FightMND campaign.



More information can be found at [www.colesgroup.com.au](http://www.colesgroup.com.au)

### Funds raised

# \$6.7 million

**FIGHT  
MND.**  
IT TAKES PEOPLE





Coles and Redkite provided gift cards to nearly 2,000 families affected by childhood cancer, including Western Australian mother Brooke and her daughters.

### Supporting families through Redkite

Coles has partnered with national children's cancer charity Redkite since 2013 and reached a special milestone in FY21, with more than \$40 million raised over the past eight years.

Our partnership has supported counselling services, financial assistance, information resources, education and career support, and grants to children with cancer and their families.

Since 2013, funds raised by Coles have also enabled Redkite to provide 299 Dare to Dream Scholarships of up to \$5,000 to support young Australians.

In FY21, the total amount raised for Redkite by Coles, our team members and customers was more than \$5.4 million. Coles contributed more than \$1.8 million through the donation of five cents from the sale of every loaf of specially marked Coles Brand bread sold at Coles supermarkets and Coles Express, and our customers and team members contributed more than \$3.3 million.

In the lead-up to Christmas, Coles Group donated gift cards to nearly 2,000 Redkite families affected by childhood cancer and also raised more than \$1.4 million in Coles supermarkets and Coles Express through our Christmas appeal.

Coles Express also raised more than \$2.2 million to support Redkite by enabling customers to round up their purchase at the register during designated Redkite Weeks in FY21.

Other fundraising for Redkite included the donation of funds from the sale of selected products at Coles Express; team member fundraising in Coles supermarkets and Coles Express; and sales of hot cross buns after Easter.

### Supporting healthy communities

In FY21, Coles increased its efforts to raise funds to help sick children in hospitals across Australia by launching a new pizza sauce. The new product extends the range of Mum's Sause products which support Curing Homesickness - a national fundraising initiative that aims to help sick children get home sooner.

Curing Homesickness brings children's hospital foundations and paediatric services from across Australia together to raise funds and awareness. Money raised through national partnerships goes towards helping children in hospital get back home sooner by investing in vital funding needs such as research, the latest equipment and the health professionals who care for the children.

Fifty cents from every jar of Mum's Sause pizza or pasta sauce sold at Coles is directed to Curing Homesickness and redistributed to the seven different hospital alliance partners across the country: Sydney Children's Hospitals Foundation, the Women's & Children's Hospital Foundation in Adelaide, Canberra Hospital Foundation, Perth Children's Hospital Foundation, The Common Good – an initiative of The Prince Charles Hospital Foundation in Brisbane, Monash Children's Hospital in Victoria and Royal Hobart Hospital. From the end of March 2021, funds raised by Coles also supported John Hunter Children's Hospital in Newcastle.

In FY21, more than \$2.5 million was raised by Coles for Curing Homesickness through the sale of Mum's Sause products and two fundraising appeals in Coles supermarkets where customers could purchase a \$2 donation card.

In addition to the Curing Homesickness initiative, we support a range of state and local initiatives for health-focused organisations. In FY21, this support helped raise more than \$580,000 for Telethon in Western Australia, more than \$581,000 for Hummingbird House in Queensland and more than \$467,000 for the Sydney Children's Hospitals Foundation in New South Wales.

Supporting efforts to find a cure for Motor Neurone Disease (MND), Coles and our customers helped FightMND reach a new fundraising record in FY21. In a national six week campaign, which raised more funds than ever before at Coles, we helped raise a total of more than \$6.7 million from the sale of FightMND beanies at Coles supermarkets and Coles Express, Coles Brand fresh pork in supermarkets, as well as donations from customers and Coles' Australian pork farmers. For the fourth consecutive year in a row, we donated 10 cents from the sale of each pack of Coles Brand fresh pork sold during the campaign.

The money raised supports research into finding effective treatments and a cure for MND.

FightMND Campaign Director Bec Daniher and daughter of AFL legend Neale Daniher thanked Coles for its support which extended to Coles Express for the first time this year.

*"We are incredibly grateful to have Coles as our major Big Freeze partner. To be the recipient of Coles' largest-ever fundraising effort means that we can continue to invest in vital MND research to find better treatments, and ultimately a cure for the Beast that is MND," she said.*

*"Coles teams went above and beyond - from putting up amazing Big Freeze displays in stores to volunteering for Ice Bucket Challenges. It was also great to see our beanies in Coles Express this year, providing not just a new retail avenue for our beanies but also helping to increase awareness of MND right across Australia."*

In FY21, Coles Group also raised a record \$584,428 for Movember to help change the face of men's health, with funds raised going to Movember's three cause areas: mental health and suicide prevention, prostate cancer, and testicular cancer.

Customers showed their support by purchasing Movember-branded face masks or moustache-shaped donuts across our supermarkets, as well as purchasing selected Coles Own Brand products from Coles Express or special Choosy Beggars products from Coles Liquor stores. As part of this initiative, we donated a dollar for every dollar raised, up to \$1 million, to support Movember across our stores.

Through our partnership with the Collingwood Football Club's Community Foundation, Coles is helping fight homelessness, assist people facing disadvantage and support women's sport and disability programs.

More information about our support of healthy communities can be found on pages 51 to 54.

### Coles community bags

In FY21, Coles and our customers reached a \$5 million milestone in funds raised through the sale of specially-marked reusable bags designed by Australian students.

Coles community bags were launched in June 2018 when single-use plastic bags were removed from stores, with 10% of every bag sold directed to help grassroots sport, the environment and vulnerable Australians.

The range was then extended in September 2019 with new bags to help raise funds for the Collingwood Football Club Community Foundation to support the homeless.

The funds raised by the reusable bags have helped:

- SecondBite provide the equivalent of 4.3 million meals;
- Guide Dogs Australia breed, raise and train 24 Guide Dogs;
- 376 Little Athletics Centres buy new sports equipment;
- Clean Up Australia buy more than 5,000 first aid kits for volunteers cleaning up waterways, parks and beaches; and
- provide more than \$231,000 for Autism Spectrum Australia (Aspect) schools; and
- nearly \$200,000 for the Collingwood Football Club Community Foundation to provide a network of services and safe accommodation to help people affected by homelessness.



Nine-year-old Indy, who has Lennox Gastaut Syndrome Epilepsy, pictured with Coles Chief Sustainability, Property & Export Officer, Thinus Kevé at Sydney Children's Hospital at Randwick where Coles launched its national campaign for Curing Homesickness.



### Partnering with Little Athletics

Coles continued to donate bananas to Little Athletics centres across Australia as well as at major Athletics events. Since 2017, Coles has donated more than 3.6 million bananas to support Aussie athletes.

### Bananas donated since 2017

# 3.6+ million



More information can be found at [www.colesgroup.com.au](http://www.colesgroup.com.au)





### Guide Dogs collections

In September 2020, Coles reached a fundraising milestone for Guide Dogs Australia with more than \$10 million raised from coin-collection dogs at the front of Coles stores since 1982.

During FY21, more than \$1.2 million was raised for Guide Dogs Australia through the coin-collection dogs, the sale of specially -marked reusable bags and through additional fundraising activities. Coles' support helps Guide Dogs to assist Australians with low vision or blindness to live independently and reach their personal potential, with more than \$50,000 required to breed, raise and train a Guide Dog.

### Supporting Australian veterans

In the five days leading up to Anzac Day in April 2021, \$222,000 was raised for Bravery Trust, a charity which supports former and current Australian service men and women with medical fees, food vouchers, energy bills, education costs and financial counselling. Coles supermarkets donated 50 cents from the sale of select in-store baked cookies and biscuits, and collected customer donations in-store.

### Team member volunteering

In FY21, team members' ability to participate in volunteering programs was restricted by the impact of COVID-19.

Between July 2020 and April 2021, the usual volunteering at SecondBite's warehouse, Foodbank's warehouse and the Magpie Nest Café in Bourke Street was not possible due to COVID-19 impacts. However, in April 2021 some volunteering opportunities resumed at the Magpie Nest Café to serve meals to people in need.

Coles Liquor team members also supported Clean Up Australia to make a difference in their local community by taking part in Clean Up Australia Day. The team members were among volunteers across Australia who helped to clean up local parks, beaches, rivers and outdoor spaces in their local communities. In addition to volunteering, over the weekend of 6 to 7 March 2021 Coles Liquor raised more than \$125,000 by donating 25 cents from eligible transactions at Liquorland, First Choice and First Choice Liquor Market stores, to support Clean Up Australia.



Bravery Trust Chairman Lieutenant Colonel Garth Callender and Coles team member Andie at Coles supermarket at Pacific Fair, Queensland with Coles' cookies which helped to raise funds for Australian veterans in the lead up to Anzac Day.



# A community that is better together through disaster relief



**Coles team members live and work in hundreds of towns and cities across Australia and are passionate about supporting their community during times of need.**

Safer choices together

Great place to work

Together to Zero

Better Together

Innovation through partnerships

During the year, Western Australia faced bushfires and cyclones, while New South Wales and Queensland experienced floods. To help those affected by these natural disasters, we donated essential food and grocery items and raised funds in partnership with relief organisations.

## Floods

In March 2021, to help flood-affected communities in New South Wales and Queensland, our local store teams donated food and water to support the State Emergency Service (SES) and other emergency services working on the front-line.

As part of the efforts to supply customers cut off by floods in the Hawkesbury region of New South Wales, our team worked with New South Wales' SES and police to deliver 120 pallets of food and groceries to North Richmond via 60 boat and barge trips, and 32 helicopter trips. More than 50 team members from surrounding stores were on the ground to assist with this effort.

We also donated \$100,000 to kick-start a fundraising campaign to enable not-for-profit organisation, GIVIT, to provide emergency and household items to local residents. In addition, we matched customer donations dollar-for-dollar during the campaign at Coles supermarkets, Coles Liquor store and Coles Express sites.

All funds donated by our customers and matched by Coles help GIVIT to provide emergency and household items including groceries, toiletries, nappies, hygiene products, clothes, bedding, generators and work equipment. The \$100,000 cash donation from Coles enabled GIVIT to continue its important work supporting vulnerable Australians.

In total, Coles and our customers contributed more than \$350,000 to GIVIT during the campaign.



Coles team members work with the SES to deliver stock to Coles' North Richmond supermarket in New South Wales, which was isolated by flood waters in April.



Australian Prime Minister Scott Morrison with Coles supermarkets New South Wales Regional Manager John Appleby (second from left) pictured with his wife Corinne and Coles Chief Marketing Officer, Lisa Ronson. John was named winner of the Business Council of Australia's Big Heart award for his efforts in protecting the Bateman's Bay community during the January 2020 bushfires.

### Cyclones

In April 2021, Coles provided support to towns affected by Cyclone Seroja in the mid-west of Western Australia, donating essential supplies to evacuees at the QEII Community Centre in Geraldton.

Along with pallets of water, long-life milk and food items, we distributed 300 Coles care packages which included essential supplies such as bottled water, bread, spreads, toiletries and snacks to residents in hard-hit areas like Kalbarri and Geraldton.

We also raised more than \$153,000 in a state-wide fundraising appeal in our supermarkets to support cyclone-affected residents through the Lord Mayor's Distress Relief Fund (LMDRF) Tropical Cyclone Seroja Appeal. The Fund provides financial assistance to individuals for the alleviation and relief of distress, suffering and personal hardships, brought about by any disaster or emergency within Western Australia.

### Bushfires

In February 2021, Coles supermarkets, Coles Liquor and Coles Express in Western Australia raised more than \$330,000 for the LMDRF to support bushfire-affected residents in Wooroloo and the Hills.

Coles started the fundraising appeal by donating an initial sum of \$100,000 and customers donated a further \$231,260 across the state in just over two weeks.

In addition to the cash donations, Coles teams in Western Australia helped to support evacuees by donating more than 2,000 litres of bottled water, sports drinks and milk, over 900 bread rolls, 20 dozen eggs, nearly 1,500 sausages, 220 kilograms of fruit, over 20 kilograms of ham, 425 kilograms of ice as well as breakfast ingredients and hundreds of toiletry items and snacks.

Coles Regional Manager John Appleby was named winner of the Business Council of Australia's Big Heart award, for his efforts in protecting the Batemans Bay community during the January 2020 bushfires. Mr Appleby also received the People's Choice award, voted by members of the community for each category.

In the Council's inaugural Biggies Awards, the Big Heart Award recognised an individual who went to extraordinary lengths to help those in need, often while facing their own challenges.

### COVID-19 India Crisis Appeal

Coles supported efforts to provide emergency relief to India and nearby countries struggling to contain a second wave of the deadly pandemic across the South Asia region, as part of UNICEF Australia's COVID-19 Crisis Appeal.

As a partner of the AFL, Coles donated \$100 for every point scored, or \$600 for every goal, during Round Nine of the AFL (Friday 14 to Sunday 16 May 2021) to support UNICEF Australia's COVID-19 Crisis Appeal. The total amount donated was \$138,700.

UNICEF Australia's COVID-19 Crisis Appeal is raising funds to procure oxygen generation plants to be installed in hospitals to treat seriously ill patients, provide testing equipment in heavily impacted districts, and support the COVID-19 vaccine rollout.



Bushfires near Batemans Bay, New South Wales in January 2020. With fires raging, no electricity and no phone connection, Coles Regional Manager John Appleby kept the Batemans Bay Coles open and ensured the community and emergency services had plenty of food and water.



# A community that is better together through health and nutrition



**Our purpose is to sustainably feed all Australians to help them lead healthier, happier lives. We will inspire customers with best value food and drink solutions to make it easy, affordable and enjoyable to shop health at Coles.**

Coles' Nutrition Charter states our support for the Australian Dietary Guidelines and the benefits of well balanced, healthy eating. To help customers identify healthy food choices, and to understand and interpret nutrition information, Coles is aligned with the Federal Government's Health Star Rating, which provides a way of comparing the nutritional profile of similar products eligible to contain the label.

## Industry partnerships

Coles continues to address key public health challenges, working collaboratively with organisations focused on improving health outcomes.

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

We continue to work towards meeting the HFP reformulation program industry nutrition criteria for salt (sodium), sugar and saturated fat reduction, in nominated categories, for Coles Own Brand foods sold in Coles supermarkets. At the end of June 2021, 70% of eligible Coles Own Brand products sold in Coles supermarkets met the HFP nutrition criteria with product reformulation across yoghurts, pastas, soups and pizzas.

Coles has partnered with the Heart Foundation on our Coles Healthier Living program, launched in February 2021, to help Australians lead healthier, happier lives.

We also participate in the Vegetable Intake Strategic Alliance to achieve a shared vision of increasing vegetable intake among children and their families.

In partnership with the Glycemic Index (GI) Foundation (GIF), we stock a range of certified Coles Own Brand low GI bread and rolls in our supermarkets with in-store bakeries, and Carisma™ lower GI potatoes in fresh produce. Funds raised through product certification by GIF are invested in health education and promotion with a particular focus on the prevention and better management of Diabetes in the community.

## Expanding our range of healthy products

Our focus on health and nutrition is supported by our expanding range of Coles Own Brand healthy products.

During FY21, we introduced nutritionist-approved Coles PerForm frozen ready meals, a new sports foods range sold in our supermarkets. The range includes targeted sub ranges - focused on build, balance and lean - to meet the specific nutritional needs of physically active customers.

The Wellness Road range is free from artificial colours and flavours, made with reduced levels of sugar and salt, and free from industrial trans-fats. During FY21, we expanded the range to include two Wellness Road ProRice lines - Lentil, Pea & Cauliflower ProRice and Lentil, Pea & Sweet Potato ProRice - as well as cereals and muesli.

Coles created a new range of Coles Kitchen Balanced for You meals to help customers increase their daily intake of vegetables and fibre. By using ingredients such as brown rice, wholemeal pasta, quinoa, broccoli and edamame beans, we aligned the nutritional profile to the Australian Dietary Guidelines, without compromising flavour. Coles Kitchen Balanced for You meals are also made with ingredients such as RSPCA Approved chicken, sow-stall free pork and beef with no added hormones as well as being packaged in clear recyclable bowls.

To help our customers enjoy vegetables as recommended in the Australian Dietary Guidelines, we prioritised the addition of serves of vegetables on eligible Coles Own Brand convenience foods labels. In FY21 we highlighted an additional 15 million serves of vegetables on soups, meals, and pasta and prepared vegetable products through 'serve of vegetables' information on pack.

Our range of Coles I'm Free From products makes it easier for customers by applying front-of-pack labelling stating whether products are free from common allergens such as wheat, gluten, dairy, eggs and nuts.



Baker Mauricio at the Coles supermarket at Moonee Ponds, Victoria with some of Coles' store-made bakery products that have been reformulated to contain less sodium and remain softer for longer.

### Improving nutritional profile

Through product reviews and reformulations, nutritional value is being improved while maintaining quality, value and taste. In FY21, we removed the equivalent of 40 tonnes of salt from 46 of our store-made Coles Bakery products, building on efforts since 2019 to reduce salt in bread and bakery products. In total, the equivalent of 76 tonnes of salt has been removed each year as a result of the reformulation.

The final stage of reaching the 76-tonne salt-reduction milestone involved Coles partnering with Australian family-owned business, Manildra Group, to produce a flour recipe for the soft bread varieties that not only contained less sodium, but were softer for longer. The total salt-reduction program resulted in some of the most popular breads, including Coles White Sandwich, Toast and Block loaves reducing their salt content by 25%.

Convenience meal options were also reformulated in FY21 to remove an additional 10.7 tonnes of salt from across Coles Own Brand pizzas, chilled pastas and soups. Additionally, four flavours of children's yoghurt pouches were nutritionally improved to remove the equivalent of 10 tonnes of sugar annually. We recognise that these products represent only a portion of Coles Own Brand, and we will continue to look for opportunities to improve nutritional profiles across our ranges.

To help our customers identify healthy food choices, Coles has voluntarily included labelling of industrially manufactured trans-fats in the nutrition information panel on-pack for eligible Coles Own Brand products. We are making progress and at the end of FY21, more than 600 Coles Own Brand products were labelled with trans-fats information.

### No artificial flavours, no artificial colours

Since FY19, Coles Own Brand's food and drink standard range products sold in Coles supermarkets have been free from artificial colours and flavours. At the end of FY21, the Coles Own Brand standard range contained more than 2,390 products with no artificial flavours and no artificial colours, as identified by the logo on pack.

### Easier choices with Health Stars

Coles is aligned with the Australian Government's Health Star Rating front-of-pack labelling system for eligible products.

The Health Star Rating provides information on the nutritional value of packaged food – the more stars, the healthier the food. While the Health Star Rating system is voluntary, we display it on the front-of-pack on eligible Coles Own Brand packaged food and drinks.

Coles was an early adopter of the system, using Health Stars since 2014. At the end of FY21, Health Star Ratings were displayed on more than 2,940 Coles Own Brand products.

### Alternative proteins

As our customers are seeking more choices for vegetarian, vegan and flexitarian options, we have increased our range of plant-based and alternative protein products.

During FY21, Coles was the first Australian supermarket to stock plant-based meat company v2food's plant-based sausages.

Since launching in 2019, Coles Nature's Kitchen range has grown to more than 40 products across the store. This includes ready-made meals, meat-free burgers, sausages, pizza, pasta and entertaining products such as our bao buns and dim sims.

Since launching in 2019, the Herb & Sons range now includes five plant-based meat alternatives.



On World Vegan Day, held on 1 November 2020, Australian vegan food and living magazine, Nourish, released its Vegan Award winners for 2020. Voted by the plant-based community, Coles Nature's Kitchen chilled ready-meals range won the award for Best Vegan Ready Meal.

Coles' free monthly magazine includes plant-based recipes, products and tips on vegan and vegetarian options.



## Growing healthy communities

Our community partnerships support our purpose to sustainably feed all Australians to help them lead healthier, happier lives.

### The Heart Foundation

In FY21, we teamed up with the Heart Foundation to launch Coles Healthier Living, an online health hub which provides information to help Australians reach their health and wellbeing goals.

Coles Healthier Living includes information on exercise, diet, mental health management and social and community support. It also features recipes from the Heart Foundation, as well as Coles recipes, to support healthy eating.

Heart Foundation Group CEO, Adjunct Professor John Kelly, welcomed the launch of Coles Healthier Living as a practical way to help Australians build healthy living habits into their busy routines.

*"Australians are looking for engaging, yet simple ways to improve their health as part of their everyday lives," Professor Kelly said. "Through heart-healthy recipe ideas, exercise tips and information, we can help more Australians reduce their risks for heart disease and live well longer."*

*"Coles is in a unique position to use its scale and everyday customer interactions to drive change, backed by the strength of the Heart Foundation's knowledge and experience as Australia's leading experts on nutrition, physical activity and heart health."*

### Coles Healthier Living campaign

Coles wants to be a destination for health for our customers.

Over the past year, we surveyed Australians to understand their attitudes to diet, physical exercise, mental wellbeing and financial security.

In February 2021, we launched the Coles Healthier Living campaign, to help make healthier living easier and more affordable for Australians.

As part of our campaign, we offered customers 28 days of health deals, double flybuis loyalty points on all fresh fruit and vegetables and selected Coles Own Brand ranges including Coles Nature's Kitchen, Wellness Road and Coles Organic.

We also shared Heart Foundation approved recipes and fitness tips delivered by Australian athletes including World Champion Sally Pearson.

### The Stephanie Alexander Kitchen Garden Foundation

We have a three-year partnership with the Stephanie Alexander Kitchen Garden Foundation (SAKGF). SAKGF aims to help Australian children develop positive food habits as well as build self-confidence and life skills.

In FY21, we supported the SAKGF with our supplier partners by donating five cents from each punnet of Australian grown Costa's Perino Tomatoes, up to a value of \$100,000, 30 cents for every kilogram of Montague National Orchard's Smitten apples to the

Safer choices together

Great place to work

Together to Zero

Better Together

Innovation through partnerships



Coles is proud to partner with the Stephanie Alexander Kitchen Garden Foundation to deliver food education to children around Australia. Hannah from Coles supermarket Moonee Ponds is pictured with children from the Ascot Vale Heights School in Ascot Vale, Victoria.

value of \$75,000, and eight cents from every kilogram of Carisma™ Potatoes from Mitolo Family Farms, to the value of \$75,000. These donations will help the SAKGF reach more Australian families while allowing schools and centres already running the program to continue their great work.

#### Australian Football League

In FY20, we announced a five-year partnership with the Australian Football League (AFL) to promote healthy and active lifestyles in the community and grow participation at all levels of the game.

We are investing in both women's and men's football from grassroots local football to the elite professional game, with healthy lifestyles at the heart of the partnership.

As part of our AFL partnership, we launched Coles Healthy Kicks. Due to COVID-19 restrictions, in 2020 this program was delivered as an online digital program and also broadcast across 7flix. Coles Healthy Kicks is designed specifically to encourage Australian children aged 7 to 14 years old to embrace healthy cooking, mindfulness and exercise. Over one million views were achieved during the seven-week program.

Coles has also teamed up with the Essendon Football Club to create opportunities for female footballers from the Tiwi Islands through Essendon's First Nations Women's Pathway Program.

Through our partnership with the Collingwood Football Club and its Community Foundation, Coles supports the club's elite female football and netball teams in the AFLW, VFLW and Suncorp Super Netball League as well as a range of inclusive grassroots programs in Victoria and Tasmania.

#### Little Athletics and Athletics Australia

In FY21, Coles extended its partnerships with Athletics Australia and Little Athletics Australia for one and two years respectively.

Coles continued to donate bananas to Little Athletics centres across Australia as well as at major Athletics events. Since 2017, Coles has donated more than 3.6 million bananas to support Aussie athletes.

In September 2020, more than \$521,000 in sports equipment grants were distributed to 158 Little Athletics centres through the Coles Little Athletics Community Fund, taking the total contribution of the Fund to \$1.6 million since 2018.

In February 2021, Coles supermarket team members and Australian athletes visited grassroots Little Athletics centres across the country for the inaugural Coles Little Athletics Community Round which provided an opportunity for children to learn from some of Australia's leading athletes while further connecting our stores with their local communities.

In April 2021, Coles donated a further \$22,000 to able-bodied and para athletes and Little Athletics centres as part of a new 'Coles Australian Record Challenge' at the Australian Track and Field Championships.

#### Rowing Australia

In FY21, we extended our partnership with Rowing Australia for two years. As part of the partnership, Coles provides regular grocery deliveries to elite rowers and supports grassroots community rowing through events like the Australian Indoor Rowing Championships. Coles also paid the entry cost for around 250 students from secondary schools across Australia to compete in championships for the first time.

In addition, Coles supported more than 200 community volunteers at the 2021 Australian Rowing Championships for a week in March 2021 at Lake Barrington, Tasmania. Coles was the official volunteer partner of the championships where more than 1,600 rowers vied for the opportunity to become national champion.



Richmond midfielder, former Brownlow medallist and triple Norm Smith medallist Dustin Martin at the AFL Grand Final in Brisbane in 2020. Coles announced a five-year partnership with the Australian Football League (AFL) to promote healthy and active lifestyles in the community and grow participation at all levels of the game. Source: AFL Photos



# A community that is better together through responsible sale of alcohol and tobacco



**Our vision to be the most trusted retailer in Australia carries specific responsibilities when operating our stores. We are committed to the safety and wellbeing of our team and our customers and always strive to promote the responsible sale of alcohol and tobacco.**

## Our commitment to the responsible sales of alcohol and tobacco

Coles has comprehensive policies and training in place to ensure that team members understand their legal obligations when selling liquor and tobacco products. Only authorised team members who are 18 years of age or above are permitted to sell these products and our policy requires team members apply ID25 to every transaction. We provide online training before team members can sell these products and team members are required to complete mandatory refresher assessments.

We take our liquor retailing obligations very seriously and are committed to harm minimisation initiatives to reduce the misuse and abuse of alcohol in the community. We are proud of our strong and proactive approach to the Responsible Service of Alcohol (RSA).

The following new RSA compliance resources were developed and launched throughout FY21:

- New multi-lingual versions of 'Our Community in Mind' collateral to provide customers with information on key RSA obligations, the safe refusal of service and valid forms of proof of age ID for liquor purchases.
- 'Our Community in Mind' messaging was added to the Coles Liquor websites to reinforce our commitment to RSA.
- A new learning management system repository enabling all team members to upload state and territory specific RSA qualifications. This facilitates a centralised view of all team member RSA certifications and ensures all certifications are readily available for regulator inspection.
- From February to May 2021, Coles Liquor participated in an industry working group lead by Liquor & Gaming NSW to co-design and develop the Responsible Supply of Alcohol Training (RSAT) course handbook for the same day online delivery of alcohol. RSAT training is to be completed by all same-day alcohol delivery providers, agents and drivers for implementation from 1 July 2021.

We continued to strengthen awareness of key RSA obligations through various initiatives and communications to support our comprehensive RSA training, policies and procedures. In FY21, these initiatives and communications included:



Additional signage and communication materials in popular school leavers' holiday locations to reinforce RSA obligations.



Creation of a new regulatory compliance e-learning module outlining responsible liquor retailing practices and store manager responsibilities. This course is completed by all Coles Liquor store managers in addition to standard RSA requirements.



The Liquor Retail Leaders program was updated, including the development of interactive e-learning modules, webinar sessions and self-paced course handbooks.



A new internal RSAT e-learning course was developed in readiness for launch in FY22. The course has been tailored for Coles Online Customer Service Agents to support key RSA obligations specific to the delivery environment.

In addition, we launched safety de-escalation training incorporating Coles Liquor's '3 Bees' message of 'breathe, back away and ask for backup' to ensure our teams know how to handle difficult and threatening situations including refusal of service.

All Coles Liquor stores are now equipped with duress pendants, teams have all been trained in our incident reporting tool and we have invested in new design and target-hardening measures to improve safety in our stores. A simulation activity was also conducted for managers to pressure test our critical incident response. Consultation and initiatives are driven through our newly formed internal governance forum to address the risks associated with threatening situations.



Coles Liquor team member Jasmin checks a customer's ID. Our policy requires team members apply ID25 to every transaction.

### RSA initiatives to support our communities

In October, we engaged with the Queensland Department of Aboriginal and Torres Strait Islander Partnerships – Aurukun Recovery Strategy and the Police to support stores in the Cairns region with the identification of sly grogging, bulk sales and suspicious transactions surrounding dry-area communities. Further training and resource materials were provided to stores on these subjects.

In Western Australia, our stores proactively supported the Department of Local Government, Sport and Cultural Industries (DLGSC) with a two-year trial of a Banned Drinker Register (BDR) in the Pilbara region. In the lead up to the initial launch on 1 December 2020, we engaged with the BDR implementation team on team member training, supporting materials for retailers and recommendations for community education and awareness campaigns to ensure a smooth transition for the official launch in January 2021.

As a member of the Broome Liquor Accord, we also supported the DLGSC's commitment to roll out a BDR along with a Takeaway Alcohol Management System (TAMS) for a two-year trial in the Kimberley region with a soft launch commencing in July 2021. The aim of the BDR trial is to make communities safer by focusing on problem drinkers. The TAMS trial allows customers to responsibly purchase alcohol in line with daily volume limits.

In March 2021, some of our store teams took part in Indigenous Cultural Confidence Training in Darwin, Northern Territory. These programs provided our teams with a better understanding of the communities in which we operate and how to engage and proactively contribute in a responsible and sustainable way.

### Public commitments and community partnerships

Coles Liquor is a founding member and key contributor to DrinkWise, an independent not-for-profit organisation that aims to promote a healthier and safer drinking culture through informative and educational campaigns. For example, Coles Liquor has been using the DrinkWise pregnancy warning label on Coles Own Liquor Brand products since 2012.

In December, we partnered with DrinkWise and other Retail Drinks Australia members to launch 'Choose to DrinkWise', a national campaign reminding customers about the importance of making sensible choices when it comes to purchasing alcohol. This proactive messaging, which was rolled out across all our stores and through print and digital advertising, was launched with the support of the Honourable Victor Dominello MP (NSW), the Honourable Melissa Horne (VIC) and the Honourable Paul Papalia (WA).

Coles Liquor is a member of key industry bodies Alcohol Beverages Australia (ABA) and Retail Drinks Australia (RDA). As part of our membership with RDA, we are a founding signatory of the voluntary Online Alcohol Sale and Delivery Code of Conduct. This Code sets the highest standards for online sale and delivery of alcohol including no same day deliveries left unattended and a provision for customers to self-exclude.

In May, Coles Liquor joined the International Alliance for Responsible Drinking (IARD), a coalition of the world's largest beer, wine and spirits companies, to develop and promote new global standards for the online sale and delivery of alcohol aimed at reducing harmful use of alcohol and preventing underage drinking.

We also support other voluntary industry initiatives, for example, we are a signatory to the Alcohol Beverage Advertising Code, which requires that advertisements, communications and product labelling include messages promoting responsible alcohol consumption.

In FY21, we continued to participate in Liquor Accords nationally in communities where our stores operate and worked collaboratively with community groups, the Police and regulators to help find local solutions to local issues related to alcohol harm. Our participation in the Broome Liquor Accord and work with stakeholders to implement the BDR and TAMS is as an example of Liquor Accord participation.

### COVID-19 response

In FY21, Coles Liquor continued to work closely with state governments, regulators and the police to implement measures to keep team members and customers safe during the pandemic. Our COVID-19 safety measures were designed and implemented in accordance with national guidelines on social distancing, as well as additional measures deemed appropriate for our liquor stores.

Our teams were supported with occupancy signs, perspex screens, hand sanitiser, strict cleaning protocols and floor decals to help customers maintain social distancing and we implemented state government directives such as COVID-19 safe plans, masks and QR codes as required. We also worked with DrinkWise to remind customers to continue to drink responsibly during COVID-19 with communications to Stay Safe and Choose to DrinkWise.



# Sourcing that is better together by protecting human rights



## Protecting human rights is crucial for a sustainable and regenerative working community.

We continue to strive to further safeguard human rights in our own operations and extended supply chains through deeper engagement with our stakeholders, analysis of our supply chains – including our higher-risk regions, products and suppliers – and aligning and embedding our human rights strategy with our corporate objectives.

We are now in our second year since the release of Coles Human Rights Strategy and we are proud of the enhancements to our systems and processes to prevent, mitigate and remedy actual or potential adverse human rights issues, within our operations and supply chain.

Key activities during FY21 included:

- 764 independent ethical audits (audits) completed. ;
- publishing Coles' first Modern Slavery Statement;
- establishing a Modern Slavery Working Group (a subcommittee of the Human Rights Steering Committee);
- ongoing review of our Human Rights risk assessment to deepen understanding of key areas of risk within our supply chain;
- reviewing supply chain risks across export, call centres, international shipping and construction;
- introducing additional ethical sourcing team resources including dedicated resources to further support our goods not for resale (GNFR) and service supply chains;
- collaborating with the Ethical Retail Supply Chain Accord, including co-hosting a worker education event in Coffs Harbour, New South Wales and sharing industry risks and insights;
- improving technology solutions to support management of the ethical sourcing program;
- enhancing governance to oversee closure of supplier ethical audit non-conformances, resulting in significant improvement in close out time and reduction in non-conformances exceeding auditor recommended completion dates; and
- completing online Ethical Sourcing training for more than 350 key team members involved in procuring goods.

### Ethical Sourcing Program governance

Coles has a dedicated and recently expanded Ethical Sourcing team accountable for managing and implementing the Ethical Sourcing Program (Program). The team reports to the corporate Risk and Compliance team, reporting to the Chief Legal & Safety Officer.

During the year, the Ethical Sourcing team recruited additional resources and new skillsets to support the expansion of the Program scope, including resources with specialist skill sets to support the rollout of the Program in key areas of GNFR.

The Ethical Sourcing team works closely with key areas of the business including our Procurement, Commercial, Supply Chain, Finance, Legal, and People and Culture teams to embed and operationalise the Program.

The Human Rights Steering Committee, chaired by the Chief Legal & Safety Officer and comprising key leaders from functions across the organisation, oversees the operation and execution of the program.

The Modern Slavery Working Group reports to the Steering Committee and is accountable for supporting the review of modern slavery risks in our operations and supply chain.

More details on our Human Rights Governance structure and resources can be found on [colesgroup.com.au](https://colesgroup.com.au).

### Our commitment in practice

Coles Ethical Sourcing Policy was simplified during the year and included consolidating the Ethical Sourcing Policy and Supplier Requirements into one document.

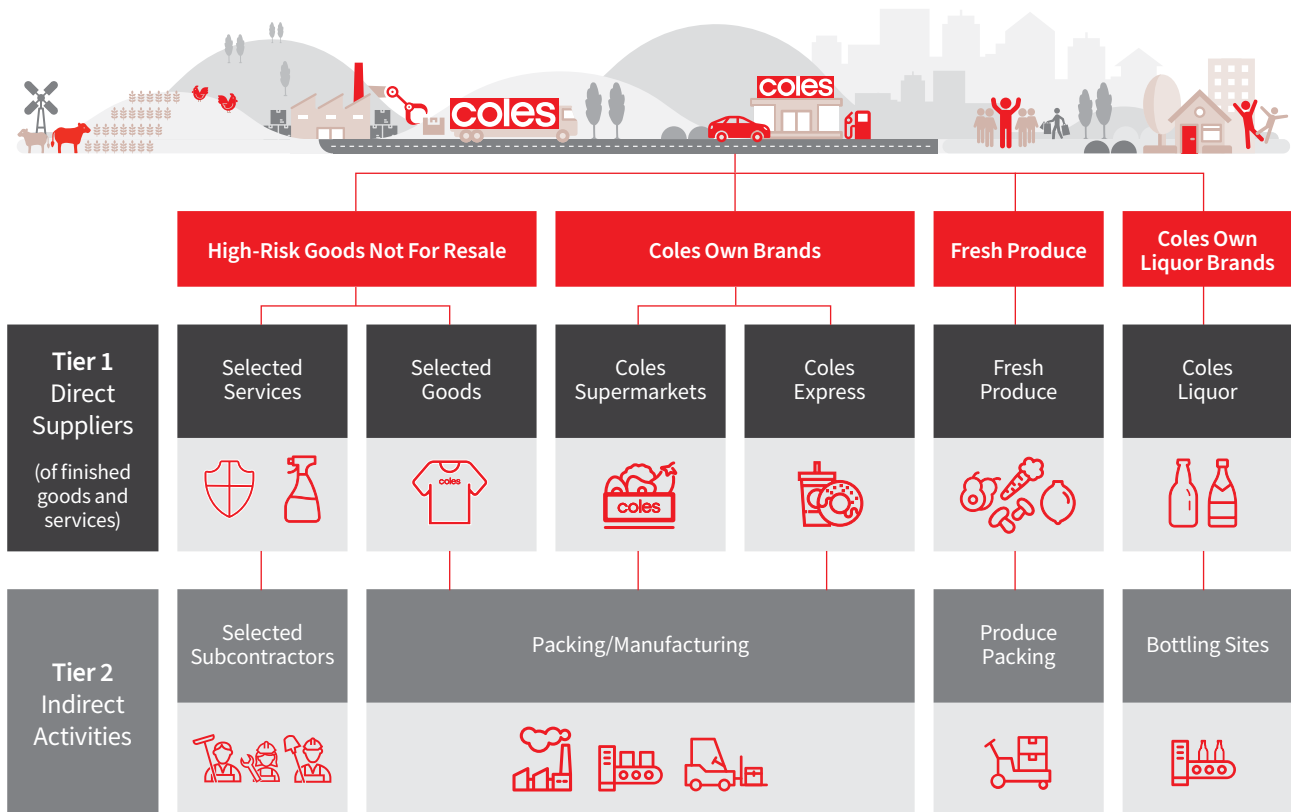
The Policy sets out clear expectations regarding compliance with labour rights, human rights, environment, health and safety, and business integrity. Compliance with the Policy is part of our standard trading terms and conditions with direct suppliers, and we expect direct suppliers to include similar and appropriate requirements in their own direct supply relationships.

For suppliers providing goods for Coles or in higher risk categories or industries, we monitor compliance with our Policy through the Coles Ethical Sourcing Program.

The Program uses a risk-based approach to our complex and extensive supply chain, continuing to apply a higher level of due diligence and monitoring within subset categories where increased risks factors are present.

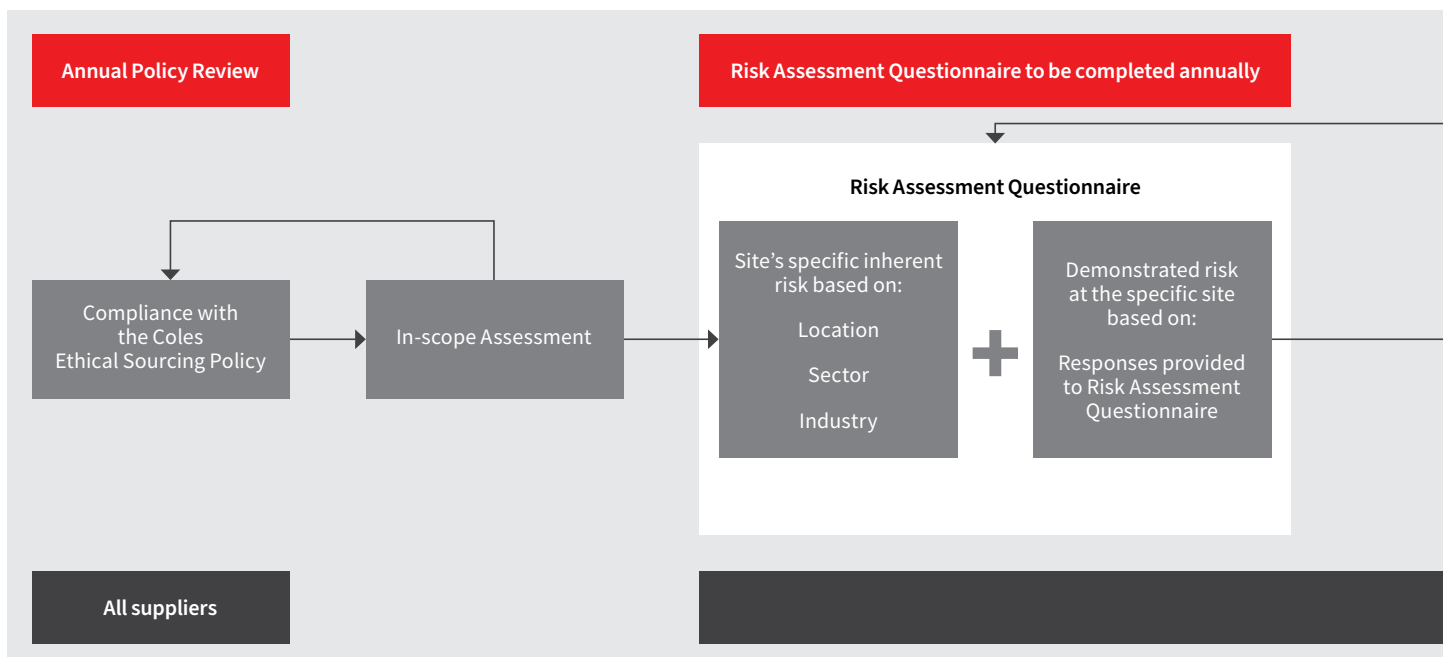
## Our Ethical Sourcing Program scope

The graphic below describes the current scope of Coles' Ethical Sourcing Program. Suppliers and sites captured by the Program scope are referred to as 'in-scope'.



- Fresh Produce means unprocessed fruit, vegetables and flowers and includes Coles Own Brands as well as Proprietary.
- Produce Packing includes packing sheds, as well as farms which pack produce on site. In cases where the farm harvests produce then sends it to a packhouse, only the packhouse and supplier of final product are on the program.
- Packing / Manufacturing refers to sites that manufacture or pack Coles Own Brands into their final retail form.

## Ethical Sourcing Program requirements





At the end of FY21, 2143 suppliers to Coles supermarkets, Coles Express and Coles Liquor were participating<sup>1</sup> in our Program. This represents 98% of in-scope suppliers.

The graphic below demonstrates the process for in-scope suppliers to comply with Coles' Ethical Sourcing Program.

Dependent on risk, suppliers may be required to undertake an ethical audit.

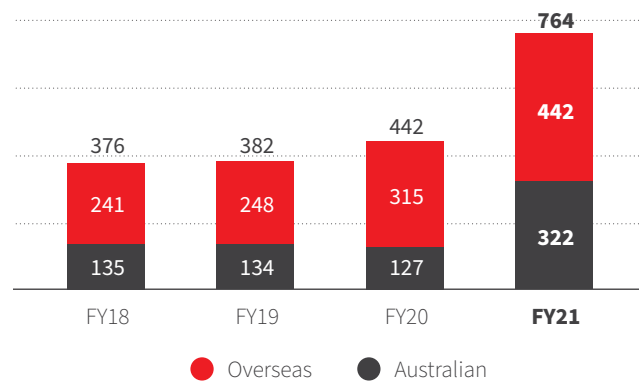
While most independent audits are arranged directly by our suppliers, Coles also conducted unannounced and semi-announced audits with our in-house auditor who is certified under the Association of Professional Social Compliance Auditors (APSCA) program.

Commencing in FY22, Coles will expand our own audit program by contracting with two APSCA accredited audit firms to conduct up to 300 audits for Australian based in-scope suppliers sites, which will be funded by Coles and completed on an unannounced or semi-unannounced basis.

Coles expects this program of work will:

- provide Coles with increased visibility and opportunity to understand trends across industries and geographical regions;
- provide additional opportunity to coach and support suppliers with meeting requirements;
- assist in addressing a shortage of accredited auditors in Australia;
- improve consistency in application of the SMETA audit standard; and
- assist in expediting audits that have been delayed due to COVID-19 impacts.

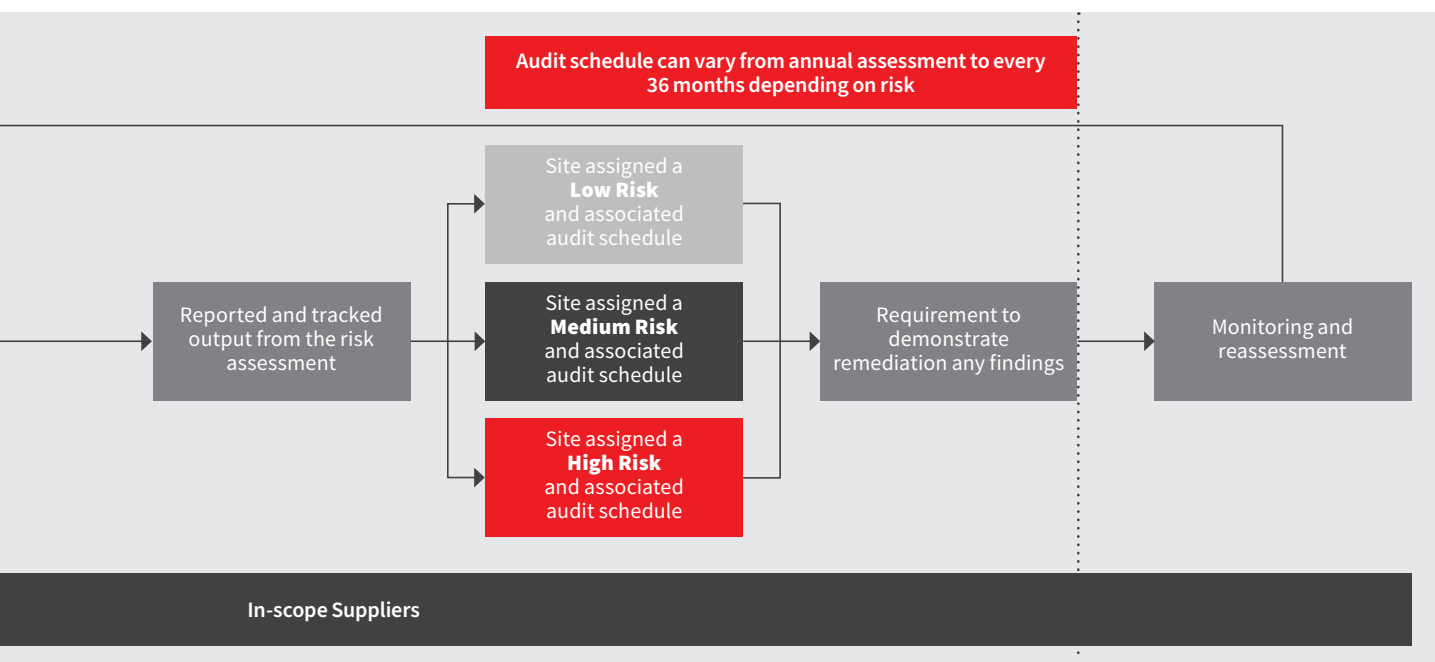
### Independent ethical audits by financial year



In FY21, 764 independent audits were conducted on suppliers in-scope of the Ethical Sourcing Program.

FY18, FY19 and FY20 audit data only included audits for suppliers who were active at the end of the reporting period. FY21 results now include audits from suppliers who were active on the date of the audit but became inactive at the time of reporting and sites which had an audit during FY21, prior to becoming active in Coles' quality system. A supplier is considered active if Coles has current, pending or ongoing plans to purchase from that supplier. It is common, particularly for fresh produce sites, to be active during only part of the reporting period due to seasonality of produce.

From these audits, 2,376<sup>2</sup> non-conformances identified and uploaded by the auditors into Sedex were classified as major risk or higher by the auditor. Of these, 1,804 were remediated by the supplier and closed by the auditor on the Sedex platform.



Safer choices together

Great place to work

Together to Zero

Better Together

Innovation through partnerships

<sup>1</sup> Participating suppliers are those that at the end of FY21 are active in Coles' quality system, have had an active registration with Sedex or Fair Farms and have completed an assessment questionnaire. For Fair Farms the assessment questionnaire is considered complete if all questions have been answered. For Sedex the assessment questionnaire is considered complete if a risk rating has been generated by Sedex. As the rollout of our program into GNFR is continuing, we do not currently include these suppliers in our reporting metrics

<sup>2</sup> As the number of audits are calculated on a cumulative basis, some of the audits and their subsequent non-conformances relate to suppliers who no longer supply Coles and will not be managed beyond the point of cessation of supply. As the rollout of our program into GNFR is continuing, audits for GNFR suppliers are not captured within this metric

## Non-conformance management

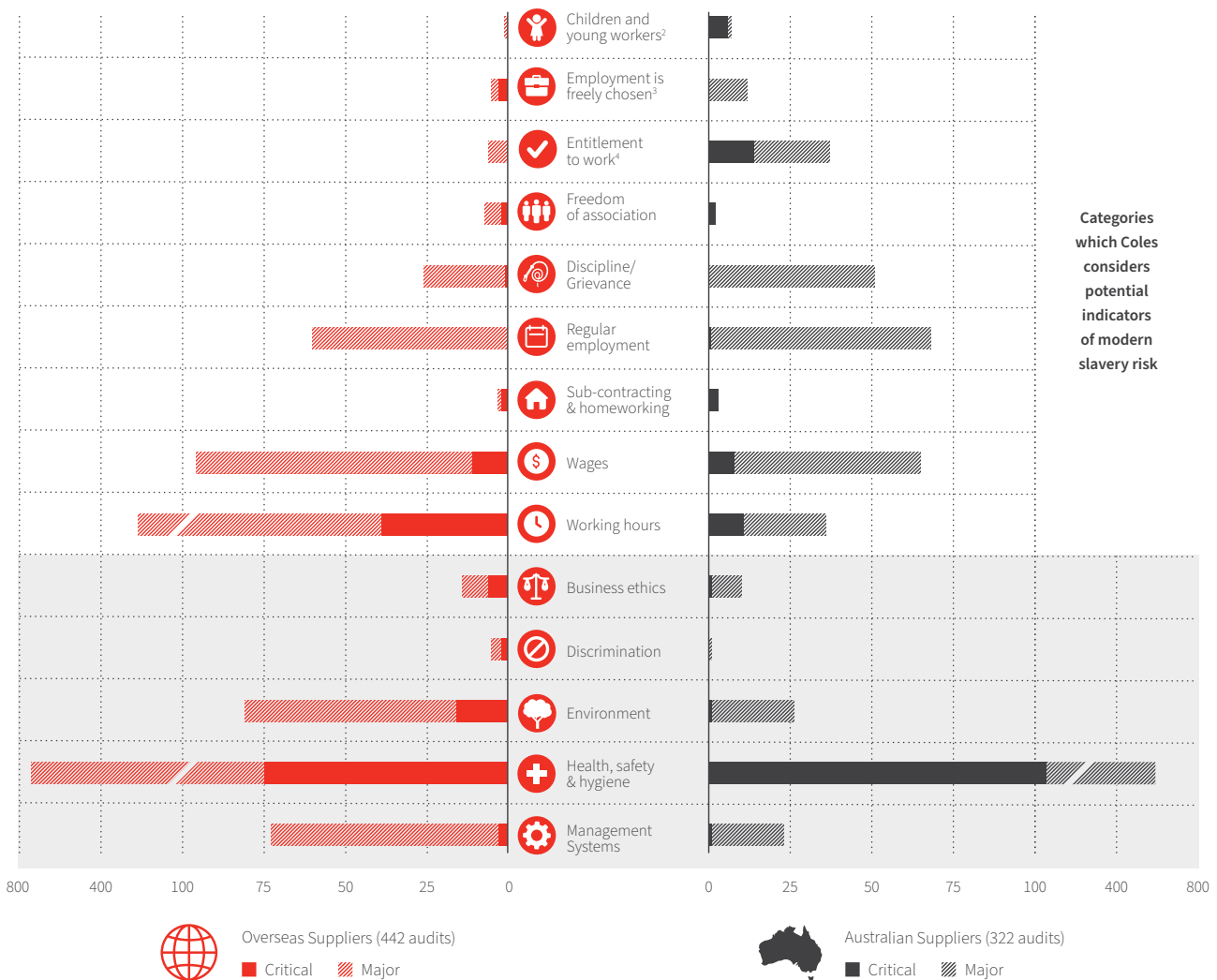
Coles closely and regularly monitors non-conformances arising from audits. Our disciplines for monitoring closure of critical and major non-conformances have been significantly strengthened over the past 12 months. Where findings are rated critical or major and become overdue with the auditors nominated closure date, we engage in regular dialogue and support with our supplier to agree an action plan to achieve closure, report weekly within our procurement teams on closure rates and report to each Board meeting on closure rates. We recognise that some non-conformances may require additional time to resolve or may be systemic across an industry or jurisdiction. In these cases, we may provide additional time to close the non-conformance, or may agree on an alternative management plan with the supplier. Suppliers who are unwilling to remediate non-conformances within agreeable timeframes or do not comply with other requirements of the program will have their supply suspended and/or contract terminated.

Table 1 represents the categories and risk of non-conformances raised throughout the year. The categories represent all areas of the topic which range from breaches of legal obligations through to lack of appropriate documentation or policies.

As an example, an Australian supplier had a major non-conformance relating to inadequacies in their contracts with their labour hire provider. The finding required a follow-up audit to close this out. The supplier's audit booking was rescheduled by the certification body a number of times, resulting in the supplier being unable to achieve closure of the finding by the auditor's recommended completion date.

The overdue non-conformance resulted in the supplier being ineligible for new business being awarded. Coles assessed the circumstances preventing the supplier from being able to close the finding, reviewed the corrective actions the supplier had taken and considered the supplier's compliance with other program requirements. Following this review, the supplier was provided additional time to have the finding verified and was made eligible for new business during that period.

**Table 1 – Audit non-conformances by category<sup>1</sup>**



1 Table 1 denotes the critical (comprising both critical and business critical) and major non-conformances uploaded into Sedex by auditors following audits of Coles' suppliers during FY21. Criticality ratings and non-conformance category are assigned by independent auditors, not Coles, except in instances where Coles' social compliance auditor has performed the audit

2 Regarding the category of Children and Young Workers, these critical non-conformances related to the systems that verify workers' age and which require improvement. No non-conformances were raised for the use of child labour in our supply chain

3 Regarding the category of Employment is Freely Chosen, these non-conformances related to inadequate systems and processes and an employer loan to a worker

4 Regarding the category of Entitlement to Work, these non-conformances relate to inadequate systems and processes to verify entitlement to work





Coles team members Melissa and Ali from the Ethical Sourcing Team, host a supplier webinar on fire safety and prevention of common non-conformances.

## Expanding partnerships

### Creating new partnerships

In addition to supporting the growth of Australian auditors by contracting two companies to conduct Coles-funded third-party audits throughout FY22, we also plan to increase our presence and improve visibility of operations in China from FY22.

In partnership with a leading specialist consultancy in China, we have begun designing a support program for our China-based suppliers (predominately general merchandise and apparel suppliers) on ways to achieve and maintain compliance with our program.

### Strengthening existing partnerships

In FY20, we signed the Ethical Retail Supply Chain Accord in conjunction with the Australian Workers Union, the Transport Workers Union and the Shop, Distributive and Allied Employees' Association. As part of commitments under the Accord, we continued to strengthen our relationship in FY21 by partnering on a worker education event in Coffs Harbour, New South Wales. More events were planned but were impacted by COVID-19 restrictions.

The focus was to directly engage with workers in the Australian horticulture industry and increase knowledge and awareness of workers' rights. Topics included safe working conditions, identifying correct wage amounts under the Horticulture Award, COVID-19 safe practices and methods of raising concerns confidentially, either with Coles, the unions or a regulator. We plan to continue these events in FY22 corresponding with peak harvest seasons in various areas of Australia.

Coles also worked in partnership with unions, the Victorian Labour Hire Authority, WorkSafe Victoria and other retailers to deliver two webinars aimed at educating suppliers on human rights, compliance and safety.

## Complaints and investigations

Identifying and investigating potential harm through direct engagement with workers is a strategic focus area of our Human Rights Strategy. To ensure team members, workers in our supply

chain and community members in the areas where we operate have the opportunity to engage with us confidentially, we provide several mechanisms to raise human rights-related complaints.

Our Whistleblower Policy encourages reporting of any suspected unethical, illegal, fraudulent or undesirable conduct, including suspected adverse impacts on people, communities or the environment. The Policy details various channels through which complaints or concerns can be raised. These include contacting Coles STOPline, contacting nominated Coles team members directly or contacting Coles through the Coles Wages and Conditions Hotline (which is available in multiple languages). We also work closely with our customer service teams who regularly receive various forms of feedback through social media platforms such as Facebook.

During FY21, nine ethical sourcing-related complaints regarding suppliers in our supply chain were received by Coles through these various channels. Allegations raised were investigated and, for those complaints substantiated, we have worked with the supplier to remediate issues or are actively working with our suppliers to develop and implement corrective action plans to close the findings.

As an example, a union contacted Coles following reports from their members of underpayment. The workers had worked on a farm supplying produce to Coles and were employed by a labour hire provider engaged by the farm. Coles investigated and concluded that the workers had been underpaid by the labour hire provider and that the supplier had inadequate processes in place to ensure the labour hire provider was paying workers correctly. Following extensive discussions and corrective actions by the supplier and labour hire provider, including remedy to the workers of \$40,000 in collective back payments, the matter was resolved.

While we work with suppliers to remediate wherever possible, where lack of commitment or failure to demonstrate compliance with our Ethical Sourcing Program is evident, Coles reserves the right to cease supply. In FY21, we suspended supply from eleven suppliers in line with our policy and supplier requirements. Four suppliers were reinstated after demonstrating the issues had been addressed.

## Sourcing that is better together with sustainable products and ingredients



**By working with our farmers, suppliers and industry partners our aim is to reduce our impact on the environment and help our customers make more responsible choices.**

**We will continue to support independent certification or verification of Coles Own Brand products with higher environmental and labour risks.**

During FY21, we began work with an external consultant to develop a product certification framework which will enable us to test and better understand the rigour of third-party certifications to ensure they are robust and meet the expectations of Coles and our stakeholders.

### Responsibly sourced seafood

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

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

For farmed seafood, Coles Own Brand products must be certified to either the Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP) or GLOBALG.A.P standards.<sup>2</sup>

For wild-caught seafood, Coles Own Brand products must be certified against the Marine Stewardship Council (MSC) Fisheries Standard and MSC Chain of Custody Standard, or from sources that have been independently assessed as meeting the Coles Wild Seafood Assessment Framework (Assessment Framework). The Assessment Framework was developed in collaboration with MRAG Asia Pacific (MRAG AP), an independent fisheries and aquatic resource consulting company.

As part of the Assessment Framework, MRAG AP conducts a risk-based assessment of our wild-caught seafood sources against the following criteria:

- target fish stocks: health and robustness of the target fish population now and in the future;
- ecosystem impacts: impacts of fishing method on other species and the surrounding ecosystem; and
- fishery management: effectiveness of the fishery management system in promoting healthy fish stocks and ecosystems.

Coles is a signatory to the Australian Seafood Traceability Statement, an industry-led business commitment towards best practice in traceability across the seafood supply chain.

We have traceability of our tuna supply chain with the ability to trace Coles Own Brand skipjack and yellowfin canned tuna back to the approved fishing boat that caught the tuna.



In FY21, Coles was awarded the MSC Best Sustainable Seafood Supermarket in Australia. Coles has held the award since 2017.

We also received the MSC Highly Commended Sustainable Seafood Product award for our Western Australian rock lobster and the ASC Highly Commended Seafood Importer award.

We recognise that there are potential environmental impacts associated with seafood production which may include overfishing, by-catch and illegal fishing. We continue to review the Coles Responsibly Sourced Seafood Program to help ensure these risks are mitigated for participating Coles Own Brand products.

### Certified products and ingredients

Some key commodities are sourced from regions with higher environmental and labour risk. Where practicable, Coles uses independent and internationally recognised certification and verification programs that support ethical practices and environmental protection in these supply chains.

#### Palm oil

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

Coles is a member of the Roundtable on Sustainable Palm Oil (RSPO). All Coles Own Brand food and drink products sold in Coles supermarkets contain or support the production of sustainable palm oil. This means that within the food and drink supply chain for

<sup>1</sup> Excludes Health & Home products (including health supplements), pet food, products containing seafood derived ingredients (including stocks, extracts, powders, oils and gelatins), and products containing seafood ingredients at <5% of the finished product\* and not called out in the title of the product. \* as per the product recipe declared in Coles Fusion

<sup>2</sup> Under the Coles Responsibly Sourced Seafood Program, Australian and New Zealand farmed bivalves are deemed responsibly sourced due to the low environmental impact of mollusc aquaculture and are not required to be certified to a third party standard





Coles Urban Coffee Culture sold at Coles Express and in Coles supermarkets is Rainforest Alliance Certified.

Coles Own Brand products sold in Coles supermarkets, Coles requires the supplier using palm oil to:

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

When developing new Coles Own Brand products, we aim to use sustainable palm oil. This approach encourages palm oil producers to adopt sustainable practices, while supporting the livelihoods of those communities dependent on the palm oil industry.

Where palm oil is present in our food and drink products, it is labelled accordingly. Our Palm Oil Policy requires us to identify palm oil specifically instead of using the common term 'blended vegetable oils'.

For non-food products which contain conventional palm oil, Coles continues to purchase sustainable palm oil certificates (called the book and claim supply chain model) to offset palm oil use while we continue to transition these products.

Coles is also a member of the Retailers Palm Oil Group, a coalition of companies who have the common aim of using sustainable palm oil in their products.

#### Tea, coffee, cocoa and sugar

Our aspiration is to increase the use of certified and/or verified coffee, tea and cocoa as ingredients in Coles Own Brand products.

We use independent certification or verification programs, such as Fairtrade and Rainforest Alliance/UTZ and Cocoa Horizons, when sourcing tea, coffee and cocoa to give customers confidence that these commodities have been sourced ethically and more sustainably, and to help grow the market for independently certified or verified products.

Single-ingredient tea, coffee and cocoa Coles Own Brand products, and cocoa used in Coles Own Brand solid chocolate blocks, sold in Coles supermarkets and Coles Express, are required to be independently certified or verified.

Current recognised certification and verification programs include Fairtrade, Rainforest Alliance/UTZ and Cocoa Horizons.

During FY21, our last remaining non-certified product – a loose leaf tea – was Rainforest Alliance Certified.

Hot coffee sold at Coles Express and in Coles supermarkets with in-store coffee machines is 100% Rainforest Alliance Certified coffee.

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

#### Timber and paper

Coles' Sustainably and Ethically Certified Commodities Policy sets out our expectations regarding the use and supply of timber and timber pulp-based paper for Coles Own Brand products.

The production of all Coles Own Brand timber, pulp and paper products utilises material from forest plantations independently certified to the Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council® (FSC®) certification schemes; or from post-consumer recycled fibre.

This excludes timber, pulp or paper used as a component in food and drink products, cellulose, viscose and in product packaging.

In FY21, we launched CUB BARE to offer parents a new range of nappies and wipes made with at least 55% plant-based materials to help busy parents make small steps to care for their baby today and into the future. Our CUB BARE nappies are made with water-based ink, are free from latex, chlorine and perfume, and are made with FSC® certified pulp and inner wrap.

We will continue to support sustainably managed forests and provide information to customers through the application of the relevant logos on our product packaging.

# Farming that is better together by investing in Australian farmers



**We want to win together with our supplier partners and we are committed to building strong, multi-generational, collaborative relationships with Australian farmers and producers.**

**Their hard work and dedication enable us to provide high-quality products to our customers.**

## Australian-first sourcing

Coles supermarkets has an Australian-first sourcing policy to provide our customers with quality Australian-grown fresh produce as a first priority. Coles is proud to partner with our Australian fresh produce growers to provide our customers with great quality Australian fruit and vegetables and we are committed to doing so wherever possible.

In FY21, more than 96% of fresh produce, by volume, was sourced from our supply partners from all over Australia<sup>1</sup>, and 100% of Coles Own Brand fresh lamb, pork, chicken, beef, milk, eggs and frozen vegetables were Australian grown.

There are some situations where fresh produce cannot be sourced from Australia, and we will continue to work closely with our growers to try and find solutions to these challenges.<sup>2</sup>

We support and comply with the country-of-origin labelling requirements which makes it easier for customers to identify a product's source.

## Strong supplier relationships

We work hard to build strong, collaborative and, where possible, long-term relationships with our suppliers.

We have long-term supply arrangements with bread supplier Laurent, TOP Pork farming families, tomato producer Sundrop Farms, Manbulloo Mangoes and Simplot who supply Australian-grown frozen vegetables.

Coles supermarkets achieved its highest ever engagement result with suppliers in FY21. Five hundred and fifty suppliers surveyed delivered Coles its third year of continuous improvement, with engagement scores more than three times higher than they were in FY18. We use the results of this annual supplier survey to understand how we can strengthen relationships, use resources more effectively and develop joint business plans.

During FY21, we also renewed and expanded our long-term processing agreement with MAP WA's meat processing facility in

Western Australia. The facility has been used exclusively for Coles since 2011.

## Dairy farming

In 2019, we began direct-sourcing Coles Own Brand fresh white milk in Victoria and the South Coast of New South Wales, giving farmers the option of one, two or three-year contracts with transparent pricing, providing them greater confidence over their income so that they can plan for the future.

Since then, the program has expanded to dairy farmers in the Riverina, South Australia and Western Australia (2020) and now covers 60 farms. Expanding our direct-sourcing model to Tasmania (2021) will help secure ongoing supply of local Coles Own Brand fresh white milk for Tasmanian customers.

In addition, in FY21 we expanded the model and began direct-sourcing fresh white milk for the production of many varieties of Coles Own Brand cheese.

Extending the direct-sourcing model is part of Coles' commitment to investing in a sustainable future for the Australian dairy sector.

As well as creating a direct-sourcing model, Coles has established the Coles Sustainable Dairy Development Group (CSDDG), through which Coles invests directly in farm-related sustainability projects in consultation with dairy farmers.

Farmers participate in the CSDDG through regional meetings which occur throughout the year. During the first half of FY21, due to the inability to meet face-to-face, regional meetings were conducted virtually.

The CSDDG, supported by investment from Coles, has delivered on-farm initiatives from purchasing defibrillators through to implementing animal health-care technology trials.

In FY21, the CSDDG joined in a three-year project to develop a Clinical Mastitis Decision Support Tool. This is a collaboration between Food Agility Cooperative Research Centre (CRC), Dairy Australia, DataGene,

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

<sup>2</sup> Coles may import fresh produce when: produce is not available in Australia; supply is limited during parts of the year; and when our customers want an affordable alternative and we endeavour to offer an Australian and imported product



### Supporting Australian producers

Since 2015, more than 80 Australian producers have now received financial support from the Coles Nurture Fund to drive sustainability, innovation and growth. Coles General Manager Meat, Charlotte Gilbert is pictured with Deborah and Phil Reid from Paringa Gold, at Capella, Queensland, who were awarded a \$450,000 Coles Nurture Fund grant to construct water storage and install dedicated milling equipment and bunkers to ferment locally-grown sorghum to feed their cattle.



More information can be found at [www.colesgroup.com.au](http://www.colesgroup.com.au)

### Coles Nurture Fund grants announced in FY21

# \$4 million

coles nurture fund





University of Sydney, University Technology Sydney and Charles Sturt University. The project exists to reduce the use of antibiotics in the treatment of clinical mastitis in dairy cows, and to ensure that, when they are used, the antibiotics used are the most appropriate.

A farm safety best practice pilot was also launched offering farmers a comprehensive independent farm safety assessment, to help them enhance and support their farm safety program.

In response to COVID-19, Coles supported farmers by providing hand sanitiser, masks, biosecurity signs and, in Victoria, COVID-19 Safe Plans support. We will continue to provide the support as needed.

### Beef farmers

Coles works with more than 1,000 beef farmers across Australia and is committed to investing in the long-term sustainability of our beef suppliers and the Australian meat industry.

In FY21, we announced developments to Coles' electronic National Vendor Declaration (eNVD) app which will help producers save time on traceability paperwork and assist with purchasing decisions.

We broadened our supply and processing base with an agreement to process livestock at Teyes Australia's Beenleigh plant, located south of Brisbane. This will increase the number of Queensland cattle farmers we source from directly, from 100 to 130.

### Working with sustainable farmers and producers

At Coles we pride ourselves on working with farmers and producers who give back to the environment and establish connections that benefit the Australian livestock industry.

Baiada Poultry's installation of 1,300kwh of solar across its South Australia livestock sites generates approximately 30% of its energy. Across its group, Baiada Poultry diverts more than 30,000 tonnes of waste from landfill annually. Through its biogas capture and reuse from wastewater treatment plants, Baiada Poultry's energy production has increased by over 10% since 2018. Over the past 10 years Baiada has planted more than 12,000 native Australian trees across their New South Wales and Queensland sites.

GRAZE beef supplier, the Dockers Plains Pastoral Company, has planted more than 40,000 trees on its properties in Victoria, creating nature corridors. In 2009, they set aside more than 1,100 hectares of river frontage, wetlands and creeks for environmental preservation. It also has a breeding program developing stock that is smaller than the modern type of Angus but which has improved endurance in harsh conditions making them an ideal breeder for the GRAZE program. They have also aligned with the industry target of net zero emissions by 2030 and reducing emissions through improved efficiency, weaning rates, weight for age, growth and days to slaughter.

In FY21, Coles' primary lamb processing site, Australian Lamb Company (ALC), in Colac, Victoria, began working with food manufacturer Bulla Dairy Foods and regional water corporation, Barwon Water, to build an Australian-first facility. The Colac Renewable Organics Network (RON), due for completion in 2023, will turn wastewater and food waste solids into biogas which is then used to generate electricity and hot water. ALC and Bulla will provide organic waste to the RON and in return receive heat through an innovative hot water network, reducing ALC's natural gas consumption and associated greenhouse gas emissions.



Sundrop Farms, in Port Augusta, South Australia, uses solar energy and desalinated water from the Spencer Gulf to grow truss tomatoes for Coles.





Dairy farmers in the Nowra region will benefit from a Coles Nurture Fund grant which will be used to collect and transport effluent to a nearby biogas plant to convert to electricity. Among the dairy farmers to benefit are David Boyd from Riverlane, who is pictured here with his daughter.

## Recognising farmers and suppliers

In November 2020, we held the 2020 Coles Supplier Awards. Across 14 different categories, Coles food, liquor and service suppliers were awarded for innovation, service, sustainable practices and community initiatives. Among the winners was True Foods, who won the Coles Sustainable Supplier of the Year Award for its investment in on-site solar, LED lighting and reducing plastic packaging.

In FY21, we sponsored The Weekly Times Coles 2020 Farmer of the Year Awards for the ninth consecutive year. The awards, supporting innovation and excellence, recognise the outstanding work of farmers across Australia with winners from categories including horticulture, cropping, sheep, beef and dairy.

Dairy farmers Matt and Alli Reid from Carlisle River, Victoria were awarded The Weekly Times Coles 2020 Farmer of the Year. The Reids are also part of Coles direct milk sourcing model.

Coles was a major sponsor of Beef Week 2021, Australia's largest gathering of cattle farmers and industry stakeholders, held every three years in Rockhampton, Queensland.

## Coles Nurture Fund

The Coles Nurture Fund was established in 2015 to help farmers and producers bring innovative and sustainable ideas to life on their farms and in their factories.

New South Wales agricultural business, Sawmill Circuit was awarded a \$455,000 grant to purchase a large vacuum truck which will collect manure from 18 dairy farms in Nowra so that it can be transported to a biogas plant which is being built in the local area. Once collected, the manure will be converted to renewable energy and exported into the electricity grid. Dairy farmers who are part of the plan will benefit from cheaper electricity and will also receive liquid fertiliser which they can apply to their pastures.

Round nine recipients included Raffa Fields at Tooradin in Victoria, which will install climate-controlled polytunnel growing structures to extend the growing season for asparagus in Victoria and replace imports at a time when locally grown asparagus is not available.

Ky D-Pak at Kyabram in Victoria will apply Voen all-weather covers to cherries to protect crops from bird and weather damage, providing greater surety of supply in the face of adverse weather, reduce water usage and improve fruit quality.

The Georgopoulos family at Shepparton East in Victoria will grow organic fruit with trellising, environmental netting and irrigation.

Newton Orchards at Manjimup in Western Australia will install large-scale netting over its apple trees to reduce waste, improve fruit quality, increase water efficiency and manage endangered bird species damage.

Not A Trace at Mordialloc in Victoria will build an additional bakery production line 100% dedicated to gluten-free and nut-free savoury snacks and crackers.

Spring Gully Foods at Adelaide in South Australia will acquire a new pasteuriser to reduce water usage and improve efficiency for the manufacture of condiments and preserved vegetable products.

The Ieraci family at Brunswick in Western Australia will store and re-use dairy effluent in a way that minimises the impact to groundwater and the environment, and benefits crops and pastures.

Kintore Pastoral at Korumburra South in Victoria will build a best-practice shelter for dairy cows to improve herd health, reduce nutrient run-off, protect soils and result in quality organic fertiliser going back onto pastures.

Glenbank Farm run by a family of three female dairy farmers in Tocumwal, New South Wales will build compost-bedded, solar-powered loafing sheds to provide a sheltered area where cows are protected from extreme heat in summer and wet mud in winter.

The Caithness family at Koonwarra in Victoria will use a combination of genomics, ultrasound scanning, estimated breeding values and artificial insemination in its commercial herd to improve eating quality, productivity and profitability.

# Farming that is better together by protecting animal welfare



**We aim to safeguard animal welfare by sourcing higher welfare meats, eggs and milk in Coles Own Brand products where possible.**

**We care about how the food we sell is produced and sourced, and we are committed to working towards a sustainable future that supports local farmers and food producers for the long term, while looking after the welfare of animals.**

## Animal welfare

Our Animal Welfare Policy sets out our expectations regarding the treatment of animals in our Coles Own Brand global supply chains helping to ensure they are from farming operations that have a high standard of animal welfare and, where appropriate, hold animal welfare certification.

Our Animal Welfare Policy is based around the five freedoms:

- freedom from hunger and thirst;
- freedom from discomfort;
- freedom from pain, injury or disease;
- freedom to express normal behaviour; and
- freedom from fear and distress.

We are proud that Coles was the first major Australian supermarket to deliver:

**Coles Own Brand fresh beef with no added hormones**



**Coles Own Brand shell eggs cage-free**



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



**Coles Own Brand fresh chicken and fresh turkey RSPCA Approved**



**Coles Own Brand fresh free-range pork RSPCA Approved**



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



During FY21, we achieved a significant milestone, ensuring that all Coles Own Brand products with meat as an ingredient sold in our supermarkets are now being produced in alignment with Coles' fresh<sup>1</sup> sourcing requirements<sup>2</sup> of:

- no added hormone beef;
- sow-stall free pork, ham and bacon produced without artificial growth promotants;
- RSPCA Approved chicken;<sup>3</sup>
- RSPCA Approved turkey;<sup>4</sup> and
- free-range RSPCA Approved pork.

To support suppliers, during FY21 Coles held a webinar on humane slaughter science for our food manufacturing suppliers. There was also a separate refresher training session held for team members on humane slaughter.

## RSPCA Approved

This year marks 25 years of the RSPCA Approved Farming Scheme and almost a decade of collaboration with Coles. Established in 1996, the Scheme is an independent certification focused on animal welfare. Working with farmers and brands, the RSPCA Approved Farming Scheme aims to improve the welfare of billions of farm animals, providing them with access to what they need to express their natural behaviours. For Coles supermarkets in FY21:

- 220 farms participated in the RSPCA Approved Farming Scheme
- 541 farm assessments were conducted
- 274 RSPCA Approved products were available in our supermarkets

In 2011, Coles worked with Hazeldenes to launch a supermarket own brand RSPCA Approved fresh chicken product offering across our

- 1 Incorporates raw and unprocessed meat as well as diced and marinated raw meat products
- 2 See the Coles Animal Welfare Policy for the full scope of requirements
- 3 Excluding organic chicken ingredients due to an absence of RSPCA Approved and Organic certified producers in Australia during FY21
- 4 Coles Own Brand turkey only available during Christmas





The Mitchelson family from Westbury in Tasmania supply lamb to Coles for our GRAZE lamb range. Pictured is fourth generation farmer Ian Mitchelson (left) and his children, Grace and Alistair.

stores in Victoria, South Australia and Tasmania which was a first for a major Australian supermarket. Coles then continued to work behind the scenes to expand this fresh offering nationally and from 2014 onwards, all Coles Own Brand fresh chicken has been sourced from RSPCA Approved farms.

We are proud of the role we played in initiating this step change for animal welfare by being the first national supermarket to launch a supermarket own brand RSPCA Approved fresh chicken range. Now nearly 80% of all meat chickens reared in Australia are raised to RSPCA's detailed animal welfare standards.

Today, Coles offers customers the broadest range of RSPCA Approved products of any major Australian supermarket. Our RSPCA Approved Coles Own Brand fresh chicken and Coles Own Brand fresh free-range chicken are available nationally and year-round. Coles was the first and remains the only major Australian supermarket to offer supermarket own brand free-range RSPCA Approved fresh pork from Western Australia (launched in 2015) and, during the Christmas period, Coles Brand free-range RSPCA Approved ham and free-range RSPCA Approved turkey (launched in 2014).

In 2018, we again partnered with Hazeldenes to become the first major Australian supermarket to launch a supermarket own brand RSPCA Approved free-range fresh chicken in Victoria and New South Wales. In FY20 the range was expanded to sell nationally.

*"Coles is a leader in the retail market when it comes to offering Australians a broad range of higher welfare products. Coles was the first supermarket to source 100% RSPCA Approved chicken for its own brand of fresh chicken and was the first to launch nationally available RSPCA Approved chicken, pork and turkey lines, including slow growing chicken and free range chicken, pork, ham and turkey. The decision by Coles to source RSPCA Approved chicken has positively impacted the lives of millions of birds every year and raised the bar for animal welfare in the Australian meat chicken industry. Through the RSPCA Approved Farming Scheme, RSPCA Australia is proud to work closely with Coles and their suppliers to improve the lives of Australia's most intensively farmed animals."*

Richard Mussell, CEO RSPCA Australia

### Slow Hills chicken

In September 2019, Coles launched a new chicken offer into Australian supermarkets under the Slow Hills brand. This breed of bird is slower growing, which means that it develops muscle at a slower rate than conventional breeds.

Slow Hills birds are raised in New South Wales as free-range and without the use of antibiotics. As with all Coles Own Brand fresh chicken, Slow Hills birds are farmed to RSPCA Approved Farming Scheme Standards.

In FY21, the Slow Hills range was expanded and it is now sold in Coles supermarkets nationally.

### Coles Farm Program

Established in 2014, the Coles Farm Program applies to suppliers of Coles Own Brand cage-free eggs, GRAZE beef and GRAZE lamb.

At the end of FY21, there were 277 suppliers on the program – 45 Coles Own Brand cage-free eggs, 157 GRAZE beef, and 75 GRAZE lamb.

Under the Coles Farm Program, farmers are required to meet strict requirements in animal husbandry and adhere to the relevant standards such as the GRAZE Grass-fed Standard and the Egg Standards Australia (ESA) standard.

GRAZE Grass-fed Standard also specifies cattle and lambs are never fed cereal grains to supplement their diet, even in challenging weather conditions. If farmers feed grain to animals because pasture is limited, they can no longer be sold under the GRAZE range but can be sold as conventionally farmed.

The program is a combination of self-assessments and industry body/private organised audits. All suppliers complete a self-assessment when joining the program which is reviewed by the Coles Responsible Sourcing team to confirm adherence to the program requirements. In addition, GRAZE suppliers complete a declaration form for each lot of animals sold in conjunction with the National Vendor Declaration (NVD) protocol.

Egg suppliers are audited annually for compliance to the retail industry standard, Egg Standards Australia Level 3. As the GRAZE Grass-fed Standard was developed for our own programs in conjunction with the industry, audits are conducted for Coles by the industry auditing body Aus-Meat. It is our expectation that a minimum of 10% of GRAZE lamb and beef suppliers will be audited annually.

#### **Cage-free eggs**

All Coles Own Brand shell eggs sold nationally are cage-free and in 2019 we also transitioned all proprietary shell eggs in Western Australia to cage-free.

We align with the retail industry's 2025 cage-free targets. Over the last 12 months we have continued to work closely with our suppliers to develop our plans and programs to meet the targets.

#### **GRAZE beef**

In 2014, Coles launched GRAZE grass-fed beef in conjunction with Australian farmers. Cattle are selected to high standards, grass-fed, free to roam on pastures, and have no added hormones. The GRAZE Grass-fed Standard covers feed and water, as well as other areas including traceability, animal welfare and low-stress stock handling practices.

Coles works with 157 GRAZE beef producers from all around the country including the New South Wales Tablelands, Victoria's North East and Gippsland areas to South Australia's Limestone Coast and the Great Southern Region of Western Australia.

During FY21, Coles held webinars for GRAZE beef producers on pain relief options.

#### **GRAZE lamb**

In January 2020, Coles was the first major Australian supermarket to offer an own brand grass-fed lamb range. GRAZE lamb is Tasmanian grown, grass-fed, free to roam on pastures and raised without the use of antibiotics.

The introduction of GRAZE lamb has created a new market for Tasmanian producers. As of 30 June 2021, 75 Tasmanian lamb producers were part of Coles' GRAZE Lamb Farm Program, either supplying to Coles or preparing to supply.

#### **Business Benchmark on Farm Animal Welfare**

In FY21, Coles was assessed by the Business Benchmark on Farm Animal Welfare (BBFAW), a global measure of policy commitment, performance and disclosure on animal welfare in food companies. Our continued progress was recognised again in FY21 with our highest underlying BBFAW score to date retaining our tier three rating. This can be attributed to improvement in scores in the Governance and Management, Leadership and Innovation and Performance Reporting and Impact sections of the benchmark.

The 2020 BBFAW, supported by Compassion in World Farming and World Animal Protection, analysed 150 global food companies. Our rating puts us in the top 21 retailers assessed globally. We are proud of our progress and achievements in the BBFAW and will look to continuously improve our animal welfare program at Coles.



Western Australian beef producers Kim and Georgina Lester are among 157 GRAZE beef producers from around the country. In FY20, the Lester family completed a project supported by the Coles Nurture Fund to produce grass-fed beef for more months in the year.



## RSPCA Approved

Rebecca and Lloyd at one of Milne AgriGroup's farms near Albany, Western Australia, where free-range pork is produced for Coles nationally. Coles Own Brand fresh free-range pork sold in Coles supermarkets has been RSPCA Approved since 2015.

## Coles Own Brand fresh free-range pork RSPCA Approved

# 100%



More information can be found at [www.colesgroup.com.au](http://www.colesgroup.com.au)



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## Innovation through partnerships

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**We will continue to work with our partners to increase the pace of innovation to drive optimisation and efficiencies.**

The technology-led transformation of our business extends from our stores through to our supply chain, with increasing integration of digitalisation enabling us to continue to strive for better service at lower cost. We are generating increasing value from the end-to-end optimisation of the supply chain between stores, distribution centres and transport as part of organisational design changes and programs implemented during FY21.

As we look to the future of distribution networks and operations, we continue to plan for automation, considering a holistic approach to order fulfilment for eCommerce customers and replenishment of our physical stores. The future supply chain will be a more integrated network across stores, transport, distribution centres, customer fulfilment centres and technology.

Our partnerships through recent investments, including with Witron and Ocado, will help make Coles a technology leader in the Australian retail market.

### Ocado

In March 2019, we announced our exclusive partnership with Ocado to bring its automated single-pick fulfilment technology and home-delivery solution to Australia.

In partnership with Ocado, Coles is building two automated online customer fulfilment centres (CFCs) in Sydney and Melbourne, which will enable Coles to double the range of products available to online customers while improving order accuracy, reducing food waste and optimising delivery efficiency.

The facilities will enable Coles to better meet the evolving needs of online customers by increasing network capacity, while reducing food waste due to improved pick efficiency. Operating efficiency is also a key differentiator of this partnership, with 24/7 automated, intelligent fulfillment capability and integrated intelligent delivery planning that allows for shorter delivery windows.

The new automated online CFCs will each be fitted with 2.0 megawatt solar installations. The Melbourne CFC has been designed to be 4-Star Green Star design compliant and the Sydney CFC has been designed to be 5-Star Green Star design compliant. The CFC design includes rainwater harvesting and storage for landscaping irrigation and van washing.

Our Ocado partnership also provides access to ongoing global retail innovation and improvements by major retailers in other international markets who have also partnered with Ocado, allowing us to benchmark our transformation against global peers and assess best-in-market practices to inform our own programs.

### Witron

In January 2019, Coles announced a major strategic and exclusive partnership with Witron to develop two new automated ambient distribution centres in Queensland and New South Wales.

Witron is a German-based global business, with deep experience building automated distribution centres with over 70 global installations. The partnership with Witron will provide significant benefits including best-in-class automated fulfilment, a safer working environment for our team members, lower supply chain operating costs, enhancement of our overall business competitiveness and optimised deliveries to stores reducing the time taken to replenish our shelves.

Each facility will be approximately half the footprint in size of a traditional distribution centre but supply double the carton volume, at approximately two-thirds of the operating cost.

Subject to regulatory approval, the new automated distribution centres will be fitted with 3.5 megawatt solar installations, which will be among the largest rooftop solar solutions in our network. In addition, the new automated distribution centres have been designed to be 4-star Green Star design compliant, with 100% solar hot water, rainwater harvesting servicing both select utilities and landscaping irrigation, and water sensitive urban design principles.





Coles has invested in a state-of-the-art ripening facility in Melbourne that will support banana, avocado and mango growers in North Queensland and provide customers with top-quality fresh fruit all year round. The facility has more than 1,790 solar panels. Pictured inspecting the facility are Coles National Development Manager, Wayne and Coles Head of Investment Management, Scott.

## City Facilities Management

City Facilities Management (City FM) launched in Australia with Coles supermarkets in 2009 and has since expanded into Coles Liquor stores, Coles Express and our supply chain.

City FM has a long-standing contract with Coles, providing a range of services from managing our helpdesk and critical incident desk (including the COVID-19 hotline) through to store maintenance, technical procurement (e.g. specialised refrigeration) as well as asset management optimisation.

With the support of City FM's Engineering and Energy Centre team, we are continuing our focus on energy management and optimising energy performance across our store network. The Energy Centre is a team of energy specialists that are dedicated to identifying, explaining and rectifying excessive energy consumption of our assets across solar, lighting, refrigeration and air-conditioning systems. Central to this work is the Energy Centre's ability to benchmark store energy performance and to manage the energy anomalies that arise. Benchmarking store performance not only enables better management of our energy consumption, but also supports future investment opportunities in energy efficiency and continuous improvement.

As City FM sources, procures and maintains our assets they are able to manage our asset plans helping to ensure optimal asset life. City FM also has a global network so we can draw from its experience in the United Kingdom, the USA and Asia. City FM's engineers have used emerging technologies with a global reach to help to ensure that initiatives are incorporated creating constant improvement with low carbon, energy efficient solutions.

### State-of-the-art ripening facility

In July 2020, Coles announced an investment in a state-of-the-art ripening facility in Victoria to support banana, avocado and mango growers across Australia, including North Queensland's growing regions, in order to provide customers with top-quality fresh fruit all year round. The new facility was built as part of a five-year agreement between Coles and growers collective Mackays Marketing and has the capacity to ripen 350 million pieces of fruit every year.

Using new reversible air flow ripening technology, the 7,280m<sup>2</sup> facility is 70% more energy efficient than traditional 'tarped' ripening systems, producing fruit that has been ripened as it is needed, improving product life for customers and reducing waste.

The 5-star Green Star design compliant facility incorporates a number of sustainability measures, including rainwater tanks with a combined capacity of 100,000 litres and more than 1,790 solar panels.

# Our stakeholder engagement

**Understanding and responding to the views and needs of our stakeholders is vital to our vision to become the most trusted retailer in Australia and grow long-term shareholder value.**

**The following table includes an overview of our key stakeholder groups, how we engage with them and the outcomes of those engagements.**

| STAKEHOLDER GROUP      | HOW WE ENGAGE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | HOW WE HAVE MADE A DIFFERENCE                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Team members</b>    | <p>Meaningful discussions between line managers and team members help us gain feedback, celebrate progress, and align on how we can grow and improve. This is enabled through informal and formal activities including twice-yearly performance reviews and mysay, our six-monthly team member engagement survey.</p> <p>We use many channels to engage with team members, including daily store, distribution centre and Store Support Centre updates and emails, regular team meetings, internal social media (Teams and Yammer), key messages from our executive teams, and information sessions (retail roundups).</p>                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>Team member engagement remained strong despite a small step back (-3pp) compared to our highest ever engagement score achieved in FY20.</li> <li>Information about how we are making a difference to our team members can be found on pages 38 to 42.</li> </ul>                                                                                                                                                                                                    |
| <b>Customers</b>       | <p>To improve customer experience, we take a proactive approach to collecting and acting on customer feedback on our company, products and services.</p> <p>Our customers can engage with us in a range of ways, including through our in-store service counters, online Tell Coles post-shop surveys, social media, market research and direct calls and emails to the Coles Customer Care team.</p> <p>As the COVID-19 pandemic continues, our Shop safe at Coles website keeps our customers updated on the COVID-19 impacts at our stores as well as provides applicable in-store health and safety requirements.</p>                                                                                                                                                                                                          | <ul style="list-style-type: none"> <li>On average 20 million customer transactions across our business per week.</li> <li>The Flybuys loyalty program covers 6.4 million active households.</li> <li>89.7% customer satisfaction for Coles supermarkets.<sup>1</sup></li> <li>We are making a difference by providing customers with quality, safe products (pages 14 and 15) and sustainable products (pages 62 and 63).</li> </ul>                                                                       |
| <b>Supply partners</b> | <p>We work closely with our supply partners to take effective measures towards continuous improvement and have discussions with suppliers about opportunities and areas for improvement.</p> <p>At the heart of this are long-term, strategic category plans, that are built collaboratively with suppliers and outline key sustainability opportunities.</p> <p>Coles' Supplier Portal is an online platform that helps support effective working relationships between Coles and our suppliers, providing better coordination and communication to help drive efficiencies along the supply chain. Further engagement includes regular meetings, site visits, audits and/or training.</p> <p>During the year, key messages and information in relation to COVID-19 was relayed to our suppliers through our Supplier Portal.</p> | <ul style="list-style-type: none"> <li>During FY21, our direct supply chain included more than 3,800 suppliers of goods for resale and more than 4,000 suppliers of goods and services not for resale.<sup>2</sup></li> <li>Enhanced the governance framework for Coles' Ethical Sourcing Program.</li> <li>\$4 million in Coles Nurture Fund grants announced in FY21.</li> <li>More information about how we are making a difference to our supplier partners can be found on pages 64 to 73.</li> </ul> |
| <b>Communities</b>     | <p>Coles operates and maintains 2,480 stores across Australia, and we invest in local communities through employment, fundraising and partnerships. To build positive, mutually beneficial relationships in the communities where our team members live and work, we support and engage with organisations such as not-for-profit groups and charitable partners.</p> <p>Key engagement channels include local giving and fundraising, food donations, team member volunteering and key partnerships and sponsorships that benefit communities.</p>                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>Equivalent of 35.8 million meals donated to SecondBite and Foodbank in FY21.</li> <li>More than \$10 million in cash contributions to charities and community organisations in FY21.</li> <li>More information on how we are making a difference to communities can be found on pages 43 to 48.</li> <li>During the year we supported communities during the impacts of extreme weather events and COVID-19 (pages 49 and 50).</li> </ul>                           |

<sup>1</sup> FY21, as measured by Tell Coles post-shop customer satisfaction survey

<sup>2</sup> Supplier means a business Coles has made a payment to in the relevant financial year but excludes payments to suppliers under Coles' Workers Compensation program



| STAKEHOLDER GROUP                            | HOW WE ENGAGE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | HOW WE HAVE MADE A DIFFERENCE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                 |
|----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| <b>Shareholders and investment community</b> | <p>Our investment community comprises institutional investors, buy and sell-side analysts and retail shareholders.</p> <p>Key engagement channels include direct investor engagement throughout the year, quarterly sales and half-year and full-year results announcements (available to view via webcast on Coles' Investor Centre), Annual General Meetings, annual reporting, half-yearly investor roadshows and ASX releases.</p> <p>We engage indirectly with our investment community by responding to various investor questionnaires and benchmarking assessments on environmental, social and governance topics.</p> | <ul style="list-style-type: none"> <li>• 461,210 shareholders in Coles Group Limited as at 26 August 2021.</li> <li>• In November 2020, we held our Annual General Meeting virtually due to COVID-19 restrictions.</li> <li>• In June 2021, we held a virtual Investor Strategy Day where we provided an update on the progress we are making to deliver our 'Winning in our Second Century' strategy.</li> <li>• Responded to and assessed by global benchmarks including the Corporate Human Rights Benchmark, the Business Benchmark on Farm Animal Welfare, Know the Chain, and the Farm Animal Investment Risk and Return Benchmark and FTSE4Good.</li> </ul>                                                                                                | Safer choices together          |
| <b>Government</b>                            | <p>Due to the scale of our business, we regularly engage with Federal, state and local governments on issues that affect Coles, our customers and our suppliers. We participate in public policy discussions and development on various topics through a variety of channels such as responding to government inquiries, working groups, industry associations and forums.</p> <p>Our engagement is direct or through membership of representative organisations.</p>                                                                                                                                                          | <ul style="list-style-type: none"> <li>• Coles continues to participate in the Supermarket Taskforce working group, and various state-based equivalents, to respond to the ongoing challenges presented by COVID-19.</li> <li>• Participate in public policy development including on COVID-19 response, plastic packaging, climate change and health and nutrition.</li> <li>• Represented on the Trusted Information Sharing Network for Critical Infrastructure Resilience, Healthy Food Partnership, and Fair Work Ombudsman Horticulture Reference Group.</li> </ul>                                                                                                                                                                                         |                                 |
| <b>Trade and industry associations</b>       | <p>We work with peak national bodies representing farmers, manufacturers and suppliers across Australia on issues of mutual interest. We are members of industry associations, which provides us with the opportunity to participate in forums and contribute to public policy debate.</p>                                                                                                                                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>• Joined the Battery Stewardship Council, a Government endorsed body charged with developing a battery recycling program involving manufacturers, importers and retailers.</li> <li>• Participate in the Australian Beef Sustainability Framework, an initiative of the Red Meat Advisory Council and managed by Meat and Livestock Australia.</li> <li>• Members of various representative bodies such as the Australian Packaging Covenant Organisation, Australian Retailers Association, Business Council of Australia, National Farmers' Federation and Retail Drinks Australia.</li> <li>• During FY21 we became members of the Carbon Market Institute and our CEO joined the Climate Leaders Coalition.</li> </ul> |                                 |
| <b>Media</b>                                 | <p>We regularly engage directly with representatives from print, radio, TV, social and online media at a local and national level, as well as through media releases and webcasts.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>• More than 380 media stories generated per week in FY21, with an average audience reach of 10.3 million per week.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Great place to work             |
| <b>Unions</b>                                | <p>We engage with unions that represent our team members across our various business units within retail and supply chain.</p> <p>The terms and conditions of employment of 89.6% of Coles' team members are set through enterprise agreements. Approximately 40% of our team members have trade union membership and Coles recognises and supports the rights of freedom of association.</p>                                                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• Worked with the Ethical Retail Supply Chain Accord (made up of the TWU, AWU and SDA), which included co-hosting a worker education event to share industry risks and insights.</li> <li>• Coles' adopts a proactive approach to industrial relations that is focused on direct engagement with team members, effective consultation processes when major organisational change is proposed, establishing and maintaining strong working relationships with unions, mitigating and where necessary resolving industrial disputes if and when they arise and delivering effective workplace arrangements that align with our business, operational and people needs.</li> </ul>                                            | Together to Zero                |
| <b>Standards and certification bodies</b>    | <p>We work closely with industry standards and certification bodies across our products and services.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>• Represented on the Global Food Safety Initiative Australia and New Zealand Group.</li> <li>• Independent certification or verification programs including through Fairtrade, Rainforest Alliance/UTZ and Cocoa Horizons. More information can be found on pages 62 and 63.</li> <li>• Member of the Roundtable on Sustainable Palm Oil.</li> <li>• Sedex and Fair Farms certification platforms to assess global supply chain risks.</li> </ul>                                                                                                                                                                                                                                                                          | Better Together                 |
| <b>Non-government Organisations (NGOs)</b>   | <p>To advance positive outcomes for people and our planet, we engage with non-government organisations and research bodies on diverse topics such as human rights, animal welfare, climate change, and health and nutrition.</p> <p>We welcome dialogue with NGOs on diverse sustainability topics to share our vision and help advance our Together to Zero and Better Together aspirations.</p>                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>• Coles is a signatory to the Australian Packaging Covenant and an active member of the Australian Packaging Covenant Organisation (APCO), tasked with delivering Australia's 2025 National Packaging Targets.</li> <li>• Regular engagement with NGOs helps Coles to understand and respond to issues of importance.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                           | Innovation through partnerships |

## Aligning with global goals

**We support external sustainability goals and frameworks including the United Nations (UN) Global Compact, the UN Sustainable Development Goals and the UN Women's Empowerment Principles. We are a supporter of the Task Force on Climate-related Financial Disclosures and report in accordance with the Global Reporting Initiative (GRI) Standards: Core option.**



### UN Global Compact

Coles joined the UN Global Compact (UNGC) in FY19. The UNGC's Ten Principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption.

This Sustainability Report serves as our Communication on Progress on how we are implementing the UNGC's principles and supporting its broader development objectives in the areas of human rights, labour, anti-corruption and the environment.

#### UN Global Compact Principles

|                                                                                                                            |                                                                                                           |                                                                                                                                              |                                                                                                                              |                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| <b>1. Human rights</b><br>Businesses should support and respect the protection of internationally proclaimed human rights. | <b>2. Human rights</b><br>Businesses should make sure that they are not complicit in human rights abuses. | <b>3. Labour</b><br>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | <b>4. Labour</b><br>Businesses should uphold the elimination of all forms of forced and compulsory labour.                   | <b>5. Labour</b><br>Businesses should uphold the effective abolition of child labour.                                      |
| <b>6. Labour</b><br>Businesses should uphold the elimination of discrimination in respect of employment and occupation.    | <b>7. Environment</b><br>Businesses should support a precautionary approach to environmental challenges.  | <b>8. Environment</b><br>Businesses should undertake initiatives to promote greater environmental responsibility.                            | <b>9. Environment</b><br>Businesses should encourage the development and diffusion of environmentally friendly technologies. | <b>10. Anti-corruption</b><br>Businesses should work against corruption in all its forms, including extortion and bribery. |

### Other global goals

Information on how we are aligned with UN Women's Empowerment Principles can be found in the Better Together section of this report. We have responded to the recommendations of the Task Force on Climate-related Financial Disclosures in our 2021 Annual Report and the *Together to zero emissions* section of this report. This Sustainability Report is prepared in accordance with the GRI Standards: Core option and our GRI index can be found on the Group's website.



## UN Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs) are the UN's plan for a better future for people and the planet. Coles' purpose to sustainably feed all Australians to help them lead healthier, happier lives is aligned with and supports the achievement of the UN SDGs as detailed below.



As a major retailer, providing access to healthy, nutritious and affordable food and donating unsold edible food to Australians in need, supports these goals — Zero Hunger and Good Health and Well-being — and reduces food waste. These goals are also at the core of our business purpose to sustainably feed all Australians to help them lead healthier, happier lives.



Through our *Team that is better together* and health and safety programs, we support the goals of Gender Equality, Decent Work and Economic Growth and Reduced Inequalities.



Responsible Consumption and Production aligns with our plans to reduce waste, source products ethically and improve the sustainability of Coles Own Brand product packaging.



Our investments in renewable electricity, energy efficiency and alternative refrigerants all advance the objectives of Climate Action, which are also detailed in our Climate Change Position Statement.



Coles Own Brand Responsibly Sourced Seafood Program and Coles Own Brand products certified to third-party standards support the objectives of Life Below Water and Life on Land.

## Sustainability benchmarks

Our efforts and achievements in sustainability are acknowledged by ratings and rankings agencies. We voluntarily participate in a number of corporate sustainability benchmarks. These include:

- The Business Benchmark on Farm Animal Welfare**  
 This is a global measure of farm animal welfare management, policy commitment, performance and disclosure for food companies.
- The Corporate Human Rights Benchmark (CHRB)**  
 The CHRB looks at the policies, processes, and practices companies have in place around their approach to human rights and how they respond to serious allegation.
- Farm Animal Investment Risk and Return Benchmark (FAIRR)**  
 FAIRR assesses the strategic approach to protein diversification of farming companies.
- The FTSE Russell**  
 The FTSE Russell collects data to calculate the FTSE Russell environmental, social and governance (ESG) rating and construct the FTSE4Good Index Series. FTSE Russell's constituents are companies with strong ESG practices.
- KnowTheChain**  
 KnowTheChain benchmarks the largest global companies in several at-risk sectors, who have a large workforce in their supply chains, as well as significant leverage.
- World Benchmark Alliance (WBA)**  
 The WBA will measure and rank companies that WBA considers the most influential in their ability to impact the achievement of the UN SDGs. Coles is included in WBA's SDG2000 list under the retail sector and we have been identified as impacting transformations in the food and agriculture, social and circular systems. The first WBA benchmark will be released in FY22.

Safer choices together

Great place to work

Together to Zero

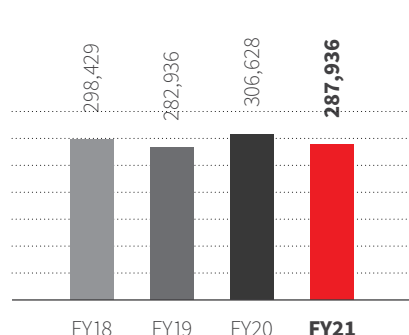
Better Together

Innovation through partnerships

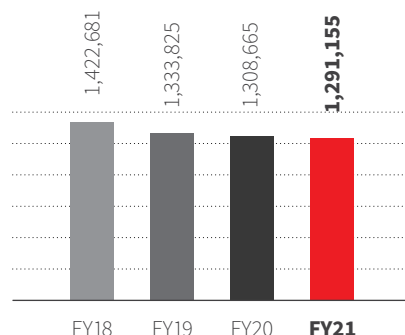
## Our metrics and data

### Environment<sup>1</sup>

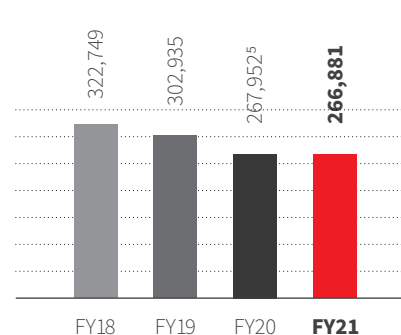
Scope 1<sup>2,3</sup> Greenhouse gas emissions  
(tonnes CO<sub>2</sub>-e)



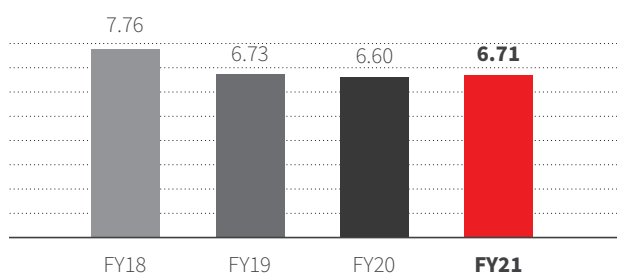
Scope 2<sup>2,3</sup> Greenhouse gas emissions  
(tonnes CO<sub>2</sub>-e)



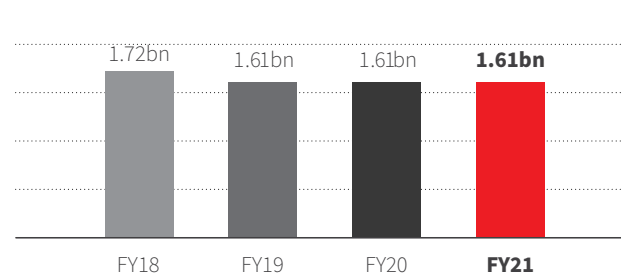
Scope 3<sup>4</sup> Greenhouse gas emissions  
(tonnes CO<sub>2</sub>-e)



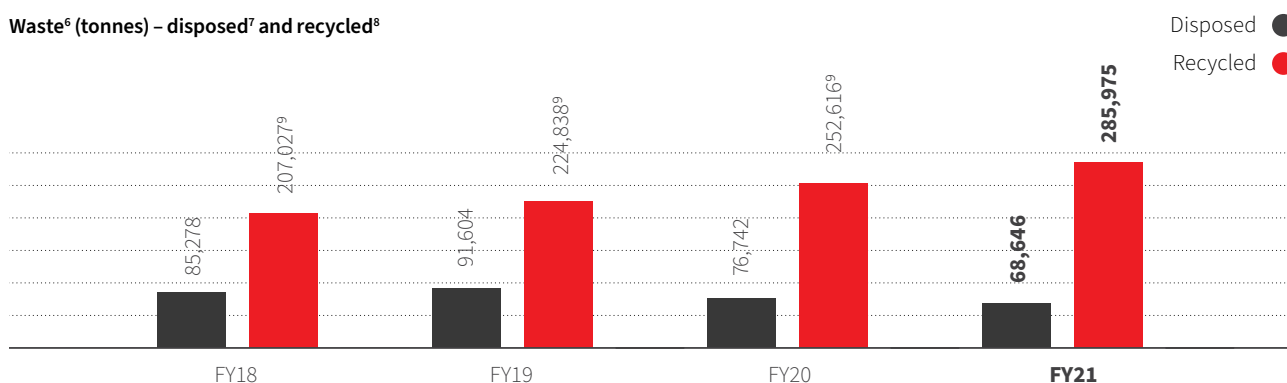
Energy (PJ)



Electricity (kWh)



Waste<sup>6</sup> (tonnes) – disposed<sup>7</sup> and recycled<sup>8</sup>



1 Covers 1 July 2020 to 30 June 2021

2 In FY20 and FY21, data has been reported using market-based emissions accounting and applying GHG protocol and NGER criteria. Location-based Scope 2 emissions for FY20 and FY21 are 1,308,665 tCO<sub>2</sub>-e and 1,291,155 tCO<sub>2</sub>-e respectively. FY18 and FY19 Scope 1 and 2 emissions are reported under the NGER Act, as was FY20 previously

3 Scope 1 and 2 emissions are reported for businesses where we have operational control under the NGER Act in FY18 and FY19, and under the GHG Protocol Standard in FY20 and FY21

4 Scope 3 data includes the indirect component of our Scope 1 and 2 emissions such as transmitting the electricity we use, emissions from waste disposal and air travel

5 Data has been adjusted since previously reported

6 Covers 1 July 2020- 30 June 2021 (except the data received from Cleanaway and REDcycle which cover 29 June 2020 to 27 June 2021)

7 Solid waste to landfill

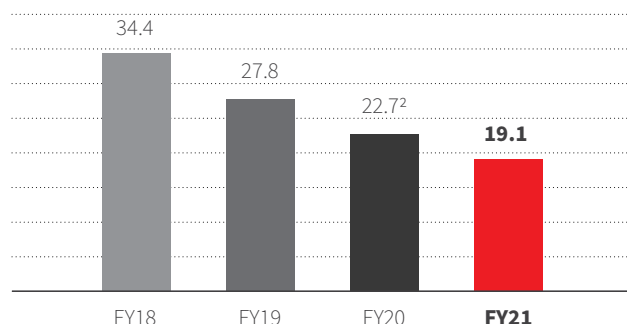
8 Solid material diverted from landfill e.g. reused, recycled, repurposed, composted or converted to energy. Excludes all liquids, except high-strength sludges and liquids diverted for use as food

9 Data has been recalculated based on new definition (see page 27 of this report)



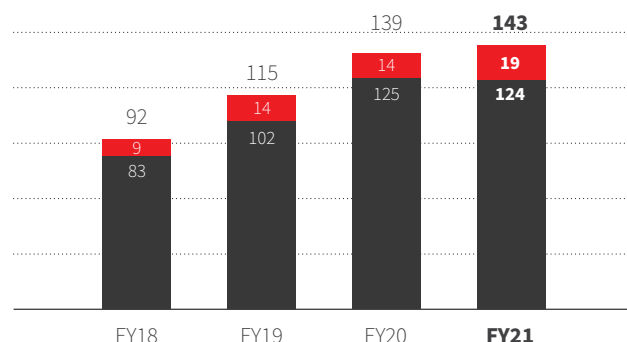
## Health & Safety

### Total recordable injury frequency rate (TRIFR)<sup>1</sup>



## Community

### Community contributions<sup>3,4</sup> (\$ million) direct<sup>5</sup> and indirect<sup>6</sup>



## Team members<sup>7</sup>

### Team members by category and diversity<sup>8</sup>

|                        | NON-EXECUTIVE<br>DIRECTORS <sup>9</sup> | EXECUTIVE TEAM AND<br>GENERAL MANAGERS <sup>9</sup> | ALL SALARIED TEAM<br>MEMBERS <sup>10</sup> (MANAGERS/<br>PROFESSIONAL) | ALL TEAM MEMBERS <sup>10</sup> |
|------------------------|-----------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------|--------------------------------|
| Total                  | 7                                       | 71                                                  | 12,717                                                                 | 122,799                        |
| <b>Gender</b>          |                                         |                                                     |                                                                        |                                |
| Female                 | 3 (42.9%)                               | 30 (42.3%)                                          | 5,558 (43.7%)                                                          | 62,041 (50.5%)                 |
| Male                   | 4 (57.1%)                               | 41 (57.7%)                                          | 7,151 (56.2%)                                                          | 60,632 (49.4%)                 |
| Gender X <sup>11</sup> | -                                       | -                                                   | 8 (0.1%)                                                               | 126 (0.1%)                     |
| <b>Age group</b>       |                                         |                                                     |                                                                        |                                |
| Under 30               | -                                       | -                                                   | 2,481 (19.5%)                                                          | 62,148 (50.6%)                 |
| 30-39                  | -                                       | 5 (7.0%)                                            | 4,545 (35.7%)                                                          | 23,003 (18.7%)                 |
| 40-49                  | 2 (28.6%)                               | 44 (62.0%)                                          | 3,472 (27.3%)                                                          | 17,328 (14.1%)                 |
| 50 and Over            | 5 (71.4%)                               | 22 (31.0%)                                          | 2,219 (17.4%)                                                          | 20,320 (16.5%)                 |

1 TRIFR measures the number of medically treated, lost time and restricted duties injuries per million hours worked

2 FY20 TRIFR was calculated using Period 9 FY19 hours worked to reflect normalised hours over the financial year

3 Covers 1 July 2020 to 30 June 2021

4 Totals have been rounded to the nearest million

5 Direct contributions include cash, time, in-kind contributions and management costs. Coles references the Business for Societal Impact (formerly London Benchmarking Group) framework for reporting community contributions

6 Indirect contributions are those made by others where a Coles business facilitated and supported the contribution, such as customer donations to an appeal at point of sale. Coles references the Business for Societal Impact framework for reporting community contributions

7 Excludes Retail Ready Operations Australia (RROA) processing plant wages team members, Chef Fresh New South Wales, Chef Fresh Victoria and the China Office

8 These positions are defined through job evaluation methodology

9 As at week ended 27 June 2021

10 Weekly average from 29 June 2020 to 27 June 2021 (all numbers are rounded)

11 Following the launch of myhub (people and payroll system) in September 2020, team members can now select gender diverse or prefer not to say as their gender identity. This is reflected as Gender X in the above tables

Team members (continued)<sup>1</sup>Team members – employment type, gender and region<sup>2</sup>

|               | PERMANENT<br>TOTAL | PERMANENT<br>FULL-TIME | PERMANENT<br>PART-TIME | FIXED TERM | CASUAL | TOTAL   |
|---------------|--------------------|------------------------|------------------------|------------|--------|---------|
| Total         | 76,077             | 24,823                 | 51,254                 | 1,071      | 45,651 | 122,799 |
| <b>Gender</b> |                    |                        |                        |            |        |         |
| Female        | 39,671             | 10,471                 | 29,200                 | 578        | 21,792 | 62,041  |
| Male          | 36,346             | 14,334                 | 22,012                 | 493        | 23,793 | 60,632  |
| Gender X      | 60                 | 18                     | 42                     | -          | 66     | 126     |
| <b>Region</b> |                    |                        |                        |            |        |         |
| ACT           | 1,077              | 303                    | 774                    | 4          | 695    | 1,776   |
| NSW           | 21,450             | 6,456                  | 14,994                 | 205        | 13,059 | 34,714  |
| NT            | 641                | 243                    | 398                    | 2          | 391    | 1,034   |
| QLD           | 15,777             | 4,944                  | 10,833                 | 116        | 8,441  | 24,334  |
| SA            | 4,475              | 1,394                  | 3,081                  | 26         | 3,305  | 7,806   |
| TAS           | 1,419              | 379                    | 1,040                  | 44         | 1,062  | 2,525   |
| VIC           | 22,659             | 8,420                  | 14,239                 | 612        | 14,325 | 37,596  |
| WA            | 8,579              | 2,684                  | 5,895                  | 62         | 4,373  | 13,014  |

## Team member turnover by employment type

|                | AVERAGE HEADCOUNT <sup>2</sup> |               |            | TURNOVER <sup>3</sup> |               |           | % TURNOVER   |              |              |              |
|----------------|--------------------------------|---------------|------------|-----------------------|---------------|-----------|--------------|--------------|--------------|--------------|
|                | FEMALE                         | MALE          | GENDER X   | FEMALE                | MALE          | GENDER X  | FEMALE       | MALE         | GENDER X     | OVERALL %    |
| Permanent      | 39,671                         | 36,346        | 60         | 5,715                 | 6,185         | 9         | 14.4%        | 17.0%        | 15.0%        | 15.7%        |
| - Full Time    | 10,471                         | 14,334        | 18         | 795                   | 1,481         | 1         | 7.6%         | 10.3%        | 5.6%         | 9.2%         |
| - Part Time    | 29,200                         | 22,012        | 42         | 4,920                 | 4,704         | 8         | 16.8%        | 21.4%        | 19.0%        | 18.8%        |
| Fixed Term     | 578                            | 493           | -          | 112                   | 95            | -         | 19.4%        | 19.3%        | -            | 19.3%        |
| Casual         | 21,792                         | 23,793        | 66         | 11,012                | 13,237        | 35        | 50.5%        | 55.6%        | 53.0%        | 53.2%        |
| <b>Overall</b> | <b>62,041</b>                  | <b>60,632</b> | <b>126</b> | <b>16,839</b>         | <b>19,517</b> | <b>44</b> | <b>27.1%</b> | <b>32.2%</b> | <b>34.9%</b> | <b>29.6%</b> |

1 Excludes Retail Ready Operations Australia (RROA) processing plant wages team members, Chef Fresh New South Wales, Chef Fresh Victoria and the China Office

2 Weekly average from 29 June 2020 to 27 June 2021 (all numbers are rounded)

3 Turnover relates to 29 June 2020 to 27 June 2021



Team members (continued)<sup>1</sup>Team member hires and turnover by gender, age group and region<sup>2,3</sup>

|                  | TEAM MEMBER<br>NEW HIRES | TEAM MEMBER<br>TURNOVER |
|------------------|--------------------------|-------------------------|
| Total            | 34,775 (28.3%)           | 36,400 (29.6%)          |
| <b>Gender</b>    |                          |                         |
| Female           | 15,788 (25.4%)           | 16,839 (27.1%)          |
| Male             | 18,863 (31.1%)           | 19,517 (32.2%)          |
| Gender X         | 124 (98.4%)              | 44 (34.9%)              |
| <b>Age group</b> |                          |                         |
| Under 30         | 26,589 (42.8%)           | 24,133 (38.8%)          |
| 30-39            | 4,007 (17.4%)            | 5,811 (25.3%)           |
| 40-49            | 2,184 (12.6%)            | 3,171 (18.3%)           |
| 50 and Over      | 1,995 (9.8%)             | 3,285 (16.2%)           |
| <b>Region</b>    |                          |                         |
| ACT              | 388 (21.8%)              | 612 (34.5%)             |
| NSW              | 10,230 (29.5%)           | 10,866 (31.3%)          |
| NT               | 444 (42.9%)              | 444 (42.9%)             |
| QLD              | 6,457 (26.5%)            | 7,065 (29.0%)           |
| SA               | 1,724 (22.1%)            | 1,972 (25.3%)           |
| TAS              | 599 (23.7%)              | 782 (31.0%)             |
| VIC              | 10,347 (27.5%)           | 9,987 (26.6%)           |
| WA               | 4,586 (35.2%)            | 4,672 (35.9%)           |

## Gender balance

| POPULATION <sup>4</sup>                | TARGET                               | FY20 FEMALE<br>REPRESENTATION | FY21 FEMALE<br>REPRESENTATION |
|----------------------------------------|--------------------------------------|-------------------------------|-------------------------------|
| Board of Directors <sup>5</sup>        | 30%                                  | 37.5%                         | 37.5%                         |
| Executive Leadership Team <sup>6</sup> | 40% women in leadership<br>positions | 33.3%                         | 35.7%                         |
| Senior Executives <sup>7</sup>         |                                      | 39.4%                         | 42.3%                         |
| All leadership roles <sup>8</sup>      |                                      | 34.2%                         | 36.5%                         |
| All management roles <sup>9</sup>      |                                      | 43.3%                         | 43.8%                         |
| All roles <sup>10,11</sup>             |                                      | 50.7%                         | 50.5%                         |

1 Excludes Retail Ready Operations Australia (RROA) processing plant wages team members, Chef Fresh New South Wales, Chef Fresh Victoria and the China Office

2 New hires and turnover relates to 29 June 2020 to 27 June 2021

3 New hire and turnover percentages use the weekly average headcount from 29 June 2020 to 27 June 2021

4 As at week ended 27 June 2021 unless otherwise stated

5 Includes Chief Executive Officer

6 Executive Leadership Team (ELT) and Chief Executive Officer

7 ELT and General Managers

8 ELT, General Managers, team members pay grade eight and above, and Supermarket store managers

9 ELT, General Managers, team members pay grade eight and above, Supermarket store managers, Liquor store managers, Coles Express site managers, Supermarket department managers, Coles Services area managers and team leaders, and people leaders in our distribution centres

10 Weekly average from 29 June 2020 to 27 June 2021 (all numbers are rounded)

11 Total workplace



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

### Our Conclusion:

#### ► Limited Assurance

Ernst & Young ('EY', 'we') was engaged by Coles Group Limited ('Coles') to undertake limited assurance as defined by Australian Auditing Standards, hereafter referred to as a 'review', over certain sustainability data and disclosures in Coles' Sustainability Report for the year ended 27 June 2021 (the 'Sustainability Report'). Based on our procedures and the evidence we have obtained, nothing has come to our attention that suggests that Coles sustainability data and disclosures presented below, have not been prepared, in all material respects, in accordance with the Criteria defined below.

#### ► Reasonable Assurance

Ernst & Young ('EY', 'we') was engaged by Coles to undertake reasonable assurance as defined by Australian Auditing Standards, hereafter referred to as an 'audit', over the energy consumption and Scope 1 and 2 greenhouse gas emissions based on a location and market basis in the Sustainability Report for the year ended 30 June 2021. In our opinion, the energy consumption and Scope 1 and 2 greenhouse gas emissions using the location-based and the market-based methods, are prepared, in all material respects, in accordance with the Criteria defined below.

### What our review covered:

We reviewed certain Coles sustainability data and disclosures, listed below, as disclosed in the Sustainability Report, for the year ended 27 June 2021.

| What we assured (Subject Matter)                                                                                                                                                                                                                                                                                                               | What we assured it against (Criteria)                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <p>Selected Coles qualitative disclosures in the following sections of the Report:</p> <ul style="list-style-type: none"> <li>► Health, safety and wellbeing;</li> <li>► A team that is better together;</li> <li>► Sourcing that is better together;</li> <li>► Together to zero emissions; and</li> <li>► Together to zero waste.</li> </ul> | <ul style="list-style-type: none"> <li>► Management's own publicly disclosed criteria</li> </ul> |
| <p>Coles reported performance of the following selected quantitative performance disclosures and metrics of the Report:</p>                                                                                                                                                                                                                    |                                                                                                  |
| <p>People:</p> <ul style="list-style-type: none"> <li>► Indigenous employment (ATSI) (% of total workforce)</li> <li>► Total workforce by gender, region, age, and employment (headcount)</li> <li>► Women in leadership positions (headcount, %)</li> <li>► Pay parity gap (%)</li> </ul>                                                     |                                                                                                  |
| <p>Health and Safety:</p> <ul style="list-style-type: none"> <li>► Total recordable injury frequency rate (TRIFR)</li> </ul>                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>► Management methods publicly disclosed</li> </ul>        |
| <p>Greenhouse gas emissions and energy:</p> <ul style="list-style-type: none"> <li>► Scope 3 greenhouse gas emissions (tCO<sub>2</sub>-e)</li> </ul>                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>► GRI Standards performance indicators</li> </ul>         |
| <p>Waste:</p> <ul style="list-style-type: none"> <li>► Combined data for waste recycled and disposed (tonnes)</li> </ul>                                                                                                                                                                                                                       | <ul style="list-style-type: none"> <li>► GRI definition of materiality</li> </ul>                |
| <p>Ethical sourcing:</p> <ul style="list-style-type: none"> <li>► Suppliers participating in the ethical sourcing program (number)</li> <li>► Independent ethical audits conducted during the year (number)</li> </ul>                                                                                                                         |                                                                                                  |
| <p>Packaging:</p> <ul style="list-style-type: none"> <li>► Sum of % recyclability of Coles Own Brand packaging (%)</li> </ul>                                                                                                                                                                                                                  |                                                                                                  |

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

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

### Key responsibilities

#### EY's responsibility and independence

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

#### Coles responsibility

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

### Our approach to conducting the review

We conducted this assurance engagement in accordance with the *Australian Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ASAE 3000'), *Assurance Engagements on Greenhouse Gas Statements* ('ASAE 3410') and the terms of reference for this engagement as agreed with Coles on 23 March 2021 and amended on 21 June 2021.

We adapted our approach to undertaking our procedures in response to the COVID-19 travel restrictions and social distancing requirements. We did not visit any Coles sites or work at Coles Support Centre in Tooronga, Victoria in person. All 'site visits' were undertaken virtually by phone and video-conference and were supported through the use of collaboration platforms for discussions and delivery of requested evidence.

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

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

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

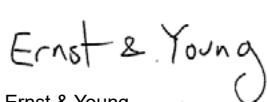
#### **Limited and Reasonable Assurance**

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

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

#### **Use of our Assurance Statement**

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



Ernst & Young  
Melbourne, Australia  
17 September 2021



Mathew Nelson  
Partner



# Sustainability governance

## Sustainability governance

The Board oversees and approves the strategic direction of the Group and the effectiveness of Coles' environmental, sustainability and governance policies. It retains ultimate oversight of material environmental and sustainability risks and opportunities. The Audit and Risk Committee assists the Board in fulfilling its responsibilities.

The Sustainability Steering Committee, a management committee, is responsible for overseeing Group-wide identification and response to sustainability risks and opportunities. It is chaired by the Chief Sustainability, Property & Export Officer, a member of the Executive Leadership Team reporting to the Chief Executive Officer. Its standing members comprise management from functions with key sustainability responsibilities including Risk and Compliance, Sustainability, Coles Own Brand, People and Culture, Marketing, Company Secretariat and Corporate Affairs.

The Chair of the Sustainability Steering Committee provides regular updates to the Board and the Audit and Risk Committee on sustainability issues. Standardised quarterly reporting, with performance monitoring against our commitments is provided to the Board.

The Sustainability Steering Committee is supported by other steering committees, subcommittees and working groups including the Human Rights Steering Committee, the Better Together Council, the Climate Change Subcommittee and the Coles Express and Coles Liquor sustainability working groups.

Information on our overall approach to corporate governance can be found in the 2021 Corporate Governance Statement on the Group's website.

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

## Our Sustainability Strategy

Our Sustainability Strategy, launched in FY21, forms the basis for this Sustainability Report. It is aligned with the ten principles of the United Nations Global Compact and the advancement of the United Nations Sustainable Development Goals (UN SDGs).

The Sustainability Strategy is also guided by our social, ethical and environmental policies, which can be found on the Coles Group website.

Our progress against the Sustainability Strategy will be reported annually in the Coles Group Sustainability Report.

## Understanding our key sustainability topics

Each year we undertake an assessment to understand the sustainability issues and opportunities (topics) that matter most to our stakeholders.

A materiality assessment, in a sustainability context, looks at both risks and opportunities according to their importance to stakeholders as well as the company's ability to impact that topic. The assessment is conducted at a point in time based on qualitative research and topical issues.

Coles annual sustainability materiality assessment is carried out in accordance with the Global Reporting Initiative (GRI) Standards as well as the AccountAbility Principles (AA1000 AP) of Inclusivity, Materiality, Responsiveness and Impact.

## Process in FY21

During FY21 we gathered insights from customers; spoke with investors, analysts and NGOs; reviewed traditional and social media; as well as assessed sustainability topics being discussed by government and industry. We reviewed internal policies, strategies and commitments and looked at the topics being reported by peers.

The assessment was also informed by sustainability risks identified and managed in accordance with our Risk Management Framework, which is based on ISO 31000:2018 Risk management – Guidelines.

## Outcomes

The topics identified inform our Sustainability Strategy and the disclosures in this report. They should not be viewed individually, as in most cases they are interconnected, and action and progress in one area can lead to improvements in another.

Material topics this year included:

- waste including food waste;
- health, safety and wellbeing;
- energy and emissions;
- climate change risk and impacts;
- human rights;
- sustainable packaging;
- product quality and safety;
- diversity and equal opportunity; and
- team member pay and working conditions.

The core set of sustainability issues and opportunities has not changed significantly between FY20 and FY21 with the exception of Health, Safety and Wellbeing, which has risen due to the focus on COVID-19.

Recognising that there is a broader range of topics of interest to different stakeholder groups, we provide more information in this report and in our strategy than only those listed above.

## Assurance

EY reviewed our materiality process as part of its assurance of this report.

# About this Sustainability Report

## Reporting scope

Unless otherwise stated, our Sustainability Report covers the period 29 June 2020 to 27 June 2021 ('FY21') 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. All financial data in this Sustainability Report is in Australian dollars.

The report focuses on topics that matter most to our stakeholders and our business, as determined through our 2021 materiality assessment.

The structure of the report reflects the focus areas of our Sustainability Strategy: Together to Zero and Better Together. Material topics are grouped under these areas.

The report has been prepared in accordance with the GRI Standards: Core option. The GRI Content Index for this report, which also contains our alignment with the UNGC Principles and the UN Sustainable Development Goals, is available on the Group's website:



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

Anyone seeking to use information in this Sustainability Report to draw conclusions from the data presented should email [investor.relations@colesgroup.com.au](mailto:investor.relations@colesgroup.com.au) for assistance.

## Report boundary

In this report, the terms 'Coles', 'the Group', 'our business', 'organisation', 'we', 'us', 'our' and 'ourselves' refer to Coles Group Limited and its controlled entities.

This report contains information for all Coles' wholly owned businesses as at the date of this report and, for wholly owned businesses that were part of the Group during the current or comparative period, information up to the date ownership was transferred (unless otherwise stated).

Information presented for Coles Supermarkets includes information for Chef Fresh New South Wales, Chef Fresh Victoria and Retail Ready Operations Australia (RROA).

RROA is our meat processing facility located in Erskine Park, New South Wales. Chef Fresh Victoria is our value-added facility, providing convenience food solutions, located in Geelong, Victoria. Chef Fresh New South Wales refers to our ready-meals facility located in Banksmeadow, New South Wales.

In addition, this report includes information relating to the retail liquor business that forms part of Coles' incorporated joint venture with Australian Venue Co Pty Limited.

## Corporate directory

Registered office:  
800-838 Toorak Road  
Hawthorn East  
VIC 3123 Australia

Telephone: +61 3 9829 5111  
Website: [www.colesgroup.com.au](http://www.colesgroup.com.au)  
Email: [sustainability@coles.com.au](mailto:sustainability@coles.com.au)

## Feedback



We welcome feedback on this document. For more information or to provide comments, please contact us at: [sustainability@coles.com.au](mailto:sustainability@coles.com.au)

## Glossary

### Exclusive to Coles

Exclusive to Coles refers to the portfolio of brands that are exclusively available in Coles supermarkets or Coles Express outlets. It includes brands that are owned by Coles (Coles Own Brand) and brands that are owned by suppliers but exclusive to Coles (Exclusive Proprietary Brands).

### Coles Own Brand

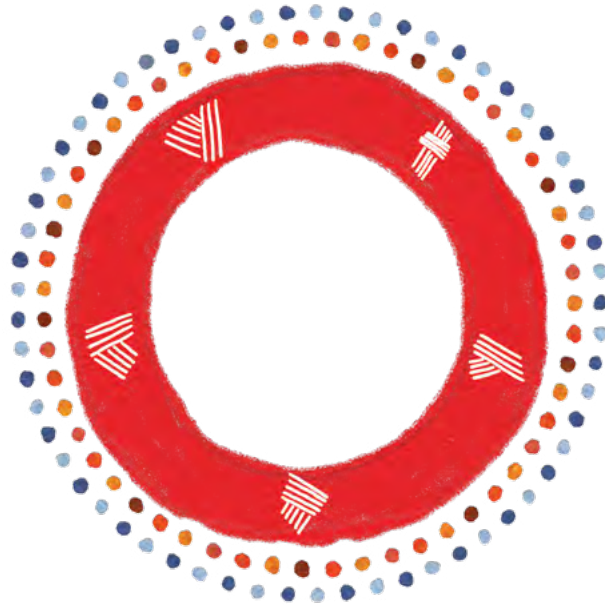
Coles Own Brand refers to the portfolio of brands owned by Coles. It includes grocery, fresh and non-food products that are sold in Coles supermarkets and Coles Express outlets under Coles Brands (e.g. Coles Organic or Coles PerForm) and Exclusive Own Brands (e.g. KOI).

### Exclusive Liquor Brands

Exclusive Liquor Brands (ELB) refers to the portfolio of brands that are exclusively available in Coles Liquor stores. It includes brands that are owned by Coles (Coles Own Liquor Brand) and brands that are owned by suppliers but exclusive to Coles Liquor (Exclusive Proprietary Liquor Brands).

### Coles Own Liquor Brand

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



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## About the artwork

The dots, as used in the art of Northern Aboriginal Australian people, reflect the notion of community with many different groups circling around a larger collective goal. The cross-hatching designs, as used in the art of Southern Aboriginal Australian people, represent the weaving technique used to create tools to hunt and gather food. Combined they represent the importance of working together to protect and sustain life.

This original artwork design was created for Coles by Bundjalung/Biripi artist Nikita Ridgeway of Boss Lady Design and Communications.

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### Coles Group Limited

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VIC 3123 Australia