

colesgroup



TOGETHER TO
ZERO



BETTER
TOGETHER

2022 Sustainability Report

Our purpose is to sustainably help all
Australians lead healthier, happier lives

Acknowledgment of Country

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

Coles Group endorses the Uluru Statement from the Heart and its objectives to enshrine a First Nations Voice in the Australian Constitution. Supporting the Uluru Statement from the Heart reflects our commitment to our Aboriginal and Torres Strait Islander Plan and Better Together Strategy.

Coles Group has long supported elevating the voices of Aboriginal and Torres Strait Islander peoples, and we believe this structural reform and constitutional change is a significant step forward in creating lasting reconciliation in Australia.

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

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

Any forward-looking statements are based on the Group's current knowledge and assumptions, including with respect to financial, market, risk, regulatory and other relevant environments that will exist and affect the Group's business and operations in the future. The Group does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known

and unknown risks, uncertainties and assumptions that could cause the actual results, 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. Except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking statements, or to advise of any change in assumptions on which any such statement is based. Past performance cannot be relied on as a guide to future performance.

Reliance on third-party information

The views expressed in this 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.

Cover image

Pictured are FightMND founder and AFL legend Neale Daniher (back row, second from right) with his daughter and FightMND campaign director Bec Daniher (middle), FightMND CEO Dr Fiona McIntosh (back row, third from left), Coles Chief Operations and Sustainability Officer Matt Swindells (back row, far right), Coles General Manager Meat Martin Smithson (back row, left) and Coles team members.



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About this report

Reporting scope

Unless otherwise stated, this Sustainability Report covers the period 28 June 2021 to 26 June 2022 (FY22) for the Group. This is our retail calendar, a reporting calendar based on a defined number of weeks, with the annual reporting period ending on the last Sunday in June.

The report focuses on topics that matter most to our stakeholders and our business, as determined through our 2022 materiality assessment, detailed on pages 9-10.

The structure of this report reflects the focus areas of our Sustainability Strategy: Together to Zero and Better Together. Material topics are grouped under these areas. This report also discloses information relating to workplace health and safety, product safety and our people.

This report has been prepared in accordance with the Global Reporting Initiative (GRI): Core option. The GRI Content Index for this report, which also contains our alignment with the United Nations (UN) Global Compact Principles and the UN Sustainable Development Goals (SDGs), is available at:

www.colesgroup.com.au/sustainability

EY has provided limited assurance in respect of this report, including considering whether the appropriate indicators have been reported in accordance with GRI Sustainability Reporting Standards. A copy of EY's independent limited assurance report is on pages 64-65.

Report boundary

In this report, the terms 'Coles', 'the Group', 'Coles Group', 'our business', 'organisation', 'we', 'us', 'our' and 'ourselves' refer to Coles Group Limited and its controlled entities. This report contains information for all Coles' wholly owned businesses during FY22 (unless otherwise stated).

Reporting suite

We produce a suite of reports to meet the needs and requirements of a wide range of stakeholders. This report provides stakeholders with detailed information on our sustainability performance and complements our Annual Report and Modern Slavery Statement.

Our 2022 Corporate Governance Statement discloses how we have followed the Australian Securities Exchange (ASX) Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th edition.

Climate-related disclosures (prepared using the recommendations of the Task Force on Climate-related Financial Disclosures) are contained in our 2022 Annual Report.

Our 2022 Tax Contribution Report provides an overview of Coles' tax profile and our approach to tax governance and risk management.

Our 2022 reporting suite



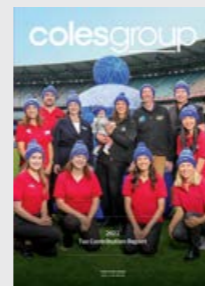
Annual Report
Download [here](#)



Modern Slavery Statement
Download [here](#)



Corporate Governance Statement
Download [here](#)



Tax Contribution Report
Download [here](#)

Feedback

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

sustainability@coles.com.au

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

investor.relations@colesgroup.com.au for assistance.

2022 sustainability snapshot



14.7%
improvement in TRIFR¹
compared to FY21



>1,000
store leaders completed
mental health training



39.4%
women in leadership
positions



2.8%
reduction in Scope 1 and 2
greenhouse gas emissions from FY21



Secured pathway to
100%
renewable electricity
by the end of FY25



82.5%
solid waste diverted
from landfill



>777m
pieces of soft plastic
collected for REDcycle



37.5m
equivalent meals donated to
SecondBite and Foodbank



Provided
\$142m
in community support²

¹ Total Recordable Injury Frequency Rate (TRIFR).

² Includes Coles' direct contribution of cash, time, in-kind and management costs as well fundraising from customers, suppliers and team members (leverage).

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

Our ambition is to be Australia's most sustainable supermarket. While we are making good progress, we know we have much work ahead of us to realise this ambition. Stakeholder expectations with respect to our sustainability performance have never been higher and we will be judged by our actions, not our words.

Welcome to our 2022 Sustainability Report, which outlines the progress we have made during the first full year of the new Sustainability Strategy we launched in 2021. Pleasingly, we have made good progress against many of the public commitments we set last year under our focus areas of Together to Zero and Better Together, but we know there remains a significant amount of work ahead.

Sustainability is considered at the highest levels of the organisation and there is a genuine understanding of the importance of robust governance over sustainability performance. The Board has oversight of all of Coles' sustainability commitments and monitors performance on a quarterly basis. Sustainability has also been more explicitly referenced in our refreshed corporate strategy this year, signalling our resolve to integrate sustainability into everything we do at Coles.

The actions we are taking in pursuit of our ambition to be Australia's most sustainable supermarket were recognised in the World Benchmarking Alliance's 2021 Food and Agriculture benchmark, with Coles ranked the number two retailer globally for sustainable business practices.

Realistically, however, we know there is more we can and must do. Devastating flooding in parts of Australia earlier this year, and the ongoing impacts of the COVID-19 pandemic, are stark reminders of the environmental and social challenges the world faces. As a large business with thousands of employees, an extensive supply chain, and a wide reach into the community, we are in a position to drive positive change.

We are contributing to efforts promoting sustainable development through our ongoing support for the United Nations (UN) Global Compact and this report demonstrates how we are responding to its ten principles.

The scale of the global and local challenges we are grappling with – such as climate change, waste and social and economic inclusion – means we cannot act alone. As discussed throughout this report, partnerships are central to how we operate at Coles and we recognise that when we work together we can make a real difference to our team members, suppliers, customers and the communities in which we live and work. We are committed to engaging with, and responding to, the concerns of our stakeholders and acting on the issues that matter to them.

With respect to our team members the last couple of years have been tough. Team member safety and wellbeing has always been of paramount importance and we're grateful for the hard work of team members to ensure their own, and others', safety, especially during

the pandemic. Our Total Recordable Injury Frequency Rate (TRIFR) has reduced by 14.7% since 2021, and more than 1,000 of our store leaders participated in mental health training this year to help them identify, and respond appropriately to, mental health situations in the workplace.

Together to Zero

Emissions

The Together to Zero pillar of our Sustainability Strategy focuses on reducing emissions, waste and hunger.

Managing the risks and opportunities associated with climate change is critical to our future success and we are building out our climate action plan in alignment with the recommendations of the Taskforce on Climate-related Financial Disclosures.

This year we signed the last of the agreements needed to meet our target of 100% renewable electricity for the Group's operations by the end of FY25. Energy efficiency measures and refrigeration management programs continued to be rolled out through stores and earlier this year we trialled our first electric delivery truck.

While decarbonising our own operations is an important step, we are also aware of the significant impact of emissions associated with our supply chain. To this end, the Board approved a Scope 3 emissions reduction target earlier this year, which has subsequently been submitted to the Science-Based Targets Initiative for validation.

We are already working with many of our suppliers on initiatives to reduce emissions. A great example of this is our partnership with farmers in Victoria and New South Wales to produce our Coles Finest certified carbon neutral beef range this year.

Acknowledging the value of partnering with others to help develop solutions to climate change is also what drove our decision to enter into a \$10 million, 10-year partnership with the Great Barrier Reef Foundation. Through this partnership we are supporting programs to capture and store atmospheric carbon in marine ecosystems.

Waste and hunger

Food waste and packaging are two of the issues that matter most to our customers and we are focussed on reducing both. We are continuing to increase the amount of solid waste diverted from landfill, noting the increase this year was fairly modest due to the impact of flooding on waste collection services and recycling facilities.



We are pleased to see our customers making use of the REDcycle bins in our supermarkets, with more than 777 million pieces of soft plastic collected from our stores by REDcycle this year. In response to customer concerns, we are also progressing our packaging targets – 94.6% of our Coles Own Brand packaging is now recyclable, reusable or compostable.

As a food retailer food waste is something we must act on – not only because it is a significant contributor to greenhouse gas emissions, but also because we know there are many Australian families without enough to eat. In an effort to address both of these issues, we have partnered with food rescue organisations SecondBite and Foodbank to donate unsold, edible food to people in need. These donations contribute significantly to our overall community support.

Better Together

Diversity and inclusion

We have a clear strategy and policies to support diversity and inclusion at Coles which is overseen by the Board.

We have made significant progress on gender equity this year, increasing the number of women in leadership roles by 2.9pp to 39.4%. We are also working on addressing and reducing the gender pay gap through investments in parity and policies that increase representation at all levels.

While we are pleased with our progress, more needs to be done. The market to attract talented women is highly competitive in certain areas of the business where women's participation has been historically low – for example, in technology and data analytics roles.

To achieve positive change, we are taking proactive steps to address barriers to women's under-representation, including by recognising intersectionality of attributes such as gender, age, cultural background, sexual orientation and/or disability.

We are personally committed to leading a culture at Coles in which team members of all genders participate equally at all levels.

Just as we are committed to increasing women in leadership roles, we are also working towards increasing representation of Aboriginal and Torres Strait Islander peoples in our workforce. We recognise this is a challenge given we have gone from 4% to 3.2% representation in the past year, making it difficult to meet our FY23 target of 5% representation. Having said this, we will continue to drive this as hard as we can and have a number of initiatives underway including direct local recruitment campaigns, partnering with community and university sectors for graduate employment, and establishing leadership and development training opportunities to grow and retain our leadership representation.

Community support

Our team members are great contributors to the communities in which they live and work. So too are our customers who gave generously throughout the year to the various fundraising campaigns we ran. This included support for flood impacted communities in northern New South Wales and southern Queensland, where we donated food and essential items, and raised funds in partnership with the Australian Red Cross. Together with our team members, customers and suppliers, Coles contributed \$142 million in community support in FY22 – something of which we are immensely proud.

Ethical and responsible sourcing

Ethical and responsible sourcing is critical to the long term sustainability of our business. We are managing risks of modern slavery and addressing human rights violations within our operations and supply chain, as set out in our Modern Slavery Statement.

From an environmental perspective, we are working to understand the impact of Coles Own Brand products and this year commenced a review mapping the potential impact of our products with respect to deforestation, water security and soil health. We have also continued to engage with stakeholders on Tasmanian salmon farming and acknowledge we will need to work closely with industry and other relevant parties to improve practices in response to stakeholder concerns.

Animal welfare is an issue many of our stakeholders care deeply about and we are committed to sourcing from farm operations that adhere to high standards of animal welfare. During the year the Business Benchmark on Farm Animal Welfare (BBFAW) – a global measure of policy commitment, performance and disclosure on animal welfare in food companies – released the results of its 2021 assessment. Coles attained the highest impact rating of any Australian retailer. However, with an impact score of D (on a scale from A-F) there is clearly more we must do to deliver improvements in animal welfare in our supply chain.

Finally, we would like to take this opportunity to acknowledge the commitment and hard work of Coles team members, as well as our partners and suppliers, to help realise our sustainability ambitions. Without them we would not have been able to achieve as much as we have this year.

James Graham AM
Chairman

Steven Cain
Managing Director
and Chief Executive Officer

Our business and strategy

Coles is an omnichannel retailer selling products including fresh food, groceries and liquor through its supermarkets, liquor stores and eCommerce platforms. Coles also sells convenience products and, under its alliance with Viva Energy, is a commission agent for retail fuel sales through the Coles Express network. We welcome millions of customers through our stores and eCommerce platforms every week.

Our strategy is all about changing at pace, efficiency and innovating for the future and outlines how we will deliver for our customers and teams. The three pillars of our corporate strategy are: Inspire

Customers, Smarter Selling and Win Together. Our Sustainability Strategy, through the focus areas of Together to Zero and Better Together, supports the delivery of these three pillars.

Our values and behaviours are the foundation of 'how' we work – they guide the day-to-day decisions and actions of our team members and the behavioural expectations we have of each other, shaping the way we work together to get things done.

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

Our values



Customer obsession



Passion and pace



Responsibility



Health and happiness

Our behaviours

LEaD



Look ahead



Energise everyone



Deliver with pride

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

Our purpose

is to sustainably help all Australians lead healthier, happier lives.

Smarter selling
through efficiency and innovation.

Win together
with our team, suppliers and communities.

Inspire customers

through best value solutions in food, drink and home.



Inspire customers

- Trusted value through personalisation
- Exclusive brands powerhouse
- Leading anytime, anywhere, anyhow shopping
- **Destination for health, sustainability and convenience**
- Expanded offer through new markets and services



Smarter selling

- Technology- and digitally-empowered organisation
- **Strategic and sustainable sourcing**
- Optimised network and formats
- Agile Store Support Centre using data driven insights



Win together

- Safer choices together
- Great place to work
- Better Together through diversity and community
- **Together to Zero to drive generational sustainability**
- Growth through partnership

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

Governance and risk management

Strong corporate governance underpins the effective operation and management of our business. Our corporate governance framework, including our internal controls and policies, supports sustainable performance and long-term value creation.

The Board oversees and approves the strategic direction of the Group and oversees the effectiveness of Coles' sustainability and governance policies and practices, including exposure to climate change and other environmental and social risks and opportunities.

The Audit and Risk Committee supports the Board in fulfilling its responsibilities, including evaluating the adequacy and effectiveness of the Group's identification and management of environmental and social sustainability risks, and its disclosure of any material exposures to those risks including financial and non-financial risks.

The Sustainability Steering Committee is a management committee and is responsible for overseeing Group-wide identification and response to sustainability risks and opportunities. The committee reviews progress of Coles' Sustainability Strategy (which supports delivery of the corporate strategy) and our Environment Policy against agreed performance measures, including targets relating to emissions reductions. It is chaired by the Chief Operations and Sustainability Officer, a member of the Executive Leadership Team reporting to the Chief Executive Officer. Its standing members are leaders 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 risks, issues and progress against commitments. Standardised quarterly reporting, with performance monitoring against our sustainability targets, is also 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 Council¹, the Climate Change Subcommittee and the Coles Express and Coles Liquor sustainability working groups.

For further detail on our governance framework, see our 2022 Corporate Governance Statement available at www.colesgroup.com.au/corporate-governance-statement. For further information on risk management refer to our 2022 Annual Report available at:

www.colesgroup.com.au/annual-report



¹ The Better Together Council supports the delivery of Coles' diversity and inclusion commitments.

What matters most

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

The assessment is conducted in accordance with the GRI Standards, as well as the AccountAbility Principles (AA1000 AP) of Inclusivity, Materiality, Responsiveness and Impact.

As part of the assessment, we gathered insights from our customers, suppliers and team members; spoke with investors, analysts and NGOs; reviewed traditional and social media; and assessed sustainability topics being discussed by government and industry. We reviewed internal policies, strategies and commitments, and looked at the topics 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.

The topics identified inform the disclosures in this report. They should not be viewed individually, as in most cases they are interconnected, and action and progress in one area can lead to improvements in another. The core set of sustainability issues and opportunities has not changed significantly between FY21 and FY22.

Overall, **sustainable packaging** continues to be a high priority issue for stakeholders. There is an expectation we will work together with

our suppliers, government and industry to accelerate packaging sustainability and help create an end-market for recycled materials. Identifying and supporting initiatives to reduce **waste** and the creation of a **circular economy** was also rated highly.

The **health, safety and wellbeing** of our team members was considered a priority issue for stakeholders, not unexpected given the ongoing impacts of the COVID-19 pandemic.

Environmental sustainability – particularly in relation to **climate resilience**, minimising **food waste** and **reducing emissions** – was also ranked highly by stakeholders, as was **ethical and responsible sourcing** and **animal welfare**.

Disaster relief ranked within the top issues with stakeholders, acknowledging the role Coles has in supporting communities impacted by disasters such as floods and bushfires.

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

Aligning with global goals

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

We are committed to the UN SDGs and consider that business has an important role to play in their achievement. Our purpose to sustainably help all Australians lead healthier, happier lives is aligned with, and supports, nine of the 17 SDGs.



Our sustainability targets directly support SDGs 5, 8, 10, 12, 13 and 14.

Stakeholder engagement

Top 10 material issues ranked by stakeholders

The table below shows our top 10 material issues and which focus area of our Sustainability Strategy they are aligned to. Other material issues, including diversity and inclusion, food and product safety and quality, community partnerships and health and nutrition, while not ranked in the top 10 this year, remain important to Coles and our stakeholders and are discussed in this report.

Description of issue	Location of disclosures	Relevant UN SDGs
Sustainable packaging (Together to zero waste) Working with our supplier partners, government and industry to accelerate packaging sustainability. Closing the loop by helping to create an end-market for recycled materials.	2022 Sustainability Report, pages 32–33	 
Health, safety and wellbeing (Safer choices together) Ensuring safe and healthy working conditions and providing team members with mental health and wellbeing policies, programs and initiatives.	2022 Sustainability Report, pages 16–17	 
Responsible sourcing (Sourcing that is better together) Supporting independent certification or verification of ingredients and products with higher environmental and labour risks.	2022 Sustainability Report, pages 52–55	   
Waste and circular economy (Together to zero waste) Identifying and supporting initiatives to reduce waste and create end-markets for recovered materials.	2022 Sustainability Report, pages 30–32	
Food waste (Together to zero hunger) Minimising food waste, both upstream and downstream in our value chain.	2022 Sustainability Report, pages 31–32, 34	 
Climate resilience (Together to zero emissions) Building resilience to the impacts of climate-related events.	2022 Sustainability Report, pages 26–28, 56 2022 Annual Report, pages 51–57	 
Human rights and ethical sourcing (Sourcing that is better together) Safeguarding human rights including labour rights and modern slavery in our own operations and in our extended and supply chains.	2022 Sustainability Report, pages 52–53 2022 Commitment to Human Rights (Modern Slavery Statement)	   
Energy and emissions (Together to zero emissions) Implementing initiatives for emission reductions, energy management and physical transition.	2022 Sustainability Report, pages 26–28 2022 Annual Report, pages 51–57	 
Animal welfare (Farming that is better together) Safeguarding animal welfare by sourcing higher welfare meats and ingredients.	2022 Sustainability Report, pages 58–59	
Disaster relief (A community that is better together) Disaster relief aid and support. Managing the risk of disruption and/or system instability.	2022 Sustainability Report, page 46	

Engaging with our stakeholders

Coles values meaningful engagement with our stakeholders, which helps us improve and meet their needs. Coles defines key stakeholders across our value chain as those who have an interest in, or influence, on what we do, or who are potentially impacted by our activities. Their key areas of interest are identified through our sustainability materiality assessment process.

Who they are?	Key area of interest	Examples of how we engage
Customers Everyone who buys our products, including through our stores or online	<ul style="list-style-type: none"> Sustainability of our products, including packaging Food and product quality and safety Diversity of diets 	<ul style="list-style-type: none"> In-store service counters Online Tell Coles post-shop surveys Social media Market research Responding to direct calls and emails to the Coles Customer Care team
Team members Everyone who is directly employed by Coles Group	<ul style="list-style-type: none"> Health, safety and wellbeing Career advancement Learning and development Equal employment opportunities 	<ul style="list-style-type: none"> Learning and development conversations and programs mysay (our six-monthly team member engagement survey) Daily updates and emails Internal social media
Communities Those who live in areas where we have stores, offices or sites. They include local residents, schools, community groups and charities	<ul style="list-style-type: none"> Community support for vulnerable people Partnerships and sponsorships beneficial to communities Support during natural disasters 	<ul style="list-style-type: none"> Local giving and fundraising Food donations Team member volunteering Partnerships and sponsorships
Shareholders Individuals or organisations that invest in Coles Group	<ul style="list-style-type: none"> Company strategy (financial and non-financial performance) Business outlook 	<ul style="list-style-type: none"> Direct investor engagement Quarterly results announcements Annual General Meetings Annual reporting Investor roadshows ASX releases
Government and regulators Federal, state and local governments and regulators	<ul style="list-style-type: none"> Compliance with national and local law and regulations 	<ul style="list-style-type: none"> Policy discussions Responding to government inquiries Working groups
Non-Governmental Organisations (NGOs) Organisations that function independently of governments	<ul style="list-style-type: none"> Human rights, animal welfare, climate change, circular economy, and Tasmanian salmon farming 	<ul style="list-style-type: none"> Direct discussions
Supply partners In FY22, our direct supply chain included >4,000 suppliers of goods for resale and >4,000 procurement non-trade suppliers ¹	<ul style="list-style-type: none"> Work together on Coles' sustainability ambitions Ethical sourcing in the supply chain Traceability 	<ul style="list-style-type: none"> Coles' Supplier Portal Regular meetings Site visits and audits Supplier training
Trade and industry associations Peak national bodies and industry associations	<ul style="list-style-type: none"> Issues of mutual interest (e.g. sustainable agriculture) Public policy debate 	<ul style="list-style-type: none"> Through peak national bodies representing farmers, manufacturers and suppliers across Australia Membership of industry associations
Unions Unions that represent our team members across our various business units within retail and supply chain	<ul style="list-style-type: none"> Fair wages Safe working conditions Industrial relations, including enterprise bargaining negotiations 	<ul style="list-style-type: none"> Through the Ethical Retail Supply Chain Accord²

¹ 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.
² Made up of the Shop, Distributive and Allied Employees' Association (SDA), the Transport Workers' Union (TWU) and the Australian Workers' Union (AWU).

FY22 sustainability target performance summary

Legend

- ✓ Achieved
- On track
- ✗ Off track

Our public sustainability targets reflect our Together to Zero and Better Together focus areas, respond to our most material issues and support the delivery of our corporate strategy.

Together to Zero

	Target	Performance	Status
Emissions	Source 100% renewable electricity by end of FY25	Secured a pathway to 100% renewable electricity by end of FY25	→
	Reduce combined Scope 1 and 2 emissions by more than 75% (FY20 baseline) by end of FY30	2.8% reduction in Scope 1 and 2 greenhouse gas emissions from FY21	→
Waste	Divert 85% of the Group's solid waste from landfill by end of FY25	82.5% of the Group's solid waste diverted from landfill (increase from 80.6% in FY21)	→
Packaging¹	100% reusable, recyclable or compostable packaging	94.6% recyclable, reusable or compostable packaging (increase from 87% at end FY21) ²	→

Better Together³

Belonging	Make work flexible at Coles, so we can all thrive in our careers	69% mysay respondents feel working flexibly doesn't negatively impact career advancement (up 6pp from FY21)	→
	Develop inclusive leaders so we benefit from diverse teams that reflect the communities we serve	513 leaders trained in inclusive leadership and unconscious bias	→
	Improve engagement of all diverse groups so that everyone at Coles can be at their best	76% mysay respondents feel included and like they belong at Coles (up 7pp from FY21)	→
Gender equity	Be recognised as a WGEA ⁴ Employer of Choice for Gender Equality enabling us to attract and retain the best talent at Coles	37.5% of our Board are women 45.1% Women in Management (increase of 1.3pp since FY21) 50% of our team identify as female	→
	Reach 40% women in leadership roles at an organisational level ⁵	39.4% women in leadership (up from 36.5% in FY21)	→
	Improve male and female representation in each function to 30% of each gender	10 of 12 functions have representation of at least 30% of each gender	→
	Achieve pay parity to support achievement of gender equality	1.1% gender pay parity gap (down from 1.3% in FY21)	→
Accessibility	Achieve 90% completion of Disability Confidence Training by customer-facing team members so we can support every customer	79.9% of customer facing team members are trained in Disability Confidence	→
	Continue to improve the accessibility of our in-store and online experience, including Quiet Hour being available in more than 420 supermarkets nationally	415 stores offer Quiet Hour (down from 420 in FY21)	→
	Take part in the Australian Network on Disability's Access and Inclusion Index to make sure we are always working to improve our inclusion score	#3 in Access and Inclusion Index 2021 (up from #8 in FY20) #1 for Recruitment and Selection of people living with disabilities in the Access and Inclusion Index 2021 (up from #9 in FY20)	→
Pride	Improve our status in the Australian Workplace Equality Index, and be recognised as an active and influential leader in LGBTQI+ workplace inclusion	Gold tiered employer – Australian Workplace Equality Index	→
	Provide LGBTQI+ inclusion training to all team members to create a place where everyone feels they can be their authentic selves at work	10,316 team members have taken LGBTQI+ Awareness training	→
	Build a strong Pride at Coles network and actively contribute to local LGBTQI+ communities and events in all states	43% mysay respondents identify as an ally (up 16.5pp from FY21) 9.3% mysay respondents identify as part of the LGBTQI+ community	→
Indigenous engagement	Increase Aboriginal and Torres Strait Islander team member representation to 5% of our workforce	3.2% of our team members identify as Aboriginal and/or Torres Strait Islander (down from 4% in FY21)	✗
	Increase Aboriginal and Torres Strait Islander team member representation to 3% of trade and management roles	1.9% of our Aboriginal and Torres Strait Islander team members are in trade and management roles (up from 1.7% in FY21)	✗
	Increase opportunities for Aboriginal and Torres Strait Islander suppliers to participate in our supply chain	60 Indigenous suppliers (up from 54 in FY21)	→
	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	14 new Indigenous community partnerships (up from 7 in FY21)	→

1 Coles Own Brand and Coles Liquor Own Brand Packaging commitments are aligned to Australia's 2025 National Packaging Targets and the ANZPAC Regional Plastics Targets. Our progress for the remaining targets is on page 32
 2 Based on latest primary 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 26 June 2022. Coverage is 93.74% of units in the reporting period.
 3 Our Better Together targets are to be achieved by December 2023.
 4 The Workplace Gender Equality Agency (WGEA) is an Australian Government statutory agency created by the Workplace Gender Equality Act 2012.
 5 Leadership positions are composed of the Executive Leadership Team, General Managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.

Safer choices together
Great place to work
Together to Zero
Better Together
Supplementary data

Safer choices together

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

From supporting the mental health of team members, to monitoring the quality of products we sell to our customers, safety is a key focus across our operations.

14.7%

improvement in TRIFR

1,000+

store leaders participated in mental health training

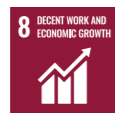
32,000+ hours

training provided through the Coles Quality Academy

91

Coles Own Brand products acknowledged with awards and recognitions

In this section we contribute to the following UN SDG



Coles team member Celine uses new manual handling equipment at the Coles distribution centre in Parkinson, Queensland.

Safer choices together

Health, safety and wellbeing

Coles is committed to providing a safe working environment and a culture of physical and mental wellbeing. COVID-19 impacts have continued to be felt throughout the year and our focus has been on supporting team members to prioritise their health and wellbeing.

In late FY21, management and the Board endorsed a new five-year Safety and Wellbeing Plan (the Plan) – Safer choices together. The Plan is focused on:

Safe Sustainable Leadership:	All Coles team members have the capability to make safe decisions to contribute to a positive safety culture.
Smarter Safety:	Smarter safety through data, technology, innovation and agile ways of working.
Healthy Teams:	An environment where injured team members are supported to return to work.
Mind Your Health:	To create communities where we are seen, we are heard and we matter.

Our Safety Management System, SafetyCARE, supports the Plan and is integrated into Coles' operations, providing a framework to manage risk and hazards across retail sites, distribution centres, store support centres and manufacturing sites.

Safety governance

We have safety legislation review programs to help our SafetyCARE system reflect all applicable health and safety legislation, standards and codes of practice across the jurisdictions in which we operate.

Throughout FY22, Safety Governance meetings were held monthly with quarterly deep dive meetings to monitor people and food safety performance, progress against the Plan, legislative updates and self-insurance audit requirements.

To determine whether our construction partners are meeting Coles' safety standards and expectations, independent construction audits were completed, with audit findings provided to the principal contractor and monitored until close out. All independent audit findings were closed out within seven days.

Safety performance

One of the key measurements used to track and monitor safety performance is Total Recordable Injury Frequency Rate (TRIFR). TRIFR measures number of fatalities, lost time injuries, medically treated injuries and restricted duties injuries per million hours worked, calculated on a rolling 12-month basis. TRIFR includes all injury types including musculoskeletal injuries. We aim to achieve a year-on-year

improvement in TRIFR. In FY22, our TRIFR of 16.3 was a 14.7% improvement on FY21. This was delivered through investments in team member development, wearable technology and critical risk reduction programs such as fall from height improvements and manual handling equipment in stores.

In addition to this lag indicator (TRIFIR), across the Group we have adopted a safety index to measure performance. This index is made up of a number of lead and lag indicators covering people safety, food safety and injury management. These measures include safety training, audit results and incident investigation corrective actions.

In addition to reducing the number of team member injuries that occurred in FY22, Coles has continued to supported injured team members returning to work. There was an 18% reduction in team members working reduced hours or duties during the year and Coles also introduced a new early intervention medical provider.

Safe Sustainable Leadership

In FY22, Coles again ran a company-wide Safety Week focusing on making Safer choices together. Leaders and team members were provided with guides and materials to help identify 'safety moments' and were encouraged to make safer choices.

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 provide updates on progress against safety plans. Health and Safety committees in stores, comprising leadership representatives and team members, also meet regularly.

Our online learning and training programs were updated, and more than 120,000 team members and leaders were provided with safety refresher training. This training covered key risk areas such as manual handling, hazard identification, cleaning and hygiene, use of mobile plant and a refresher on our Employee Assistance Program.

Smarter Safety

In line with our focus on critical manual handling risks reduction, several types of manual handling equipment were provided to stores including motorised trolley pushers, automatic bin movers, electric pallet jacks, drovers and automatic-levelling trolleys.

Supporting mental wellness

Together with Healthy Heads in Trucks and Sheds, Coles ran a mental wellbeing day at the Coles distribution centre in Parkinson, Queensland where team members and truck drivers took part in a range of physical team activities and received guidance material about mental wellness and physical health.



To target situations in which a team member's safety is threatened by a member of the public, we improved controls by providing team members with refresher de-escalation training and duress devices that can be used in the event of an emergency.

A number of additional initiatives were launched to target a reduction in known critical risks, such as:

- the design, development and trial of roll cage handles that attach to our existing roll cages and help to prevent hand crush injuries;
- safety rectification improvements to high-risk Coles Express forecourts including improved visibility, traffic volume management and speed restriction equipment; and
- the rollout of pedestrian alert warnings on materials-handling equipment in our distribution centres.

Healthy Teams

Coles supported team members to understand more about the COVID-19 vaccine by hosting information sessions for team members and their families and providing them with access to medical experts. These experts included immunologists and members of the State Health Departments. We also provided onsite COVID-19 vaccinations at our distribution centres.

A new medical provider, Cogent, was introduced to Coles, providing team members with early and prioritised access to a network of doctors and physiotherapists across Australia, as a part of our early intervention program.

Given the large number of musculoskeletal injuries experienced within supermarkets, a proactive physiotherapy program was expanded across a number of hub and satellite supermarkets to provide team members with access to onsite qualified physiotherapy to treat pre-injury muscle soreness and provide on-the-job coaching.

Since launching the Coles Mind Your Health magazine for team members in FY21, readership has reached more than 45,000 views (average of 2,200 per month). The magazine contains Coles-specific wellbeing editorials, as well as articles covering topics to inspire team members to improve physical and mental health, along with tips and insights on a healthy diet, fitness and mindfulness.

Mind Your Health

At Coles we believe that the mental health and wellbeing of team members is just as important as their physical wellbeing. Our 'Mind Your Health Program' is built on three pillars of 'I am seen, I am heard, I matter', providing programs for personal support, building line manager capability and developing strategies for personal mental health.

During the year, Coles continued its membership with the Corporate Mental Health Alliance of Australia and Healthy Heads in Trucks and Sheds (HHTS) with representation on their respective boards. HHTS is a not-for-profit foundation that aims to create a holistic approach to improve both physical and mental health outcomes across the road transport, warehousing and logistics industries in Australia. Our Supply Chain teams celebrated the inaugural industry 'RUOK? In Trucks & Sheds' event as an initiative of this partnership.

We continued to partner with The Resilience Project and Converge (our Employee Assistance Program provider), and this year launched a free mental wellbeing app. The My Mental Fitness app offers team members and their families access to mental health professionals and tools to improve their health and wellbeing knowledge and help support their mental wellbeing. Since the launch in December 2021, there have been over 1,600 sign-ups to the app.

Our Employee Assistance Program provides team members and their families with free and confidential 24/7 tailored support across a broad range of work-related and personal issues and includes specialised support lines such as an Aboriginal and Torres Strait Islander helpline, LGBTQI+ helpline, Domestic Violence helpline and an Eldercare helpline.

Over 1,000 of our store leaders participated in externally facilitated mental health training to help them identify high-risk mental health situations and how to respond appropriately. Our stores and distribution centres also participated and supported various mental wellbeing campaigns including the Group-wide celebration of RUOK? Day.

Safer choices together

Product safety and quality

We are committed to providing customers with safe, high-quality Coles Own Brand products. This is supported through rigorous supplier requirements, 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 Committee also assesses emerging risks and regulatory changes to promote compliance with the Australia New Zealand Food Standards Code.

The food safety program, spanning our value chain from suppliers to customers, incorporates supplier food safety and quality standards and our supermarket food safety plan.

Supplier food safety and quality standards

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

Distribution food safety plan

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

Store food safety program

The food safety program in stores monitors the quality and safety of products sold. It incorporates food handling and hygiene requirements, maintenance of cold chain integrity and other prerequisite programs. This is further supported by independent audits, a recall and withdrawal system and a customer complaints process.

Product safety program (non-food)

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

Our food safety program

A key aspect of our food safety program includes comprehensive surveillance testing to validate the safety and quality of products supplied to Coles by suppliers. Coles also owns and operates three food production facilities. The same standards apply to our own facilities as to external suppliers of Coles Own Brand products.



Coles' quality inspectors Emily and Ksenija, undertake food testing at the Coles distribution centre in Parkinson, Queensland.

Coles products among the best

During the year, Coles Supermarkets won 91 awards for Coles Own Brand products. This included nine consumer-voted Product of the Year awards for product innovation across a range of products including Coles' Ultimate 40% Choc Chip Cookies, DALEY ST Dark Ground Coffee, Finest Beef Herbs and Spices Sausages and Coles Kitchen Green Goddess Salad Kit.



2022 Product of the Year – Coles' award winning products.

Supplier training and support

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

In FY22, more than 32,000 hours of training was provided through classrooms, virtual webinars and online learning portals across Coles Quality Academy and in-store operations. Training topics included recalls and withdrawals management, compliance auditing, food legislation and labelling, allergen management and food safety management.

The Coles Food Manufacturing Supplier Requirements is a key training program provided to our suppliers. It is designed to oversee that all Coles Own Brand products are safe and high quality, and meet legal, regulatory and Coles policy requirements such as ethical, environmental and/or animal welfare standards.

Industry engagement

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

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

As a member of the Australian Association of National Advertisers (AANA), we comply with the AANA Advertising and Marketing Codes, including the Code of Ethics, that require 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.

Product withdrawals and recalls

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

During FY22, four Coles Own Brand products were recalled due to undeclared allergens (milk) and microbiological contamination. In response, we issued public communications and worked with regulators and suppliers to promptly mitigate any associated issues.

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

Coles Own Brand awards

Coles Own Brand portfolio includes a range of products such as everyday essentials, organic and health food products, as well as treats.

In FY22, Coles Own Brand products were acknowledged with 91 awards and recognitions:

- 59 Royal Fine Food Show Awards 2021
- 11 CHOICE Recommendations 2021/2022
- 9 Product of the Year Awards for 2022
- 9 Canstar Blue Awards 2021/2022
- 2 Healthy Food Guide Awards 2021
- 1 Nourish Vegan Awards 2021

Great place to work

We strive to build a great place to work at Coles, one which provides opportunities for team members to grow their career in a company that is purpose-led and values-driven.

↑3pp

team member engagement mysay results compared to FY21

74%

of mysay respondents say mental health support was readily available

3rd consecutive year

recognised as GradConnection's Most Popular Retail and Fast-Moving Consumer Goods Employer

In this section we contribute to the following UN SDGs



For the third year running Coles has been recognised as GradConnection's Most Popular Retail and Fast-Moving Consumer Goods Employer. Pictured above are Jhoana and Jack who completed Coles' graduate program and now have permanent roles at Coles.

Great place to work

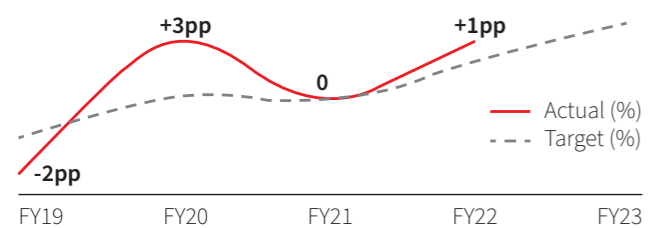
With more than 120,000 team members, Coles is one of Australia's largest private-sector employers. Our culture is underpinned by our values and behaviours, and we are focused on creating an inclusive environment where all team members feel respected and valued.

Our people reflect the diverse communities in which we operate and are provided with opportunities to develop new skills and pursue varied career pathways.

Our culture

We measure the strength of our culture and gain an understanding of how team members feel about working at Coles primarily through our engagement survey, mysay. The majority of team members participating in the survey believe their voices are heard through mysay and that it drives genuine actions and outcomes. We had strong participation with 72% of our team members responding in the FY22 survey. Team member engagement results from mysay in May 2022 increased three percentage points (pp) compared to May 2021, and equalled our peak engagement score at the early stages of COVID-19 in May 2020. This was a good result with specific improvement achieved in our operations teams across Coles with Supermarkets +3pp, Coles Liquor +5pp and Coles Express +6pp compared to May 2021.

mysay Group engagement actual versus target



The COVID-19 pandemic has had a material impact on our business, with lockdowns across Australia and widespread illness in the community disrupting supply chains and stores. The health and wellbeing of our team members during this time has remained a key priority. We have invested significantly to support our team through programs such as Mind Your Health and GEM (gratitude, empathy and mindfulness), which was delivered in partnership with The Resilience Project. Pleasingly, 74% of team members that responded to mysay said mental health support was readily available.

The pandemic has also required our store support team members to adopt more flexible and hybrid ways of working. Feedback from our teams indicates we managed this transition successfully, with 78% of team members saying their manager genuinely supports flexible working arrangements.

We believe our diverse workforce and inclusive culture drives innovation and helps us deliver outstanding customer service. We are proud to be a team that is better together and have established programs to support our key diversity focus areas. Please refer to the Better Together section for more information.

Our team is passionate about improving our business and are encouraged to share their ideas. In FY22, team members generated hundreds of ideas through our inclusive Team Member Circles program. As a result, 143 of the most impactful ideas have now been delivered and another 11 are currently being trialled. Many of these innovations relate to making our business more sustainable, improving customer service and increasing fundraising for local communities.

Our people

Our team members have always been the key to our success. Coles is the first employer for thousands of young Australians, with 44% of our workforce aged 25 and under. We understand the importance of investing in the development of our team members at all levels, to help them grow in their role and prepare them for their next opportunity at Coles. During the year we offered a range of learning and development opportunities that were taken up by our team members.

- Our team members collectively recorded more than three million role-based required learning activities that were focused on increasing capability in their current roles.
- Supermarkets have focused on cross-skilling team members across the key areas of customer service, Click & Collect and fulfilment. Around 110,000 team members have completed at least one of these cross-skilling training activities, with over 65% of those completing all three.

Celebrating 50 years of service at Coles

Starting out as a casual Coles Deli Assistant in 1971, long-time employee Linda Anderson now holds the title of Coles Online Manager at Greenacres, South Australia. Her roles have been many and varied over the years which is one of the reasons she feels Coles is a great place to work. "I've never been held back and Coles has always been willing to listen to and try my ideas," Linda comments. Mentoring younger team members and giving back to the community through charity initiatives, have also made her job more rewarding.

Coles team member Linda from Greenacres in South Australia celebrated 50 years working with Coles.



- Around 2,175 team members attended a Retail Leaders program across supermarkets, Express, Liquor and distribution centres. The Retail Leaders program provides a supportive and structured pathway for our team members to transition into retail leadership roles.
- With distribution centres under significant pressure due to COVID-19 absences, the team was able to develop new Health and Safety Traffic Management training, which won the Platinum LearnX industry award for 'Best Pandemic Response.'
- Established new, or expanded, learning academies for our corporate functions in Commercial, Marketing, People and Culture, Finance and Technology. More than 3,728 team members attended sessions across the new and existing academy offerings.
- Seventy-seven team members participated in the strategic category management mini MBA program in partnership with Deakin University. The program won the Platinum LearnX industry award for 'Best Custom/Bespoke Learning Model.'
- A Diploma of Leadership and Management for selected regional managers was also launched in collaboration with Swinburne University and Quality Business Services.
- We continued our scholarships offering through Coursera, an online learning platform partnering with over 200 universities to provide job-relevant and recognised courses. In FY22, we offered close to 1,200 scholarships, an increase of more than 10% compared to FY21.

In the FY22 mysay, 85% of respondents said they have access to the learning and training to do their job, which is a 2pp increase compared to FY21.

Team members across Coles are recognised for demonstrating our values and behaviours through our recognition programs 'Appreciate a Mate', 'Winning Together' and 'Good Things Awards.' These programs have been very successful and, in FY22, resulted in an 6pp increase in our teams saying they receive appropriate recognition for good work. This year we have developed a new digital solution that will enable team members to easily send, receive and amplify recognition. The new solution will launch in FY23.

Our future

To successfully deliver on our strategic aim of 'Winning together in our second century' we need to continue to attract and retain great talent in key capability segments. With unemployment rates at record lows¹ and other organisations competing for similar capabilities, finding new and innovative ways to engage with talent is becoming a source of competitive advantage.

- We refreshed the Coles careers website and recruitment process to deliver a more streamlined and efficient process. This helps reduce our average time to fill store team member roles and improves the candidate experience.
- Coles' Graduate Program offers two accelerated, high-touch leadership development programs, giving graduates the opportunity to own and drive high-profile projects as they gain functional expertise across multiple rotations. The graduate programs continue to be a key channel for sourcing Coles' future leaders and strategic thinkers. This year we re-imagined the recruitment experience and replaced traditional assessment centres with discovery centres. The immersive experience enabled graduate candidates to build a deeper connection with Coles, form relationships with our leaders, and provided a supportive environment to showcase their skills and capabilities. This new experience resulted in an acceptance rate that was 15% above the industry standard.²
- In a highly competitive market for technology talent, Coles launched RelaunchHer, a talent program to support people wanting to return to a career in technology. This program is aimed at candidates, particularly women, who may have taken time away from the workforce as a result of life events, such as parenting or caregiving, and provides them with a structured and supportive return to the workforce. From over 190 initial applications, 11 new team members were selected to commence the inaugural program in FY22 and 10 of these participants have now completed the program and transitioned into ongoing permanent roles.

¹ Australian Bureau of Statistics – Labour Force Australia
² Australian Association of Graduate Employers (AAGE) Employer Report 2021



TOGETHER TO ZERO

Together to Zero sets out our ambitions across our key focus areas of emissions, waste and hunger. We are working together with our stakeholders to drive positive change, playing our part to help create a more sustainable future for generations ahead.

2.8%

reduction in Scope 1 and 2 greenhouse gas emissions from FY21

82.5%

solid waste diverted from landfill

37.5 million

equivalent meals donated to SecondBite and Foodbank

777 million

pieces of flexible plastic collected from our stores by REDcycle

In this section we contribute to the following UN SDGs



An electric-powered truck delivers stock to New South Wales stores as part of a trial with transport partner Linfox Logistics. The Fuso eCanter truck was powered entirely by 100% renewable electricity.

Together to zero emissions

As outlined in our Climate Change Position Statement,¹ Coles supports the goals of the Paris Agreement to keep global temperatures well below 2°C. We will also pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

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

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

Coles supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). During FY22 we have continued work commenced in FY21 to develop a climate action plan aligned with the recommendations of the TCFD. The purpose of this plan is to help us to respond effectively to the strategic implications of climate change (informed by scenario analysis) and strengthen our disclosures to meet stakeholder needs for relevant climate-related information.

Further detail on our approach to managing and reporting climate-related risks and opportunities is disclosed in our 2022 Annual Report available here:

www.colesgroup.com.au/annual-report

Decarbonisation

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

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

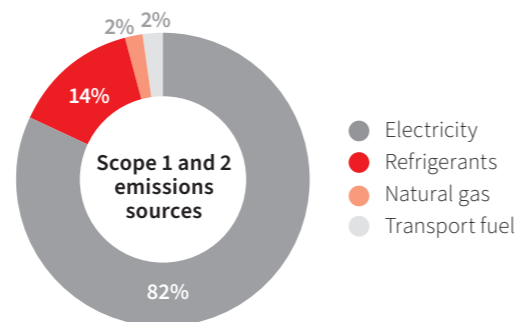
- to deliver net zero greenhouse gas emissions by 2050²;
- for the entire Coles Group to be powered by 100% renewable electricity by the end of FY25; and
- to reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% by the end of FY30 (from a FY20 baseline).

As discussed below, we have made good progress towards the achievement of these targets during FY22.

Scope 1 and 2 emissions

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

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



In FY22, our Scope 1 and 2 emissions were 1,535,616 tonnes CO₂-e, a 2.8% reduction compared to FY21.

See page 60 for our emissions data.

Renewable electricity

We are well progressed on our target for the entire Coles Group to be powered by 100% renewable electricity by the end of FY25.

During the year, we signed the last of the renewable electricity agreements needed to meet our target. The agreements we have in place for large-scale generation certificates (LGC) are with Lal Lal Wind Farms, Neoen, Origin Energy, ACCIONA Energía, and ENGIE and will be sourced from renewable electricity generated at wind and solar farms across Victoria, New South Wales, South Australia and Queensland. The portfolio of generation assets includes several wind and solar farms, which are under construction, as well as existing sites such as Willogoleche Wind Farm in South Australia and Mt Gellibrand Wind Farm in Victoria.

In 2020, Coles entered into a landmark 10-year agreement with CleanCo (which commenced in July 2022) to source more than 90% of our electricity in Queensland from the state-owned energy generator and retailer. Under this agreement, Coles will purchase 400 GWh of electricity annually. The Western Downs Green Power Hub, set to be Australia's largest solar farm when completed, and the MacIntyre Wind Farm, one of the largest wind farms to be built in the Southern Hemisphere, with 180 turbines, will supply three quarters of our electricity requirements, with the remainder supported by CleanCo's low emissions portfolio.

Coles became the first Australian retailer to announce a renewable power purchase agreement in 2019, with global renewable power generation company MYTILINEOS, previously known as METKA EGN.

In June 2021, Corowa Solar Farm in New South Wales became the first of three solar plants included in the agreement to be fully operational, with Junee and Wagga North following in December 2021.

At the end of FY22, 84 Coles Supermarkets had solar panels installed. This year we also completed the installation of solar panels on our distribution centre at Edinburgh Parks, South Australia. It is now our largest solar installation to date – with more than 4,200 solar panels – and is expected to reduce grid electricity requirements at the site by 30%.

Refrigeration management and energy efficiency

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

When building new Coles Supermarkets, the majority (>90%) now use natural refrigerants. Aligning to our store refurbishment program where practical and commercially viable we convert supermarkets to lower GWP or natural refrigerants. At the end of FY22, natural refrigerants were in use in 28 supermarkets (14 in FY21) and 15 Coles Liquor stores (8 in FY21).

To reduce gas loss, we have continued to invest in leak detection technology and our refrigeration pipe replacement program. We also have a number of energy efficiency initiatives in place across our stores and distribution centres, including:

- doors on refrigeration across most categories are now standard in our new store blueprint. Where practical, doors are also retro-fitted or refrigeration is replaced with doors when we refurbish stores;
- door heater controllers fitted in the cool rooms of 97% Coles Liquor stores, where applicable;
- fastlane fridges with doors in more than 500 Coles Express sites;
- the completed rollout of LED lighting across all Coles Supermarkets, all Coles Liquor stores and 67% of Coles Express sites; and
- Coles Express completed LED canopy lighting at 135 Victorian sites, which is expected to reduce emissions by approximately 790 tCO₂-e annually. This delivery was funded by a \$1m grant from the Business Recovery Energy Efficiency Fund. We are now exploring options to rollout LED canopy lighting to more sites across Australia.

3 Consistent with guidance in the GHG Protocol, Category 8 – Upstream leased assets, Category 9 – Downstream transportation and distribution and Category 11 – Use of sold products are excluded from our Scope 3 emissions inventory. Category 10 – Processing of sold products, 13 – Downstream leased assets and 14 – Franchises are not relevant to Coles Group. It should also be noted that Coles has calculated a portion of emissions associated Viva Energy's sale of fuel through Coles Express sites in Category 15 – Investments, based on commission received through the Alliance.

4 At the time of publishing, we were finalizing our total Scope 3 inventory for FY22. FY22 data for previously reported Scope 3 sources (business air travel; transmission-related emissions from electricity, gas and fuel; and waste disposal from stores and sites) is disclosed on page 60.

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

Scope 3 emissions

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

As an organisation with an extensive supply chain, there are a range of challenges related to measuring and reducing Scope 3 emissions – namely, our reliance on supplier partners for relevant information, gaps in data, issues with data quality and our ability to influence suppliers' operational and commercial practices. These are not challenges we can solve on our own and we recognise we will need to work together with our partners to reduce Scope 3 emissions. During FY22, we calculated a FY20 and FY21 inventory for Scope 3 emissions covering the following Greenhouse Gas Protocol (GHG Protocol) categories.³

Scope 3 categories

- 1. Purchased goods & services**
- 2. Capital goods**
- 3. Fuel & energy-related activities**
- 4. Upstream transportation & distribution**
- 5. Waste generated in operations**
- 6. Business travel**
- 7. Employee commuting**
- 12. End-of-life treatment of sold products**
- 15. Investments & joint ventures**

Coles' total Scope 3 emissions in relation to the above categories were approximately 22m tCO₂-e in FY20 and approximately 21m tCO₂-e in FY21⁴. Category 1 emissions from purchased goods and services contributed to more than 85% of Coles' total Scope 3 inventory in these years.

In May 2022, we proposed a Scope 3 target, which was approved by our Board. We have submitted our target to the Science Based Targets Initiative (SBTi)⁵ for validation and, at the time of publishing, are awaiting the outcome. We will disclose the proposed Scope 3 target after it is validated.

1 Coles Climate Change Position Statement is available at www.colesgroup.com.au.

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

Reducing emissions associated with fresh beef

When calculating our Scope 3 emissions, we gained deeper insights into our high-emitting supply chain categories. During FY22, we continued to partner with Integrity Ag and Environment to complete a lifecycle assessment on fresh beef to improve our understanding of its emissions profile.

Together with our fresh beef producers and processing partners we are seeking to reduce emissions in this supply chain category while contributing to the Australian red meat industry goal of carbon neutrality by 2030.

We also partnered with DSM (a European based global nutrition and health company) on two separate trials to evaluate the feed supplement, Bovaer®, which has been shown to greatly reduce methane emissions from cattle.

The first trial is with Mort & Co Lot Feeders, at its Grassdale Feedlot in Queensland, to evaluate commercial feedlot performance. A second trial is with the University of New England to assess quality and complete consumer sensory testing. Both trials are in the final stages of completion.

In addition, for our ClimateActive carbon neutral beef certification, we piloted Climate Active's new draft guidelines for insetting⁶ carbon sequestered from trees planted on farms, helping to reduce net beef production emissions from farm to retail shelf.

Working with farmers to reduce emissions

This year we partnered with farmers in Victoria and New South Wales to produce our Coles Finest certified carbon neutral beef range.⁷ The Coles Finest carbon neutral beef was launched in Victoria in April 2022, with the aim of launching nationally over time.

One of the producers we partnered with for this range is Delatite Station. This property has been in the Ritchie family for nearly 120 years and has been supplying beef to Coles since 2006. For the past two years, the Ritchies have completed an annual carbon footprint of their beef business. With a long-term commitment to the environment, the Ritchies have established wildlife corridors through an annual native tree-planting program and an estimated 20,000 trees have been planted in the last 30 years. A program of fencing off all creeks and rivers, including six kilometres of river frontage, has returned the Delatite River to a more natural state, improving water quality and encouraging the return of native flora and fauna, including the vulnerable platypus.

Other initiatives undertaken by cattle producers who are part of the carbon neutral beef program include grazing perennial pastures, implementing targeted finishing programs for their cattle and optimising herd efficiency. Efforts are also being made to reduce on-farm emissions further through initiatives such as more targeted fertiliser application and measurement of soil organic carbon.

Electric vehicles

In FY22, Coles Supply Chain launched an electric-powered truck in New South Wales, as part of a six-month trial being undertaken with transport partner Linfox Logistics. The Fuso eCanter truck was powered by 100% renewable electricity and delivered groceries from Coles' Eastern Creek Distribution Centre to a number of Coles and Coles Local supermarkets in Sydney. Over the space of a year, more than 60 tCO₂-e could be avoided through the use of the truck.⁸

The trial has helped Coles and Linfox assess how best to lower their respective transport carbon footprints with alternate fuel technologies in the future. Coles will continue to monitor market developments with respect to the entry of battery electric vehicles and hydrogen fuel cell vehicles into Australia's heavy vehicle transport sector.

Coles' customers with electric vehicles can also charge their cars at some Coles Supermarkets and Coles Express sites. We are also in the process of increasing the number of charging stations for team members working at our Tooronga Store Support Centre.

Coles Collect

Coles Collect is a transport solution network that manages the flow of suppliers' goods into Coles' distribution centres via road, rail and sea transportation modes.

Coles Collect has increased its backhaul freight strategy by consolidating orders into fewer, fuller trucks on the road and at our distribution centres. In FY22, the Coles Collect backhaul utilisation strategy resulted in a reduction of more than 4.9 million kilometres travelled and a reduction of 5,600 tCO₂-e.

Influencing climate action

As discussed above, we are collaborating with industry and other stakeholders, as well as investing in knowledge and research, to identify decarbonisation pathways in support of the Paris Agreement's goals. Our Chief Executive Officer is a founding member of the Australian Climate Leaders Coalition⁹ and Coles is a corporate member of the Carbon Market Institute,¹⁰ with representatives participating in working groups and other forums.

In May 2022, Coles announced a 10-year, \$10 million partnership with the Great Barrier Reef Foundation to help strengthen the regeneration and resilience of the Great Barrier Reef.

Coles' investment will commence with two pilot projects designed to unlock the Reef's blue carbon potential, increase biodiversity, accelerate scientific research and support communities along the Reef.

Additional information in relation to stakeholder collaboration is disclosed in our 2022 Annual Report available here:

 www.colesgroup.com.au/annual-report

6 Carbon insetting is the practice of offsetting carbon emissions within the supply chain, whereas carbon offsetting is where the reduction or removal of carbon emissions occurs from outside of the supply chain (for example, a separate project or activity).
 7 Product is certified carbon neutral from paddock to shelf under Climate Active's Carbon Neutral Standard.
 8 Based on anticipated usage and compared to same size Euro 6 diesel powered truck.
 9 A group of cross-sectoral corporate CEOs supporting the Paris Agreement commitments and setting public decarbonisation targets – see <https://www.climateleaders.org.au/>
 10 An independent industry association helping business manage risks and capitalise on opportunities in the transition to a net-zero emissions economy – see <https://carbonmarketinstitute.org/>



Coles meat team members Steve and Maria at Delatite Station near Mansfield where Mark Ritchie (middle) produces cattle for Coles' carbon neutral beef range.

Together to zero waste

We share our stakeholders' concerns about the environmental impacts associated with packaging and food waste, and understand we have a role to play in reducing waste. We are working with industry partners and suppliers, following and promoting the waste hierarchy – avoid, reduce, reuse and then recycle.

Reducing waste

In FY22, we diverted 82.5% of the Group's solid waste from landfill (against a target of 85% by the end of FY25) compared with 80.6% in FY21 and 76.7% in FY20.¹

We achieved this through a continuing focus on expanding and increasing resource recovery options in our stores, as well through our strong, long-term relationships with industry and recycling providers. Coles' focus on implementing practical and environmentally effective solutions enables us to, wherever possible, recycle the resources and materials used in our business.

Waste and recycling company Cleanaway services most of our sites around Australia, and since entering into partnership in 2018 our waste diverted from landfill has increased. Together we are working on developing recycling services and bringing new waste technologies to market. For example, in an effort to divert secondary plastic from landfill, we have a program in place in more than 120 stores in Sydney and Adelaide, where Cleanaway collects 'back-of-house' plastic for conversion into processed engineered fuel.

In our Liquor stores, there are a number of in store waste reduction initiatives in trial including:

- 'Box for Boxes' – a unit made from recycled plastic bags that holds upcycled wine, beer and spirit cardboard cartons for customers to carry their purchased goods. These units will be

rolled out nationally and are part of a closed loop replacement for plastic bags.

- fully recyclable beer carriers that provide a sustainable replacement to plastic bags. The beer carriers can be reused and flat packed for customer and store convenience.

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 unable to be recycled through most household kerbside recycling services. Online customers can return soft plastics to their customer service agent for recycling through REDcycle. In FY22, more than 777 million pieces (3,108 tonnes) of flexible plastic were collected from our stores by REDcycle, compared with more than 565 million pieces (2,260 tonnes) in FY21.

Since the REDcycle program began, more than 2.4 billion pieces (9,675 tonnes) of flexible plastic have been returned to our supermarkets across Australia. The soft plastic is converted into a range of products including playground furniture, supermarket trolleys, fence posts and as a base for roads. One of the more innovative products being produced is Polyrok, a sustainable alternative to mineral aggregate used in concrete. Coles has pioneered the use of Polyrok in footpaths, curbing and footings in the construction and refurbishment of six supermarkets.

Eco-bottles

Coles Liquor launched the eco-bottle wine range in collaboration with packaging pioneers Packamama and winemakers Garcon wines, Taylors Wines and Accolade Wines. The eco-bottle has a slimmer and flatter profile and is made from 100% recycled Australian PET plastic (excluding the cap) and is 83% lighter than an average glass wine bottle.

Mia Lloyd, General Manager Customer, Trade Planning & Loyalty for Coles Liquor, pours wine from the new eco-bottle. Photo credit: Simon Schluter/The Age.



Advanced recycling feasibility study

In FY22, we worked with recycling technology developer Licella, recycler iQ Renew, polymer manufacturer LyondellBasell, Nestlé and Amcor on a feasibility study that analysed the opportunity to establish a local circular economy for soft plastics, with a focus on difficult-to-recycle plastic such as food packaging. The joint report was released in November 2021, highlighting the potential for an Australian-first advanced recycling facility that could divert up to 120,000 tonnes, or 24%, of the waste plastics sent to landfill every year in Victoria alone. Over the past six months, Coles has continued to research and engage with the broader advanced recycling industry to support the advancement of circular solutions.

Container deposit scheme

Coles has 75 container collection points at, or near, our supermarkets and Coles Express stores. In FY22, customers returned more than 200 million drink containers, cans, cartons and bottles. Since we started supporting the scheme in 2018, customers have returned more than 800 million containers.

We are working with government and industry to support the implementation of container deposit schemes in Victoria and Tasmania in 2023.

Reducing food waste

It is estimated that in Australia, 7.6 million tonnes of food is lost or wasted every year.² Fighting food waste plays a significant role in fighting hunger and reducing carbon emissions.

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

Our first choice for unsold, edible food is to donate it to food rescue organisations such as SecondBite and Foodbank. Other food waste solutions include donations to farmers and animal, or wildlife, services, organic collections and in-store digestors.

In partnership with Cleanaway, this year we started processing some of our food waste through HATCH Biosystems, an Australian-first innovation using black soldier fly larvae to 'eat' the food and produce a fertiliser byproduct – a process significantly faster than composting. Five tonnes³ of organic waste is currently treated by this process each week, with a new facility being planned with an aim to divert 10,000 tonnes of food waste from landfill each year.

In our regional and remote stores that are geographically unable to access commercial organic waste facilities, we are trialing new technologies to process food waste. The Enviropulp food disposal system is being trialled for transforming food waste into recyclable pulp that is then used to produce organic fertiliser.

Working with suppliers to reduce food waste

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

Our range of I'mPerfect fruit and vegetables celebrates produce that may be flawed in appearance, but provides great tasting quality at good value. This supports our growers to use more of their crops, in turn, helping to reduce food waste.

Coles Liquor is also reducing food waste through its partnership with Local Brewing Co, which has brewed three beverages using surplus fruit and unsold Coles Bakery bread. For example, the Watermelon Sour is made with three tonnes of unsold melons from long-time Coles fresh produce supplier, Rombola Family Farms, combined with 300 kgs of unsold Coles Bakery bread.

How Coles avoids food waste

<p>Food relief Unsold, edible food donated to SecondBite and Foodbank</p> <p style="font-size: 2em; font-weight: bold;">18,206 tonnes</p>	<p>Goodman Fielder bread return Recycled surplus Coles Own Brand bread</p> <p style="font-size: 2em; font-weight: bold;">4,160 tonnes</p>
<p>Farmer program Fruit, vegetable and bakery products to farmers and wildlife organisations</p> <p style="font-size: 2em; font-weight: bold;">32,483 tonnes</p>	<p>Organic waste services Converted into nutrient-rich compost</p> <p style="font-size: 2em; font-weight: bold;">25,921 tonnes</p>

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

² <https://www.stopfoodwaste.com.au>

³ Includes waste from other organisations.

Coles rewards waste warriors in school yard

Coles celebrated its 10-year partnership with REDcycle by running a Sustainability4Schools competition to reward schools for their sustainability initiatives.

Marmion Primary School in Western Australia (and its students pictured) were among more than 80 schools to receive a buddy bench as part of Coles' Sustainability4Schools competition. The buddy bench is made from soft plastic collected from our stores by REDcycle.



Australian Food Pact

In Australia, 42% of food waste occurs in the growing, processing and transportation of food, with 51% of waste occurring with consumers.⁴ Food waste accounts for approximately 3% of Australia's annual greenhouse gas emissions⁵ – another reason why Coles recognises the importance of working together with our partners, suppliers and customers to help solve this challenge.

In October 2021, Coles became a founding signatory of the Australian Food Pact to help tackle Australia's food waste challenge. The Food Pact is a collaborative industry group that brings together organisations across the food supply chain to implement projects and partnerships in alignment with the federal government's goal to halve food waste by 2030. Over this three year partnership, Coles will work together with other major food businesses to advance reductions of food waste within our own operations, while also focusing efforts on food waste reduction in our supply chain and in customers' homes.

Sustainable packaging

We know customers want us to reduce packaging and make it easier for them to recycle.⁶ We are also conscious that packaging, including plastic packaging, plays a key role in protecting products during transport, extending product life, keeping food safe and reducing food waste.

Coles is a signatory to the Australian Packaging Covenant and a Member of the Australian Packaging Covenant Organisation (APCO), tasked with delivering Australia's 2025 National Packaging Targets (2025 Targets). We are also a founding Member of the Australian New Zealand and Pacific Islands Plastics Pact (ANZPAC Plastics Pact).

Targets and FY22 performance

Aligned to the 2025 Targets, we are working towards the following with respect to all Coles Own Brand and Coles Liquor Own Brand packaging in Australia:

- 100% recyclable, reusable or compostable – at end FY22 this had increased to 94.6% from 87% at end FY21.⁷
- Include an average of 50% recycled content – APCO has set industry targets for recycled content by material type. The 50% target is an average across all packaging in Australia, so we need to include as much recycled content where possible; for example, across rigid PET plastics and cardboard. Many of our Coles Own Brand products and packaging use recycled materials including still spring water bottles⁸, fresh produce bags, reusable 15 cents shopping bags (Better Bags), convenience-ready meal trays and some meat packaging. In FY22, we engaged with suppliers to understand the use of recycled content across our Own Brand packaging and worked with APCO to pilot a new industry-wide recycled content verification standard.
- Carry the Australasian Recycling Label (ARL) – at end FY22, the ARL, which helps explain how, and where, packaging can be recycled, was displayed on more than 4,400⁹ Coles Own Brand and Coles Liquor Own Brand products, up from more than 3,500 at end FY21.¹⁰
- Phase out problematic and unnecessary single-use plastic – this year we transitioned to cardboard bread tags across our Coles Own Brand bread, removing approximately 79 tonnes of problematic polystyrene plastic. In April, we began removing plastic scoops from Coles Own Brand laundry powders, taking out approximately three tonnes of plastic from the supply chain.¹¹

⁴ The remaining 7% is wholesale/retail. Source: The Australian National Food Waste Strategy Feasibility Study available at: <https://www.fial.com.au/sharing-knowledge/food-waste>
⁵ Tackling Australia's food waste - DCCEEW - <https://www.dcceew.gov.au/environment/protection/waste/food-waste>
⁶ Following a customer survey conducted in 2021.
⁷ Excluding label and bottle cap.
⁸ Based on latest primary 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 26 June 2022. Coverage is 93.74% of units in the reporting period.
⁹ Based on distinct Stock keeping units (SKUs) in Coles Fusion as at end of FY22. Excludes fresh produce.
¹⁰ Based on distinct SKUs in Coles Fusion as at end of FY21. Excludes fresh produce.
¹¹ Based on unit sales over a 52-week period until August 2021.

While there are many external factors that influence the achievement of the 2025 Targets and the ANZPAC Regional Plastics Targets, such as infrastructure and market innovation to supply quality recycled raw material, Coles is committed to working with industry and government to support their delivery.

Our Packaging Strategy

Our Packaging Strategy is based on the principles of redesign, recycle and reimagine, and it aligns with the 2025 Targets.

All Coles Own Brand and Coles Liquor Own Brand suppliers are required to provide detailed packaging information to Coles and complete packaging specifications for ongoing compliance and auditing. This enables application of the ARL across all our Own Brand product packaging.

To support suppliers to use more sustainable packaging, in collaboration with the Private Label Manufacturers Association (PLMA), in FY22 we delivered a supplier event focused on how to build and grow your Own Brand business with Coles. The event was well attended and featured a Packaging Education Series that included presentations by industry experts to provide insights into sustainability advancements within the industry. We also hosted a Sustainable Packaging Own Brand supplier training webinar in May to support suppliers in achieving the 2025 Targets and meet Coles' requirements.

The Coles Own Brand Preferred Packaging Materials and Formats Guidelines is available to both Own Brand and Proprietary suppliers.

Recyclable, reusable or compostable packaging

We continue to improve recyclability across our product packaging that, in turn, enables customers to divert packaging waste, including plastic, from landfill. At the end of FY22, we had transitioned 5,417 tonnes of non-recyclable packaging – a 55% reduction against our FY21 baseline.

To support a circular economy we need to reduce the amount of virgin plastic being produced by increasing the use of recycled content in our packaging. To this end, during the year we implemented a number of initiatives, including:

- a national rollout of single-use fresh produce bags made with 50% recycled plastic (commenced January 2022). This removed approximately 130 tonnes of virgin plastic from production and by replacing its inner core with cardboard, we also removed approximately 87 tonnes of virgin plastic from landfill;
- a national rollout of new reusable fresh produce bags made with 90% recycled material for our customers to purchase providing an alternative to single-use bags.
- the launch of our reusable marine waste shopping bag made with 80% recycled plastic, including 20% marine waste plastic recovered from ocean-feeding waterways and inland areas primarily in Malaysia;
- the launch of reusable paper shopping bags, FSC® Certified, made from 100% recycled content (both post-consumer and/or pre-consumer reclaimed materials) and able to be recycled kerbside at end of life; and
- the introduction of recycled polyethylene terephthalate (rPET) across our in-store rigid bakery packaging¹², removing the equivalent of 2,000 tonnes of virgin plastic, impacting approximately 50 million pieces of packaging.

In lieu of a widely accessible recycling solution for coffee pods, in April 2022 we were the first major Australian retailer to launch own brand coffee pods that are certified as home compostable to the Australian standard AS 5810-2010.

Packaging awards

In FY22, Coles won two APCO Awards for our Packaging Strategy and leadership:

- Large Retailer award, which celebrates the top performing organisations based on their core scores in APCO's Annual Reporting Process and their performance against the Packaging Sustainability Framework criteria; and
- Our Packaging Future Award for Packaging Sustainability Education – Industry Education, highlighting how we are working together with our suppliers on supplier education and enablement.

¹² Excluding pavlova packaging.

Reusable fresh produce bags

Coles has rolled out reusable mesh produce bags for customers to purchase and reuse when buying fruit and veggies. The bags are made from 90% recycled material, helping customers reduce their need for single-use plastics while they shop.

A customer uses a reusable mesh bag for fruit.



Together to zero hunger

Our focus on Together to zero hunger encompasses our commitment to donate unsold, edible food to food rescue organisations. It includes the support we provide in times of need, such as funds and food for disaster relief, and our efforts to lower the cost of living for our customers through offering best value food and drinks.

SecondBite Ending Waste. Ending Hunger.

More than 16,931,000 kilograms of unsold, edible food (equivalent of 33.8 million meals) was donated to SecondBite compared with more than 16,780,000 kilograms (equivalent to 33.6 million meals) in FY21.¹

SecondBite

Food rescue organisation SecondBite collects unsold, edible food directly from our supermarkets or organises for local charities and not-for-profits to collect on its behalf. In addition to collecting and redistributing food from our supermarkets, SecondBite collects food from our fresh and chilled distribution centres. The food we provide to SecondBite is distributed to more than 1,400 community partners that are helping Australians in need.

Coles and SecondBite have been working together since 2011 in the fight against hunger and food waste. Since the partnership began, Coles has provided SecondBite with the equivalent of 185.3 million meals.

Our partnership with SecondBite goes beyond donating food from Coles' Supermarkets and distribution centres. We connect SecondBite to key suppliers who are also seeking to reduce food waste and support vulnerable people in their community.

Coles Supermarkets and liquor stores also provide fundraising opportunities via our customers through annual Winter and Christmas appeals and other promotional programs throughout the year. Across all fundraising activities, Coles raised more than \$4 million for SecondBite in FY22.

Coles team members also fundraise for SecondBite in a variety of ways, volunteering to help sort and pack food at SecondBite, and giving their time and expertise on a range of strategically important projects such as disaster recovery, IT development, operations process improvement and procurement support. Coles' General Manager Fresh Produce is a Director on the SecondBite Board.

FOOD BANK

More than 2,028,000 kilograms of unsold, edible food (equivalent of 3.7 million meals) was donated to Foodbank compared with more than 1,223,000 kilograms (equivalent to 2.2 million meals) in FY21.²

Foodbank

We work with Foodbank, Australia's largest food relief organisation, and have provided the equivalent of 37.7 million meals since the partnership began in 2003. Foodbank collects from our grocery distribution centres across Australia.

The food we provide to Foodbank supports 2,950 agencies and community groups.

Coles team members also supported Foodbank Victoria's annual Hunger Ride by entering a team of four riders. Combining a corporate donation and the fundraising efforts of the team, Coles raised a total of \$16,600 for the Hunger Ride, representing the equivalent of 33,200 meals.

In addition, we assisted Foodbank with several projects this year. We supported the establishment of Foodbank South Australia's new food hubs in Alice Springs and Ceduna, which look and feel like a general store. The hubs provide low-income families and local Indigenous communities with access to free fruit and vegetables, and other items at a significantly reduced cost.

Coles donated all of the shop fittings (except fridges and freezers) for the food hubs using materials sourced from Coles' closed stores in the area.



SecondBite co-founder Simone Carson and Coles ambassador and chef Curtis Stone serve meals at ADRA, a community centre in Nunawading which receives food donations as part of Coles' partnership with SecondBite.

¹ SecondBite uses the conversion of total kilograms donated multiplied by two to determine equivalent meals.

² Foodbank uses the conversion of total kilograms donated divided by 0.555 to determine equivalent meals.



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.

39.4%

women in leadership positions

3.2%

of our team members identify as Aboriginal and/or Torres Strait Islanders

\$142m

in total community support in FY22

Broadest range of RSPCA Approved products*

*Of any major Australian supermarket

In this section we contribute to the following UN SDGs



Coles Own Brand General Manager Charlotte Rhodes (left), Coles Dairy, Freezer and Convenience General Manager Brad Gorman (right) and Phil Horan from Sawmill Circuit in NSW with the Alley Vac which was purchased with a grant from the Coles Nurture Fund. The Alley Vac will collect effluent from dairy farms in the Nowra region and transport it to a biogas plant to be converted into electricity.

A team that is better together

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

We have performance improvement targets against each of the five focus areas of our diversity and inclusion program – Belonging, Gender Equity, Indigenous engagement, Accessibility and Pride.

Belonging



We have spent this year engaging the business and setting plans so we can foster an open and welcoming culture where everyone feels both a sense of belonging and valued.

We established the Belonging Steering Committee, composed of leaders across the business who are responsible for achieving our Belonging commitments, building the inclusive skills of leaders, making work flexible and improving engagement of diverse groups. Committee members bring diverse skills and lived experience, ensuring we have a range of perspectives that informs the continued development of our inclusive workplace.

In March, an Inclusive Leadership workshop for our most senior leaders in Coles was delivered to raise awareness and reflect on inclusive practices and behaviours.

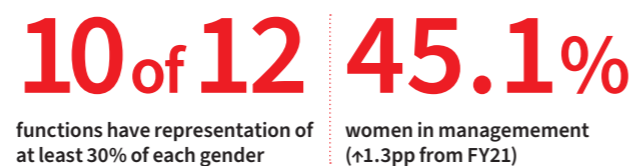
We want to provide team members with opportunities to build capability, profile, networks and advocacy across our business. This year we sponsored several culturally and linguistically diverse Coles team members to participate in the MindTribes program, developing their expertise in organisational change and achieving a

micro-credential in Adaptive Mindsets from Deakin University. These team members will seek to drive inclusion at Coles at a grassroots level, focusing on intersectionality, cultural diversity and gender equity.

In the coming year we will continue to embed inclusive leadership as a core capability. We will soon launch a learning program called 'Walk in My Shoes', using virtual reality to create an immersive experience that helps leaders to identify and break down systematic bias.

We will also continue to promote and embed flexible working, recognising this is something our team members value. In our mysay engagement survey we achieved a 6pp (percentage points) improvement in team members "believing that working flexibly does not impact career opportunities at our company". We are keen to ensure that flexible work is something we can make available across the business, including in front line and operational roles, areas in which flexible working opportunities will be different to an office-based environment.

Gender equity



¹ Leadership positions include the Executive Leadership Team, General Managers, team members pay grade eight and above, and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.
² Weekly average from 1 July 2021 to 29 June 2022.
^{*} Based on results of our May 2022 mysay engagement survey, which was responded to by 72% of team members.

Stepping up to support Mentor Walks

Mentor Walks matches senior female leaders with aspiring women for a one-hour walk and conversation to connect, workshop career issues and share insights and advice.

The Mentor Walks partnership provides women across Australia, including more than 100 Coles team members, with mentoring opportunities and access to female leaders from Coles and other industries to guide their careers.

Pictured are Coles team members Jenna and Alyssia taking part in Mentor Walks in Melbourne with Josie Fakira, Coles General Manager Organisational Effectiveness (far left) and Genevieve Hawkins, Coles Liquor General Manager Transformation & Supply Chain (far right).



We are continuing to build gender balance in leadership roles at Coles, achieving our largest single year improvement in FY22, with an increase of women in leadership from 36.5% to 39.4%. Our Gender Equity Steering Committee and Executive Leadership Team, together with their teams, are breaking down systemic barriers to change and using diversity as a key lever to attract, advance and retain talent at Coles.

We have extended the application of our gender balance principles in hiring and promotion, continued setting leadership Key Performance Indicators with respect to gender balance, and launched a national partnership with Mentor Walks, a not-for-profit providing accessible mentoring for professional women to help advance their careers.

In the last 12 months we have launched several innovative talent programs, including RelaunchER and Store Manager Accelerator Program (SMAP). SMAP was designed to attract, develop and retain women in supermarket leadership positions, following an intensive six-month program to upskill program participants in food retailing. Since completing the program, 10 women are now store managers, and one is providing relief coverage to an existing store manager.

We continue to focus on pay parity and are committed to reaching our target of less than 1% by December 2023, despite the challenges of high turnover and talent shortages.

Other initiatives this year include:

- partnering with Fitted for Work – a national charity helping Australian women experiencing disadvantage to get work, keep work and navigate through working life with success;
- the launch of our first national Gender Equity Team Member Network, with a national committee sponsored by General Managers. The network is aimed at providing an avenue where the voice of a diverse range of female team members is heard when setting strategies and programs for gender equity; and
- becoming a founding member of the Australian chapter of Unstereotype Alliance convened by United Nations Women. This alliance aims to use marketing and advertising to end harmful stereotypes and drive equality and diversity.

³ The pay parity gap is calculated through calculating the ratio between every salaried team member's fixed compensation to their position's pay range midpoint, then calculating the difference between the overall average ratio for females vs. males.
⁴ Australian Bureau of Statistics - Aboriginal and Torres Strait Islander Peoples: Census – 2021
^{*} Based on results of our May 2022 mysay engagement survey, which was responded to by 72% of team members.

Indigenous engagement



Our commitment to engage with Aboriginal and Torres Strait Islander peoples to better reflect the communities in which we live and work is outlined in our Aboriginal and Torres Strait Islander Plan (available at www.colesgroup.com.au). We are working towards increasing representation within our workforce, suppliers and community, and customer base, while focusing on cultural learning and respect, and continuing to increase understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights.

In our May 2022 mysay engagement survey, 3.2% of team members who responded identified as Aboriginal and/or Torres Strait Islander. Whilst this was a decrease from FY21, we continue to exceed parity with the Australian population in our employment of Aboriginal and Torres Strait Islander peoples⁴ and are proud that 84.1% of Coles Supermarkets employ Indigenous team members.

Prior to the onset of the COVID-19 pandemic, there was strong momentum in growing our Indigenous talent pool. During FY22, COVID impacted the Indigenous workforce sector across Australia. Workforce participation dropped, driven by the over-representation of Indigenous people in COVID-impacted industries, casual roles with less job security and increased health risks.

Employing people with disability

Our Chilled Distribution Centre (CDC) in Parkinson, Queensland has partnered with the Endeavour Foundation to employ a number of people with intellectual disability within their site.

The CDC now has a number of dedicated Endeavour Foundation team members who assist with a range of activities including sorting and organising coloured milk crates to ensure the correct type is returned from our CDC to the supplier.

Pictured are Kevin and Ulrich at the Chilled Distribution Centre in Parkinson.



Celebrating our diversity

In May 2022, our Pride@Coles Queensland team members supported Brisbane's biggest LGBTQIA+ street festival, Big Gay Day 2022. As a major sponsor, we provided a donation of \$10,000 for local LGBTQIA+ charities 2Spirits and Diverse Voices.



While we remain committed to increasing the percentage of team members who identify as Aboriginal or Torres Strait Islander, given the impact of the past 20 months on our Indigenous talent pool, hitting our target of 5% by December 2023 will be a challenge.

We continue to drive a number of initiatives to grow our indigenous team member numbers including:

- direct local recruitment campaigns;
- pre-employment programs; and
- partnering with community and university sectors for graduate employment, resulting in 3% of graduate hires identifying as Aboriginal or Torres Strait Islanders.

In FY22, Coles continued to work closely with community, suppliers and customers to support Indigenous communities around Australia. For example Coles:

- worked with 60 Indigenous suppliers across 16 categories including employment and training, property, food and beverage, container processing, promotional material and graphic design;
- increased its 2022 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);
- conducted 27 Welcome to Country ceremonies at our new store openings;
- provided 3,200 food security packages to regional and remote communities impacted by COVID-19 lockdowns;
- delivered 37 Cultural Learning sessions across Store Leadership and Store Support Centre teams; and
- with its customers in the Northern Territory raised \$60,000 to support Indigenous Health provider Purple House, and helped to deliver essential social support, health care and culturally safe dialysis services to remote Indigenous communities.

We continue to seek new ways to grow and strengthen our Indigenous partnerships as well as attract and retain our Indigenous team members.

* Based on results of our May 2022 mysay engagement survey, which was responded to by 72% of team members.

Accessibility



Coles is committed to breaking down barriers to employment and access for people with disability. Together with our partners, this year we have expanded our existing programs and investigated new initiatives designed to benefit the lives of our team members and customers living with disability, or caring for someone with disability.

In FY22, we celebrated International Day of People with Disability and Autism Acceptance Month with virtual panel events, educating team members on topics such as ableism and how to support people with disability at work. We also recognised National Week of Deaf People, with our ColesAbility team member network challenging team members to learn a phrase in Auslan.

We are working towards our commitment to employ more people with disability, and this year's highlights include:

- participating in the Australian Network on Disability 'Stepping Into' internship program, hiring four university students with disability to work across the business;
- Coles Express introducing Program ACE (Autism at Coles Employment), delivered in partnership with Specialisterne Australia, to 'harness the autism advantage' and grow great careers for autistic people at Coles; and
- partnering with Get Skilled Access to launch RecruitAble and setting aside eight roles to hire people with disability into our Technology team.

Coles was pleased to publicly endorse Employ My Ability, the Disability Employment Strategy launched by the Commonwealth Government on International Day of People with Disability.

Accessible customer experience

Our continued focus on an inclusive customer experience led to Coles being awarded Best Corporate Website at the 2021 Access Awards. This award recognises the accessibility of our Coles Online website, developed with accessibility in mind, involving people with disability at every stage of the development process.

Quiet Hour, a low sensory shopping experience, has been implemented in 415 Coles Supermarkets nationwide (down from 420 supermarkets in FY21). This reduction was due to store closures during the year. We are working with our partner, Amaze, on additional rollouts in FY23.

Accessible community partnerships

We partnered with Hammond Care to develop mini-supermarkets in their aged-care homes where residents, including those living with dementia, can do their shopping and enjoy a regular routine. In May, we launched a mini-supermarket in St Lucy's School Wahroonga, New South Wales, to teach children with a disability practical life and workplace skills.

Pride



* Based on results of our May 2022 mysay engagement survey, which was responded to by 72% of team members.

Pride@Coles

Our Pride@Coles team member network continues to grow, championing LGBTQIA+ inclusion in the workplace and beyond. This includes active participation in Pride events across Australia, such as IDAHOBIT, Midsumma Pride March (Victoria), Big Gay Day (Queensland), Perth PrideFEST and Wagga Wagga Mardi Gras.

In FY22, we launched LeadingOut, a personal leadership and development program targeting our Pride@Coles network leaders, building capability in advocacy and change leadership, and raising their profile with senior leaders through active mentoring relationships.

We know that equitable, inclusive and transparent policies and systems are vital to inclusion and were pleased to announce the evolution of our Gender Affirmation Leave policy. Trans and gender-diverse team members undergoing gender affirmation will now be entitled to up to 10 days' paid gender affirmation leave.

Pride communities

Our engagement with the Pride community beyond Coles remains a priority. In FY22, Coles became an official partner of Pride Cup Australia, which promotes inclusivity and diversity in sport, recognising the ability to participate in sport without discrimination, is critical to living healthy and happy lives.

Pride for our customers



For our customers, we have expanded the rollout of ACON's Welcome Here initiative across Coles Supermarkets, Coles Liquor and Coles Express. Welcome Here is aimed at creating and promoting environments that are visibly welcoming and inclusive of LGBTQIA+ people in the community, and we are proud to have the largest footprint of Welcome Here rainbow stickers displayed in Australia.

A community that is better together through community partnerships

We aim to build strong, resilient communities in line with our purpose to sustainably help all Australians lead healthier, happier lives.

In FY22, we supported communities across Australia through the donation of unsold, edible food as well as through fundraising, cash contributions, partnerships and sponsorships.

Supporting sick children and their families

Coles has been in partnership with Redkite since 2013, raising \$47.9 million to date. Our partnership has enabled Redkite to provide counselling services, financial assistance, information resources and education support to children with cancer and their families.

Funds raised by Coles over the past nine years have also enabled Redkite to provide 336 Dare to Dream Scholarships of up to \$5,000 to support young Australians affected by cancer to achieve their goals and ambitions.

In FY22, the total amount raised for Redkite by Coles, our team members and customers was more than \$4.1 million. Of this, Coles contributed more than \$1.7 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.

Coles Express also raised more than \$2.2 million to support Redkite by enabling customers to round up their purchase at the register during four designated Redkite Weeks in FY22. An additional \$129,000 was raised in supermarkets from customer donations and fundraising by team members.

As part of a major initiative supporting sick children, Coles raises funds for Curing Homesickness Ltd. This is a national initiative that brings together children's hospitals, foundations and paediatric services from across Australia to raise funds and awareness. Money raised through the national partnership goes towards helping sick children in hospital by investing in vital funding for research, medical 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 eight different hospital alliance partners across the country: Sydney Children's Hospitals Foundation and the John Hunter Children's Hospital in New South Wales; the Women's and Children's Hospital Foundation in Adelaide; the Canberra Hospital Foundation; the Perth Children's Hospital Foundation; The Common Good – an initiative of the Prince Charles Hospital Foundation in Brisbane; Monash Children's Hospital Foundation in Victoria; and the Royal Hobart Hospital.

In addition to raising funds through the sale of Mum's Sause products, Coles Supermarkets also supported Curing Homesickness through a national fundraising campaign in April which raised more than \$1.3 million. In total, Coles and our customers raised \$1.9 million for Curing Homesickness in FY22.

Supporting service men and women

In the five days leading up to Anzac Day in April 2022, Coles raised \$158,230 for Bravery Trust, a charity supporting Australian veterans injured during service with medical fees, food vouchers, energy bills, education costs and financial counselling. Coles Supermarkets donated 50 cents from the sale of selected in-store baked cookies and biscuits, and collected customer donations in-store.

The campaign was supported by AFL legend and Bravery Trust ambassador, Kevin Sheedy pictured right with Coles Assistant State Manager Victoria/Tasmania Rory (left) and Coles Bakery Manager Dimple.



Raising funds for Clean Up Australia

Over a weekend in March 2022, Coles Liquor raised more than \$115,626 by donating 25 cents from eligible transactions at Liquorland, First Choice and First Choice Liquor Market stores to support Clean Up Australia in their annual 'Drop of Good' campaign.

The funds raised support the creation and distribution of free Clean Up kits to assist volunteers to clean up their local communities. These kits include biodegradable rubbish and recycling bags, protective gloves, a high-vis vest and sharps containers to keep volunteers safe.

Coles also supports Clean Up Australia through the sale of our new marine waste shopping bags. For every bag sold at Coles Supermarkets, Coles donates 10% to Clean Up Australia.

Spotlight on men's health

Coles' customers and team members showed their support for men's health in November by raising \$699,751 for the Movember campaign. With a focus on mental health and suicide prevention, prostate cancer and testicular cancer, funds raised for Movember go towards medical research, innovative cancer tests and treatments, and mental health intervention projects around the world.

This year, Coles launched limited-edition moustache-shaped donuts at our supermarkets nationwide, with 10 cents from every two-pack sold donated to Movember. Coles customers also supported the cause by purchasing a participating product in the KOi For Men grooming range, with a \$1 donation from each sale going to Movember.

Following the campaign, Coles continued to donate 50 cents from the sales of KOi For Men grooming range towards the cause, raising a further \$33,911.

For every bottle of Choosy Beggars Cabernet Merlot, Sauvignon Blanc and Rosé sold at Liquorland, First Choice Liquor Market and Vintage Cellar stores, 50 cents was donated to Movember.

Helping find a cure for Motor Neurone Disease (MND)

For the fifth consecutive year, Coles ran a fundraising campaign for FightMND raising a record \$8.6 million to support research into finding effective treatments and a cure for MND.

A record 312,444 Big Freeze 8 beanies were sold at Coles Supermarkets and Coles Express stores across Australia. Our customers also supported the cause by buying selected Australian pork products, with 10 cents from the sale of each Coles Brand fresh pork product and 20 cents from the sale of each Coles Brand free range fresh pork product donated to the Big Freeze 8 campaign.

Improving accessibility with Guide Dogs Australia

Coles' longest community partnership is with Guide Dogs Australia. Our support helps Guide Dogs to assist Australians with low vision or blindness to live a life without limits.

During FY22, more than \$1 million was raised for Guide Dogs Australia through the Coin Collection Dogs placed in our supermarkets and liquor stores as well as through the sale of specially marked reusable shopping bags.

More than \$4.1M for Redkite

Coles Express stores and Coles Supermarkets raised and donated more than \$4.1 million in FY22 for children's cancer charity, Redkite.

Funds were raised through initiatives such as four dedicated Redkite Weeks in Coles Express stores during the year and from the sale of specially marked Coles Brand bread.

Coles Express team member Moksha celebrates Redkite Week with Redkite representative Bronwyn at Coles Express in Doncaster East, Victoria.



\$102.2m

value of in-kind donations

37.5m

equivalent meals donated to SecondBite and Foodbank

\$12.2m

cash donations

\$22.2m

customer, supplier and team member contributions

\$5.7m

management costs including team member time

\$142m

total community support¹

¹ 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 framework for reporting community contributions.



Helping kids to be active and healthy

Coles distributed more than \$343,000 in sports equipment grants to grassroots Little Athletics centres from funds raised through the sale of reusable bags and National Banana Day. A further \$150,000 was raised for Little Athletics by Coles, its banana growers and customers through a new initiative called the 'Coles Little Athletics Banana A-Peel.'

Coles Athletics ambassadors Nina Kennedy (far left) and Matthew Denny (far right) attend the Coles Australian Little Athletics Championships to inspire the next generation of Australian athletes.

Coles in the community

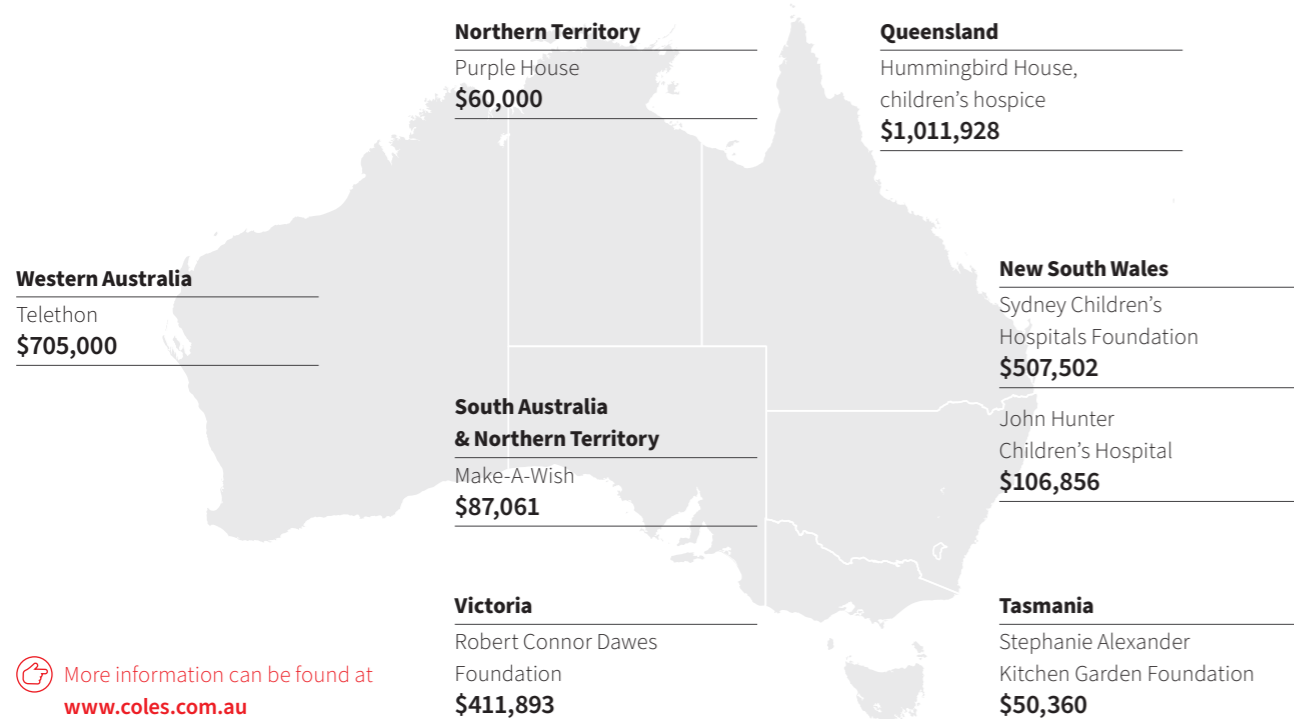
Through our Local Community Support Program, Coles Supermarkets team members are encouraged to support the communities in which team members live and work. Activities include donating gift cards to support local events and fundraising efforts, volunteering to assist with events and fundraising, and providing space at the front of the store for fundraising activity where possible. Team members encouraged customer donations and undertook their own fundraising activities for their local partners.

Team members also conducted school tours in stores and supported local school activities such as the Stephanie Alexander Kitchen Garden Foundation and The Resilience Project education programs.

In FY22, Coles' education partnership with The Resilience Project enabled its positive mental health program to be delivered in 20 primary and secondary schools, with a focus on supporting schools of high need, predominately in rural areas.

State charity partners

Our states and territories each adopt specific charity partners to support through fundraising campaigns during the year.



More information can be found at www.coles.com.au

Volunteering for a cause

In FY22, team members' ability to volunteer with community partners was limited by ongoing COVID-19 restrictions.

Formal volunteering opportunities began to open up in the final quarter of FY22, with team members helping out at the Salvation Army's Magpie Nest Café in Victoria to serve meals to people in need. Our team members also volunteered for other community organisations including SecondBite, Foodbank, Telethon, St Kilda Mums and Stand Tall.

During the significant flooding in northern New South Wales and southern Queensland, many of our team members volunteered their time to assist local communities.

Coles team members also donated blood through the Australian Red Cross, with 455 team members donating 1,732 times.



Coles stores in Western Australia raised funds for Telethon in FY22 while in Northern Territory, Coles Supermarkets raised funds for Purple House. Pictured top is Coles Head of Smarter Profit, Jade, with Nora, Holly and Eaman and Telethon's ambassador, Fat Cat, which celebrated its 50th anniversary. Pictured bottom from left to right are Coles team member Wiremu, Regional Manager Daniel Clegg, Purple House Chairperson Irene Nangula and CEO Sarah Brown AM, and then-Coles Alice Springs Store Manager Ray with a cheque for funds raised by Coles in Northern Territory.

A community that is better together through disaster relief

During the year, New South Wales and Queensland experienced severe floods. To help those affected by the flooding, we donated food and essential items, and raised funds in partnership with the Australian Red Cross.

Relief during the floods

In March 2022, our local store teams and customers donated supplies and funds to provide immediate and long-term support for flood-affected communities in northern New South Wales and southern Queensland.

More than 100 pallets of food and essentials were donated by Coles and our customers, and delivered to Lismore, North Richmond and the Northern Rivers region in New South Wales. This included 44 pallets of supplies to isolated residents in North Richmond and Wilberforce by boat, and a semi-trailer loaded with over 2,500 boxes full of supplies delivered to Lifeline's donation centre in Lismore.

Also included in Coles' delivery to flood-affected residents were enough supplies to fill more than 40 pallets donated by customers and team members at Coles' supermarket at The Pines in South-East Queensland; and the equivalent of more than 50 trolleys filled with products donated by customers at Coles Local stores across Australia.

With Coles' supermarket at Lismore significantly affected by floods, the nearby Coles store at Goonellabah remained open to support the Lismore community, receiving multiple deliveries every day to ensure stock remained on shelves. Local Coles team members organised deliveries of supplies and supported community barbecues at Lismore Showgrounds and the Lismore Lions Club to feed impacted residents. Customers in flood-affected areas could also access fresh food and other grocery items through Coles Online delivery.

In just two weeks, customers donated more than \$560,000 to the Australian Red Cross Queensland and New South Wales Floods Appeal, which was matched dollar for dollar by Coles. We also

announced an additional donation of \$700,000 at the Australia Unites: Red Cross Floods Appeal, which aired on local TV networks.

Funds donated by our customers and Coles helped the Red Cross to support volunteers and staff to assist with evacuations, relief centres and cash assistance. In addition, monies raised will enable longer term recovery work in flood-affected communities.

In January 2022, severe flooding in regional South Australia caused significant disruptions to road and rail routes in Western Australia, Northern Territory and South Australia. This led to lengthy delays to transport deliveries, impacting the availability of products in our stores for months after the flooding.

Coles worked with suppliers, transport partners and government to move products through the network as quickly as possible to refill our shelves. Coles arranged for trucks to be replaced with heavier vehicles to manage long distance trips through New South Wales and Queensland. Alternate rail supply lines were used, and stock was transported via cargo ships while repair work to the road and rail lines was underway.

We also supported our team members affected by the floods through financial payments and gift cards were arranged for team members who needed immediate assistance.

Coles pop-up store services Lismore community

Coles' supermarket at Lismore Square Shopping Centre was forced to shut its doors, as the store suffered significant damage and stock loss due to flood waters.

Following additional flooding, the store team launched a pop-up store in Lismore. Located in a marquee, the store stocked essential groceries to support the Lismore community while the original store was being restored.

The store traded until the Coles Lismore store was re-opened after four months.

 **\$1.8m**

Coles and our customers contributed to the Australian Red Cross Queensland and New South Wales Floods Appeal.



Flood waters in Lismore, photo credit: Stuart Cumming/NewsPix (top); Red Cross team member Alex and Coles team member Matt pack donations for flood-affected residents in Lismore (centre right); and local teams unload bulk donations from Coles for flood-affected residents in Lismore (bottom).

A community that is better together through health and nutrition

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

Industry partnerships

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 all Australians.

We are working towards meeting the HFP reformulation targets for salt (sodium), sugar and saturated fat reduction in nominated categories for Coles Own Brand foods and beverages sold in Coles Supermarkets. At the end of FY22, 75% of eligible Coles Own Brand products sold in Coles Supermarkets met their respective HFP targets, with product reformulation across cereals, bakery-packaged cake and snack foods.

Coles continues to partner with the Vegetable Intake Strategic Alliance (VISA), which seeks to achieve increased vegetable intake for Australian children and their families. VISA stakeholders include the horticulture industry, Commonwealth and state departments of health and agriculture, nutrition and health agencies, research groups, and early learning and parenting organisations. This year, we participated in the creation of the VISA Position Statement: Working Together to Increase Children's Liking of Vegetables.

We are continuing to partner with the Glycemic Index (GI) Foundation (GIF), and 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. In addition, the recently launched Coles Breakfast on the Move (BOM) complete liquid breakfast solution is low GI certified.

Expanding our range of healthy products

In partnership with Sports Dietitians Australia, we have continued to expand our Coles PerForm range, developed to assist our customers in meeting their health and nutrition goals. The range has extended from frozen ready meals, into fresh convenience meals, soups, protein powders and bars. Coles PerForm Elite range was launched in May 2022, and powders are HASTA-certified, which means that every batch has been tested for over 250 World Anti-Doping Authority

(WADA) banned substances, to ensure they are suitable for use by professional athletes subject to anti-doping protocols.

Coles' Wellness Road is a wholefood health range and is made with reduced levels of sugar and salt. During FY22, we launched nine new products including green banana flour, soy protein crisps and faba bean protein. We also refreshed packaging to highlight the product health and nutrition benefits of acai, matcha and spirulina powders.

We launched our Coles Own Brand reduced carbohydrate range of packaged breads, wraps and rolls. All products within the range have a minimum 70% reduction in carbohydrate content compared to their regular counterpart. The entire range is high in fibre, contains a source of protein and has a Health Star Rating of 5.

To help encourage increased consumption of fruit and vegetables, as recommended in the Australian Dietary Guidelines, we prioritised the addition and labelling of serves of fruit and vegetables on eligible Coles Own Brand products. In FY22, we highlighted an additional 125 million serves¹ of fruit and vegetables through on-pack labelling.

Improving nutritional profile

We continue to reformulate everyday Coles Own Brand products to improve their nutritional profile. For example, in FY22 we reduced sugar across five of our Coles Own Brand breakfast cereals resulting in the equivalent of 40 tonnes¹ of sugar being removed annually.

To help our customers identify healthy food choices, we remain committed to voluntarily including industrial trans fat labelling in the nutrition information panel of eligible Coles Own Brand products, with over 900 products labelled at the end of FY22.

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 FY22, the Coles Own Brand standard range contained more than 2,430 products with no artificial flavours and no artificial colours, as identified by the logo on pack.



In FY22, we were proud to welcome AFL great Eddie Betts as a Coles ambassador following his stellar career as a player and his ongoing advocacy for Indigenous communities.

Eddie helps deliver the Coles Healthy Kicks program to communities across Australia.

The Coles Healthy Kicks program motivates children aged between six and 12 years to become more physically active, eat nutritious food and develop a healthy mind and body while having fun with others.



 More can be found at www.coles.com.au

¹ Based on FY22 sales volumes.

Grant helps business to expand 'free from' range

Melbourne family business Not A Trace was awarded a \$400,000 grant from the Coles Nurture Fund to enable the dedicated production and packing of savoury allergen-free snacks and crackers. The company produces a range of products free from gluten, wheat and nuts including a range of Coles' popular 'I'm Free From' biscuits and cookies. More information on the Coles Nurture Fund and its recipients can be found at:

www.coles.com.au/nurturefund

Coles ambassador Curtis Stone (pictured) with Not a Trace Head of Research and Development, Barb O'Brien, and her daughter, Samantha O'Brien, Manager Director.



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

Coles is committed to the responsible service of alcohol and to protecting the safety and wellbeing of our team members, customers, suppliers and visitors.

Easier choices with Health Stars

The Australian Government's Health Star Rating front-of-pack labelling system commenced in 2014, making it easier for consumers to identify 'healthier' choices at point of sale. Coles was an early adopter of the program, using health stars on eligible products since the initiative began. At the end of FY22, Health Star Ratings were displayed on more than 2,680 Coles Own Brand products.

Alternative proteins

As our customers are seeking more vegetarian, vegan and flexitarian options, we have increased our range of plant-based and alternative protein products. Since launching in 2019, Coles Nature's Kitchen range now includes 45 products across the store, including the addition of veggie burgers and sausages, marinated tofu, fresh pastas and new convenience meal options. In addition, the Coles Own Brand range includes an extensive selection of products, such as desserts and chilled health foods, suitable for vegans.

Growing healthy communities

Many of our community partnerships reflect our purpose to sustainably help all Australians lead healthier, happier lives.

The Stephanie Alexander Kitchen Garden Foundation

Our three-year partnership with the Stephanie Alexander Kitchen Garden Foundation (SAKGF) aims to help Australian children develop positive food habits, as well as build self-confidence and life skills. In FY22, we supported the SAKGF as they celebrated 20 years of delivering their program into more than 1,600 schools all over Australia.

Since the launch of the partnership with the SAKGF in 2020, Coles has donated over \$500,000 and partnered with over 50 Coles supermarket stores with local Kitchen Garden Program schools to empower more young Australians to grow, harvest, prepare and share.

Our sporting partnerships

Little Athletics Australia

More than 350 Coles Supermarkets continued to donate fresh bananas to their local Little Athletics centre throughout FY22, taking our total banana donations for Little Athletics to over 3.7 million since 2017.

Coles also welcomed four new Little Athletics ambassadors – World Champions Kelsey-Lee Barber and Jaryd Clifford and Australian champions Matthew Denny and Nina Kennedy – to help inspire young athletes to lead healthier lives. The new ambassadors, along with existing ambassadors Sally Pearson and Brandon Starc, visited 24 Little Athletics centres across Australia for the Coles Community Round, helping to inspire more than 5,000 children.

Rowing Australia

In FY22, Coles partnered with Rowing Australia to deliver a schools learn-to-row program, 'Coles Start2Row'. As part of the initiative, Coles donated indoor rowing erg machines to 10 schools across Australia, and Rowing Australia organised visits from past and present Olympians and Paralympians to share healthy living, mental resilience and rowing tips.

In addition to this program, Coles sponsored around 300 secondary school students to participate in the 2021 Australian Indoor Rowing Championships. During the year, Coles Online continued to deliver fresh fruit and groceries regularly to Rowing Australia's elite rowers based in Penrith and Canberra.

Australian Football League

Coles continued its role as the Official Supermarket of the AFL and AFLW in FY22, investing in both women's and men's football from grassroots local footy to the elite professional game, with a shared focus on healthy lifestyles.

In addition to the partnership with the AFL, Coles supported AFL club Essendon to provide opportunities for talented female footballers from the Tiwi Islands and donated \$25,000 to the Collingwood Football Club Foundation to purchase five sport wheelchairs for its wheelchair football teams.

The responsible sale of alcohol and tobacco

We have comprehensive policies and training in place to ensure team members understand their obligations when selling alcohol and tobacco products, and require them to:

- complete mandatory induction and ongoing refresher training;
- be 18 years, or above, to sell alcohol and tobacco products; and
- conduct an ID check if any customer looks 25 years or under for alcohol and tobacco products in line with our ID25 policy.

In FY22, we strengthened our training programs with new and updated materials, including:

- new Responsible Service of Alcohol (RSA) eLearning for Coles Online team members involved in the delivery of alcohol to help prevent delivery to minors, intoxicated persons and secondary supply; and
- refreshed Responsible Liquor Retailing eLearning, that outlines RSA obligations, licence conditions and Coles Liquor policies.

We evolved our responsible service compliance programs through:

- targeted measures to address 'recent school leavers' risks, including signage and communications in holiday locations;
- training sessions for new and aspiring Coles Liquor Store Managers and Area Managers to help them lead teams and support RSA;
- an annual Focus Week to refresh team members on key RSA obligations; and
- continued focus on online alcohol delivery controls including working with our third-party delivery partners to ensure effective measures are in place.

RSA initiatives to support harm minimisation

To support harm minimisation in FY22 we:

- participated in a regulator review of packaged liquor in Mareeba, Queensland;
- assisted the Western Australian Government with a 12-month trial of the Banned Drinkers Register in the Goldfields region;
- continued to participate in Liquor Accords and worked collaboratively with authorities and community groups to help find solutions to local alcohol-related issues;
- presented at the Australasian Liquor Licensing Authorities Forum to discuss key RSA issues, trends and harm-minimisation initiatives; and
- continued to respond to customer needs while supporting responsible choices by offering a diverse range of no and low alcohol products.

Public commitments and community partnerships

Coles Liquor is a founding member and key contributor to DrinkWise, an independent not-for-profit organisation that seeks to promote a healthier and safer drinking culture through education campaigns. DrinkWise pregnancy warning labels have been used on our private label and exclusive products since 2012.

In FY22, we continued to support the 'Choose to DrinkWise' national initiative to remind customers of the importance of moderation and making smart choices when it comes to purchasing and consuming alcohol.

Coles Liquor is a member of Alcohol Beverages Australia (ABA) and Retail Drinks Australia (RDA). We are founding signatories of the RDA Online Alcohol Sale and Delivery Code of Conduct, and the International Alliance for Responsible Drinking (IARD) global ecommerce standards, which set the highest standard for online sale and delivery of alcohol. This year we also partnered with RDA to fund independent expert research into the relationship between alcohol availability and density on harmful consumption.

Coles Liquor is a signatory to the Alcohol Beverage Advertising Code, which requires advertisements, communications and product labelling include messages promoting responsible consumption.

Sourcing that is better together by protecting human rights

Our commitment to respect human rights is a key component of our ambition to be Australia's most sustainable supermarket.

Through continuous improvement and innovation, we strive to effect positive change for our team members and workers in our supply chain.

In FY22, Coles worked to further safeguard human rights and strengthen our processes and systems for managing risk. Our work has been conducted in close collaboration with key stakeholders such as suppliers, unions and workers in our supply chain. A detailed overview of these activities can be found in Coles' FY22 Commitment to Human Rights (Modern Slavery Statement), available at:

www.colesgroup.com.au

Some of our key achievements and activities during FY22 include:

- 911 ethical audits conducted as part of our Ethical Sourcing Program;
- continuing to refine and strengthen our governance processes with the aim of ensuring that Business Critical, Critical and Major non-conformances identified during supplier audits are addressed within specified periods and closure metrics of non-conformances monitored and regularly reported to the Executive Leadership Team and Board;
- designing and implementing a framework to address excessive working hours findings detected during audits at supplier sites, including partnering with sites to agree action plans to continuously reduce and improve working hours;
- collaborating with key unions to agree and sign a second term of the Ethical Retail Supply Chain Accord (the Accord);
- in partnership with the Accord, commissioning a white paper into accommodation standards in the Australian horticulture sector;
- supporting continuous learning with our supplier partners by running four live webinars on labour rights and ethical audits which were attended by over 700 participants;
- continuing the expansion to assess and address human rights risks in our procurement non-trade supply chain, including in relation to higher risk sectors such as shipping, solar and security;
- undertaking a pilot-project with drivers in the gig economy industry. Drivers who deliver Coles products through a third-party aggregator were surveyed and interviewed to better understand working conditions and human rights risks;

- undertaking a review of the effectiveness of our grievance mechanisms against the UN Guiding Principles of Business and Human Rights, and further enhanced our grievance management processes;
- further enhancing our technology solutions to strengthen the management of our Ethical Sourcing Program; and
- commencing reviews into selected risk areas beyond the current scope of our Ethical Sourcing Program including:

- an exercise to understand the labour hire providers used by our Australian horticulture supply base; and
- an assessment into the human rights' practices in parts of our seafood supply chain, looking beyond processing facilities and into the management practices on shipping vessels.

Our commitment in practice

Our Ethical Sourcing Policy sets out Coles' requirements for suppliers. It imposes a range of protections for workers and prohibits suppliers from engaging in activity that may have adverse impacts on the human rights of workers in our supply chain. We monitor compliance with our policy through our Ethical Sourcing Program, which focuses on higher risk areas of our supply chain where Coles has stronger partnerships to effect change.

At the end of FY22, 1,958 suppliers of Coles Supermarkets, Express, Liquor and procurement non-trade suppliers were in-scope of our Ethical Sourcing Program. In FY22, 911 independent audits were conducted under the program. These audits identified 3,582 non-conformances classified as major or higher, and as at the end of FY22, 2,584 have been remediated and verified by the auditor.

During FY22, we suspended supply from 13 suppliers for failing to comply with our Ethical Sourcing Program. Two suppliers were reinstated when appropriate remediation was demonstrated.

Expanding our program in procurement non-trade

As a large company we have touchpoints into many industries beyond the products we sell to consumers. This is reflected in the ongoing expansion of our Ethical Sourcing Program. In FY22, we further embedded ethical sourcing into our third-party risk-management framework to ensure that human rights' considerations

Our Commitment to Human Rights

Coles is focused on building a culture of trust, the ongoing strengthening of supplier partnerships and continually striving for improvement in the ways we engage our business, supply chain and the communities we serve.

Detailed information about our work to safeguard human rights can be found in our current Modern Slavery Statement at:

www.colesgroup.com.au/modern-slavery-statement

Coles team members Jiayi and Gwendoline, engaging with workers about their rights on one of Coles' supplier sites in regional Victoria.



are integrated into procurement decision-making for high-risk goods and services. This area of our program focuses on risk to workers in higher-risk sectors of our procurement non-trade supply chain, including workers who help build our stores, clean our offices, transport our products and provide security services to Coles.

Partnerships/capacity building

A significant challenge we faced in previous years when executing our Ethical Sourcing Program was securing qualified auditors due to the lack of independent certified social compliance auditors in Australia. In FY22, we invested heavily in capacity building for industry by partnering with two audit firms. Through these partnerships, Coles invested \$1.5m to fund 246 social compliance audits for our suppliers. In addition to sharing costs with our suppliers, the program directly contributed to an additional 11 auditors being certified and available to industry. While Coles paid for the audits, suppliers have been assigned ownership of the audit reports and are free to share them with any of their customers to meet their audit requirements.

Ethical Retail Supply Chain Accord (the Accord)

After a successful first term in partnership, Coles re-signed the Accord with the Australian Workers Union, the Transport Workers Union and the Shop, Distributive and Allied Employees' Association.

The Accord was first entered into in 2019 to improve and protect the rights of all workers in the Australian horticulture supply chain, regardless of visa or employment status. The Accord offered an opportunity for Coles to better connect with issues on the ground. During the first term of the Accord, Coles and the union partners hosted a direct worker engagement session in Coffs Harbour, New South Wales and co-developed resources for workers in the horticulture supply chain to better understand their rights. For this second term, the scope has broadened to allow for additional cross-industry collaboration beyond horticulture.

Since its inception, representatives of the Accord have met and continue to meet regularly to discuss the ways in which it can promote ethical employment practices and treatment of workers throughout the supply chain.

Direct worker engagement

Coles and the Accord understand that the more educated workers are about their rights, the better protected they are from exploitation.

Together with our Accord union partners, we hosted a successful workers' education event in Mareeba, Queensland in April 2022. Approximately 80 workers from the fresh produce supply chain attended. Attendees received information from Coles, union representatives and community engagement leaders about their labour rights and how to seek further support. Translators were present at the event to ensure all attendees could actively participate. Many workers asked questions and engaged positively with Accord representatives during the evening.

Coles found this engagement offered useful insight into issues facing workers in our supply chain. It also offered an opportunity for us to distribute cards with details of Coles' Wages and Conditions Hotline and encourage workers to make use of our grievance channels.

The Accord is committed to continue hosting these activities in the future, when COVID-19 restrictions ease.

Complaints

Access to remedy is a key component of Coles' Ethical Sourcing Program. We have multiple grievance mechanisms to ensure Coles' team members and workers in our supply chain have access to effective mechanisms to raise grievances.

During FY22, we received 13 complaints related to rights of workers in our supply chain. For allegations that were substantiated, Coles worked with the suppliers for timely remedy of the issues. Verification and ongoing monitoring are core components of our grievance handling process to ensure that identified issues are appropriately closed out. For full transparency we provide information regarding complaints received. This is available at:

www.colesgroup.com.au

Sourcing that is better together with sustainable products and ingredients

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

Coles uses independent and internationally recognised certification and verification programs to support environmental protection across high-risk products including our tea, coffee, cocoa, sugar, timber, paper, pulp, palm oil and seafood supply chains.

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

Building on work already undertaken, this year we commenced an environmental impact review of Coles Own Brand products, mapping potential impact against three key areas: deforestation, water security and soil health. The results of this review will form a baseline assessment of these areas and be the foundation of a future action plan to reduce our environmental impacts and help our customers make more informed choices.

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.¹

The Coles Responsibly Sourced Seafood Program (the Program) recognises a range of certification and assessment programs for farmed (aquaculture) and wild-caught seafood. For farmed seafood, Coles Own Brand products must be certified to either the Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP) or GLOBALG.A.P standards.²

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 (if the product carries the MSC logo), or from sources 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.

1 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.

2 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.

We recognise there are potential environmental impacts associated with seafood production, including overfishing, by-catch and illegal fishing. We continue to review the Program to assist in mitigating these risks for in-scope Coles Own Brand products.

As part of the Program, we discuss sustainability opportunities, where appropriate, with our suppliers, government and non-governmental organisations (NGOs). During FY22, we met with the Department of Natural Resources Tasmania, local stakeholders and NGOs including WWF-Australia, RSPCA Australia, ASC and BAP to capture a variety of viewpoints to inform our ongoing Tasmanian salmon work, including the development of Tasmania's new 10-year Salmon Plan. We also attended the 2022 Tasmanian Salmon Symposium to explore industry innovations and understand leading practice in salmon production.

This year we updated our website to provide customers and stakeholders with greater detail in relation to our Responsibly Sourced Seafood Program. We also included the URL for this page across other marketing channels. We helped raise consumer awareness by supporting MSC's Summer Seafood Campaign, which was aimed at encouraging customers to make sustainable choices by looking for MSC's blue fish tick. We also launched a new learning module titled 'Sustainability and Responsible Sourcing' that was mandatory for our Merchandising team members to complete.

In FY22, Coles was again awarded the MSC Best Sustainable Seafood Supermarket in Australia. Coles has held the award since 2017.

Palm oil

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

Coles is a member of the Roundtable on Sustainable Palm Oil (RSPO). All Coles Own Brand food and drink products sold in Coles Supermarkets and Coles Express, contain or support the production

Sustainable seafood supply

Western King Prawns are harvested from the Shark Bay Prawn Trawl fishery that has been independently certified to the Marine Stewardship Council's (MSC's) standard for a well-managed and sustainable fishery. This joins a range of MSC-certified products with the MSC blue fish tick label available in our fresh, frozen and canned range.

Pictured is Demetri Demosthenous, General Manager, Commercial, holding product at Sea Harvest's site in Carnarvon, Western Australia.



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

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

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

For Coles Own Brand non-food products transitioning to physical sustainable palm oil supply chains, Coles covers the volume through purchasing RSPO 'book and claim' credits,³ which support smallholder palm oil farmers.

Coles is also a member of the Retailers' Palm Oil Group, a collaborative forum supporting the transition to the production and use of sustainable palm oil in both food and non-food products and whose members are committed to sourcing sustainable palm oil in private brand products.⁴

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.

During FY22, we transitioned and/or launched a number of Coles Own Brand products that are Rainforest Alliance Certified. These included Sweetporium Chocolate Rocky Road Bites, Chocolate Peanut Butter spread, Rich Chocolate Cake (Vegan), French Style Brioche Chocolate Chip Rolls and a selection of Coles Hot Cross Buns.

We use independent certification or verification programs, such as Fairtrade, Rainforest Alliance and Cocoa Horizons, when sourcing tea, coffee and cocoa. This gives 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.

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

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 sources material from forest plantations independently certified to the Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council® (FSC®) certification schemes, or from post-consumer recycled fibre.

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

In addition to being the only major Australian supermarket to offer a 100% recycled content and FSC® Certified paper shopping bag, during FY22 we also transitioned the wipes in five of our CUB baby wipe products to be Australian made, biodegradable and FSC® Certified.

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

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

Farming that is better together by investing in Australian farmers

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 whenever possible.

In FY22, more than 96% of fresh produce, by volume, was sourced from suppliers all over Australia.¹ 100% of Coles Own Brand fresh pork, chicken, turkey, duck, beef, lamb, milk, eggs, frozen vegetables and potatoes were Australian grown. There are some situations where fresh produce cannot be sourced from Australia, and we will continue to work closely with our growers to try and find solutions to supply challenges.² We comply with country-of-origin labelling requirements, making it easier for customers to identify where a product is from.

Strong supplier relationships

In FY22, Coles was the first major Australian supermarket to launch an Own Brand fresh whole duck product. We partnered with Victorian duck producer, Luv-A-Duck, and in consultation with industry and welfare partners, developed the Coles Duck Welfare and Farming Requirements and launched this product in September 2021, with a further two seasonal products in the following months. The welfare practices developed allow the ducks to express themselves naturally – such as preening and with environmental enrichment in the form of pecking objects to stimulate their inquisitive and playful natures.

Recognising farmers and suppliers

In February, we held the 2021 Coles Supplier Awards as a virtual event. Across 15 categories, Coles' food, liquor and service suppliers were awarded for innovation, service, sustainable practices and community initiatives. Mars Petcare won the Coles Sustainable Supplier of the Year Award for its initiatives to reduce agriculture and land-use-based emissions.

We also sponsored The Weekly Times Coles 2021 Farmer of the Year Awards for the tenth consecutive year. The awards, supporting innovation and excellence, recognise the outstanding work of farmers across Australia.

The overall winner, and winner of the beef category, was Marc Greening, Injemira Beef Genetics, Book Book, New South Wales, who supplies grass-fed beef for Coles' Graze brand.

Sustainable dairy farming

During FY22, we expanded our milk supply chain to purchase fresh milk directly from 105 dairy farms in Victoria, Southern and Central New South Wales, South Australia, Western Australia and Tasmania.

Coles continued to offer farmers the option of longer term agreements, providing them with greater confidence over their future income and securing an ongoing supply of fresh milk for customers.

Through the Coles Sustainable Dairy Development Group (CSDDG), we invest directly in farm-related sustainability projects in consultation with dairy farmers. To date, the CSDDG has invested \$2.18 million across a number of farm projects, including energy assessments and workshops, an expanded Rumen Bolus Trial to evaluate heat stress in cows, vat monitors to optimise milk quality and milk collection efficiencies, Mastatest machines and the national mastitis diagnostic tool partnership project.

During FY22, support through the CSDDG also included investment in all our contracted farms in southern and central New South Wales that had been impacted repeatedly by floods and heavy rains.

Coles Nurture Fund

Since its launch in 2015, the Coles Nurture Fund has awarded more than \$30 million in financial support to over 90 Australian producers. The Fund seeks to drive innovation and generational sustainability in Australia by helping producers expand local production, reduce water and energy consumption, and increase recycling.

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

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



Coles Nurture Fund drives innovation and sustainability

Coles awarded \$1.8 million in grants to six Australian meat and fresh produce producers from the Coles Nurture Fund in FY22, to drive innovation and sustainability.

The latest funding brings the total amount provided to Australian producers from the Coles Nurture Fund to \$30 million since 2015.

One of more than 90 producers to receive funding from the Coles Nurture Fund in the past seven years is Victorian producer, Endhill Pty Ltd, which received a \$400,000 grant to buy state-of-the-art machinery that can harvest lucerne in the paddock and convert it to pellets for cattle.

\$30 million

Financial support provided since 2015

coles nurture fund 

Pictured with the new pelletising machine is Maria from Coles' livestock team and Dane from Endhill Pty Ltd.

Farming that is better together by protecting animal welfare

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

Animal welfare

Our Animal Welfare Policy sets out our expectations regarding the treatment of animals in our Coles Own Brand supply chain. It helps to ensure we source from farming operations that have a high standard of animal welfare and, where appropriate, hold animal welfare certification.

Our Animal Welfare Policy¹ is based on 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.

This year we began working with Authenticate IS, a supply chain transparency platform. The Authenticate IS platform will assist with supply chain mapping, farm audits, key performance indicators and engaging with farmers and processors. The data and insights will be used to strengthen animal welfare performance and enhance our external disclosures.

We also worked with the farm certification arm of Australian Pork Limited (APL) and suppliers on updating the breeding pig environmental enrichment requirement in the Australian Pork Industry Quality Assurance Program – Customer Specifications for Coles Supermarkets Australia Pty Ltd (APIQ + CSC) Standard. This requirement, when implemented in 2024, will ensure breeding pigs have access to environmental enrichment that enables natural behaviours and improves welfare outcomes.

To support adoption of environmental enrichment practices, Coles is working with industry to develop a range of support materials, that includes written case studies, videos and training materials to demonstrate enrichment application methods.

¹ Coles requires suppliers to adhere to relevant state and federal legislation, meaning all products need to adhere to the Animal Welfare Standards and Guidelines as they are enforced in each state.

² This chicken is from a 'slower growing' breed of bird, which means that it develops muscle at a slower rate than conventional breeds.

RSPCA Approved

We have been working with the RSPCA Approved Farming Scheme (the Scheme) for more than 10 years. Established in 1996, the Scheme is an independent certification focused on farm animal welfare. Working with farmers and brands, the Scheme aims to improve the welfare of Australia's farm animals by setting detailed animal welfare standards supported by a stringent assessment and certification process.

Today, Coles offers customers the broadest range of RSPCA Approved products of any major Australian supermarket. Our Coles Own Brand fresh RSPCA Approved chicken and Coles Own Brand fresh free-range RSPCA Approved chicken are available nationally year-round. Coles was the first, and remains the only, major Australian supermarket to offer supermarket own brand fresh free-range RSPCA Approved 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 FY22, 347 RSPCA Approved products were available in our supermarkets and Coles Express stores. 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 RSPCA Approved chicken and fresh RSPCA Approved turkey



Coles Own Brand fresh free-range RSPCA Approved pork



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



Coles Own Brand fresh slow-grown² RSPCA Approved chicken

Sustainable approach to grazing

'Woodbourn' farm in Cressy, Tasmania, has been a part of the GRAZE Lamb program since 2020. Alongside their lamb finishing enterprise, Lauchie and Sarah Cole are passionate and committed to caring for the land they manage. Over the past five years they have planted almost 4,000 trees, working with a local adviser to plant vegetation native to the area.³ They have also implemented stock exclusion zones around waterways as part of the Tamar Estuary River Health Action Plan – Catchment Works Program,⁴ improving water quality and assisting with rehabilitation and revegetation of riverbanks.

Pictured: Lauchie and Sarah Cole.



Coles Farm Program

Established in 2014, the Coles Farm Program applies to suppliers of Coles Own Brand cage-free shell eggs, GRAZE beef and GRAZE lamb.

Under the program, farmers are required to meet strict requirements in animal husbandry and adhere to relevant standards, such as the GRAZE Grass-fed Standard and the Egg Standards Australia Level 3 standard.

At the end of FY22, there were 299 suppliers on the Coles Farm Program, which consisted of 43 Coles Own Brand cage-free shell egg producers, 186 GRAZE beef producers and 70 GRAZE lamb producers.

GRAZE Grass-fed Standard 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, associated products can no longer be sold under the GRAZE range, but can be sold as conventionally farmed.

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.

In line with our 2025 cage-free egg commitment, a Coles project team has been working closely with our egg suppliers over the last year to establish new, high-quality cage-free sheds and farms to grow our cage-free egg supply. As part of this work, we have brought on four new cage-free farms, with all sheds incorporating elements that exceed industry standards, such as litter to enable dust bathing behaviours, and environmental enrichment such as pecking stones for investigation, which promotes good hen welfare.

Further to this commitment, we have been transitioning our Coles Own Brand products containing egg ingredients to cage-free sources, with over 42%⁵ SKUs having been converted by end FY22.

³ An initiative partially supported by the Tasmanian Government Landcare Action Grants.

⁴ An initiative supported by the Australian and Tasmanian Governments through the Launceston City Deal.

⁵ Excludes seasonal products and egg ingredients <1% of recipe.

GRAZE beef

In 2014, Coles launched GRAZE Beef in partnership with Australian farmers. GRAZE cattle are selected to high standards, grass-fed, free to roam on pastures and have no added hormones. The Coles Grass-fed Standard covers our requirements on feed and water, traceability, animal welfare and low-stress stock-handling practices. Furthermore, over 60% of our GRAZE Beef producers this season reported they have a tree planting program on their property.

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 pasture and raised without the use of antibiotics. Furthermore, over 90% of our GRAZE Lamb producers this season reported they have a conservation plan on their property.

Business Benchmark on Farm Animal Welfare (BBFAW)

The BBFAW is a global measure of policy commitment, performance and disclosure on animal welfare in food companies.

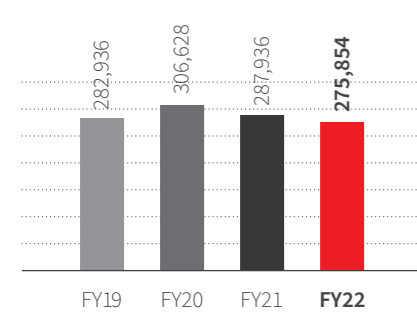
The BBFAW released the results of its 2021 assessment in March 2022. Coles attained the highest impact rating (D) of any Australian retailer. We also maintained our Tier 3 ranking, which places Coles in the top 17 companies globally for this measure.

Impact Ratings were published for the first time in 2021, ranking companies from A to F on 10 impact performance questions. The aim of the new Impact Rating is to understand the effectiveness of a company's management systems in delivering actual welfare improvements for animals in the supply chain. It also prompts investors to speak with companies about the challenges they face in achieving their animal welfare objectives.

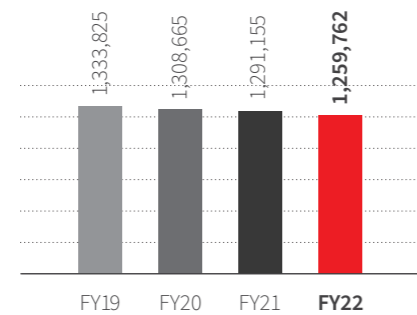
Supplementary data

Environment¹

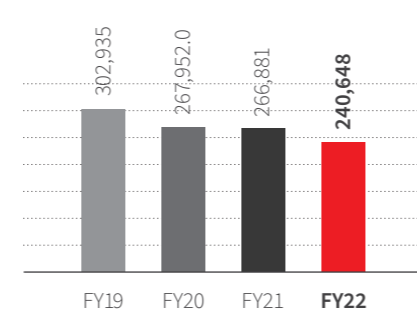
Scope 1^{2,3} Greenhouse gas emissions (tonnes CO₂-e)



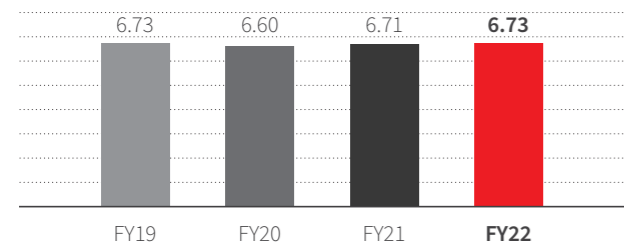
Scope 2^{2,3} Greenhouse gas emissions (tonnes CO₂-e)



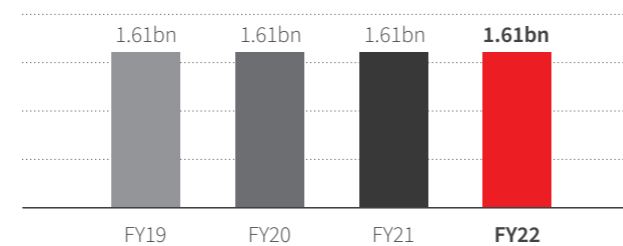
Scope 3⁴ Greenhouse gas emissions (tonnes CO₂-e)



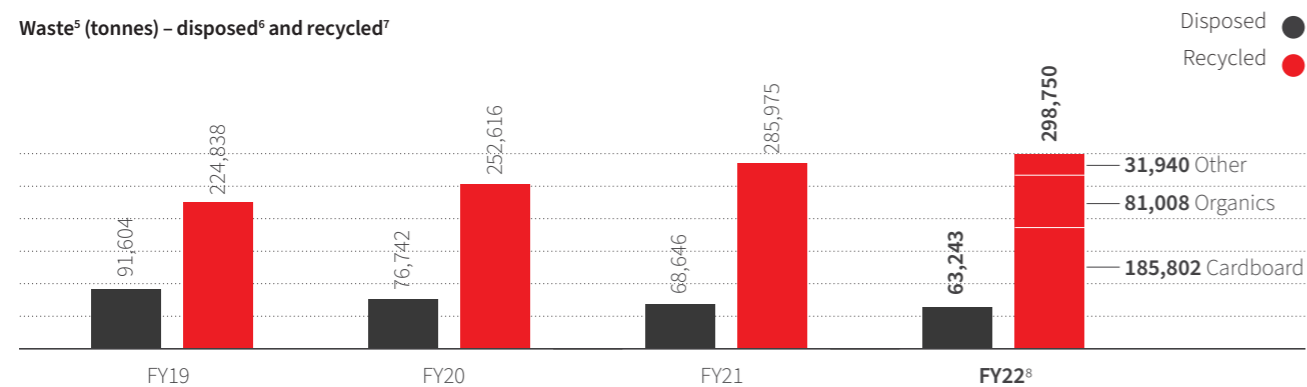
Energy (PJ)



Electricity (kWh)



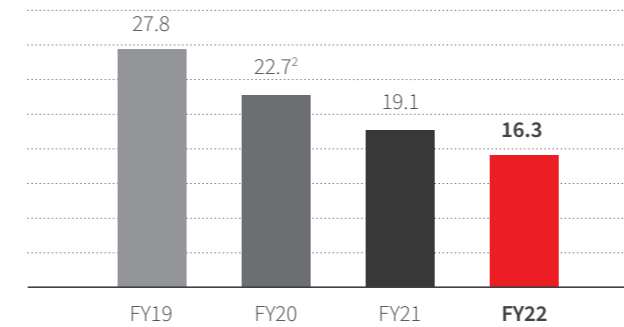
Waste⁵ (tonnes) – disposed⁶ and recycled⁷



1 Covers 1 July 2021 to 30 June 2022.
 2 In FY20 to FY22, data has been reported using market-based emissions accounting and applying GHG protocol and NGER criteria. Location-based Scope 2 emissions for FY20, FY21 and FY22 are 1,308,665 tCO₂-e, 1,291,155 tCO₂-e and 1,259,762 tCO₂-e respectively.
 3 Scope 1 and 2 emissions are reported for businesses where we have operational control under the NGER Act in FY19, and under the GHG Protocol Standard in FY20, FY21 and FY22.
 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. From FY23 the full Scope 3 inventory, as per the categories provided on page 27 will be included.
 5 Covers 1 July 2020- 30 June 2021 (except the data received from Cleanaway and REDcycle which cover 28 June 2021 to 26 June 2022).
 6 Solid waste to landfill.
 7 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.
 8 In FY22 we have provided the breakdown of our recycled waste.

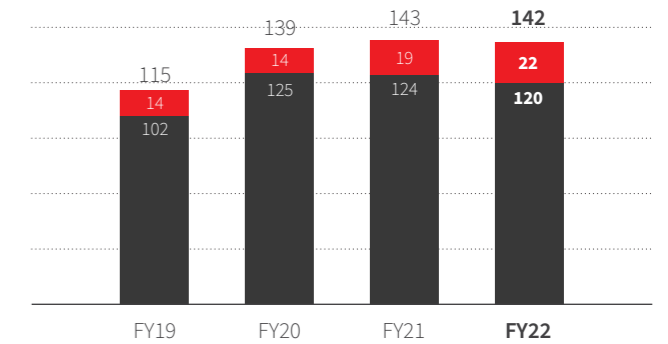
Health and Safety

Total Recordable Injury Frequency Rate (TRIFR)¹



Community

Community contributions^{3,4} (\$ million) direct⁵ and indirect⁶



Team members⁷

Team members by category and diversity⁸

	NON-EXECUTIVE DIRECTORS ⁹	EXECUTIVE TEAM AND GENERAL MANAGERS ⁹	ALL SALARIED TEAM MEMBERS ¹⁰ (MANAGERS/ PROFESSIONAL)	ALL TEAM MEMBERS ¹⁰
Total	7	79	13,201	128,826
Gender				
Female	3 (42.9%)	34 (43.0%)	7,230 (54.8%)	64,425 (50.0%)
Male	4 (57.1%)	45 (57.0%)	5,944 (45.0%)	63,858 (49.6%)
Gender X ¹¹	-	-	27 (0.2%)	543 (0.4%)
Age group				
Under 30	-	-	2,561 (19.4%)	68,391 (53.1%)
30–39	-	4 (5.1%)	4,719 (35.7%)	22,836 (17.7%)
40–49	1 (14.3%)	50 (63.3%)	3,569 (27.0%)	17,100 (13.3%)
50 and over	6 (85.7%)	25 (31.6%)	2,352 (17.8%)	20,499 (15.9%)

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 2021 to 30 June 2022.
 4 Total has 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 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 29 June 2022.
 10 Weekly average from 01 July 2021 to 29 June 2022 (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 Team members tables.

Team members (continued)¹Team members – employment type, gender and region²

	PERMANENT TOTAL	PERMANENT FULL-TIME	PERMANENT PART-TIME	FIXED TERM	CASUAL	TOTAL
Total	74,199	24,022	50,177	1,039	53,588	128,826
Gender						
Female	38,771	10,372	28,399	552	25,102	64,425
Male	35,230	13,602	21,628	484	28,144	63,858
Gender X ³	198	48	150	3	342	543
Region						
ACT	1,109	283	826	10	738	1,857
NSW	20,992	5,990	15,002	235	15,439	36,666
NT	616	225	391	2	489	1,107
QLD	15,093	4,725	10,368	122	10,145	25,360
SA	4,308	1,293	3,015	23	3,661	7,992
TAS	1,516	360	1,156	38	993	2,547
VIC	22,491	8,637	13,854	558	16,333	39,382
WA	8,074	2,509	5,565	51	5,790	13,915

Team member turnover by employment type

	AVERAGE HEADCOUNT ²			TURNOVER ⁴			% TURNOVER			
	FEMALE	MALE	GENDER X	FEMALE	MALE	GENDER X	FEMALE	MALE	GENDER X	OVERALL %
Permanent	38,771	35,230	198	8,364	9,660	84	21.6%	27.4%	42.4%	24.4%
- Full time	10,372	13,602	48	1,406	2,678	10	13.6%	19.7%	20.7%	17.0%
- Part time	28,399	21,628	150	6,958	6,982	74	24.5%	32.3%	49.5%	27.9%
Fixed term	552	484	3	139	136	2	25.2%	28.1%	76.5%	26.7%
Casual	25,102	28,144	342	16,636	19,367	251	66.3%	68.8%	73.2%	67.7%
Overall	64,425	63,858	543	25,139	29,163	337	39.0%	45.7%	62.0%	42.4%

Gender balance

POPULATION ⁵	TARGET	FY21 FEMALE REPRESENTATION	FY22 FEMALE REPRESENTATION
Board of Directors ⁶	30%	37.5%	37.5%
Executive Leadership Team ⁷		35.7%	35.7%
Senior Executives ⁸	40% women in leadership positions	42.3%	43.0%
All leadership roles ⁹		36.5%	39.4%
All management roles ¹⁰		43.8%	45.1%
All roles ^{11,12}		50.5%	50.0%

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 01 July 2021 to 29 June 2022 (all numbers are rounded)

3 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

4 Turnover relates to 01 July 2021 to 29 June 2022

5 As at week ended 29 June 2022

6 Includes Chief Executive Officer

7 Executive Leadership Team (ELT) and Chief Executive Officer

8 ELT and General Managers

9 ELT, General Managers, team members pay grade eight and above, and supermarket store managers

10 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

11 Weekly average from 01 July 2021 to 29 June 2022 (all numbers are rounded)

12 Total workplace

Team members (continued)¹Team member hires and turnover by gender, age group and region^{2,3}

	TEAM MEMBER NEW HIRES		TEAM MEMBER TURNOVER	
Total	60,477	(46.9%)	54,639	(42.4%)
Gender				
Female	32,306	(50.1%)	25,139	(39.0%)
Male	27,603	(43.2%)	29,163	(45.7%)
Gender X	568	(104.6%)	337	(62.0%)
Age group				
Under 30	46,369	(65.3%)	36,428	(51.3%)
30–39	7,069	(31.8%)	8,430	(38.0%)
40–49	4,035	(24.0%)	4,716	(28.1%)
50 and over	3,004	(16.0%)	5,065	(26.9%)
Region				
ACT	718	(38.7%)	785	(42.3%)
NSW	17,839	(48.7%)	15,994	(43.6%)
NT	677	(61.1%)	657	(59.3%)
QLD	11,680	(46.1%)	10,365	(40.9%)
SA	3,015	(37.7%)	2,787	(34.9%)
TAS	1,042	(40.9%)	977	(38.4%)
VIC	17,706	(45.0%)	15,880	(40.3%)
WA	7,800	(56.1%)	7,194	(51.7%)

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 01 July 2021 to 29 June 2022

3 New hire and turnover percentages use the weekly average headcount from 01 July 2021 to 29 June 2022

Glossary

Exclusive to Coles

Exclusive to Coles: Refers to the portfolio of product brands that are exclusively available at Coles, and includes Coles Own Brands and Exclusive Proprietary Brands. Coles Own Brands refers to the portfolio of product brands owned by Coles (e.g. Coles Finest, KOi, Coles Nature's Kitchen). Exclusive Proprietary Brands refers to the portfolio of product brands owned by suppliers but exclusive to Coles (e.g. La Espanola).

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 Liquor Own Brand) and brands that are owned by suppliers, but exclusive to Coles Liquor (Exclusive Proprietary Liquor Brands).

Coles Liquor Own Brand

Coles Liquor Own 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).



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

Building a better working world

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 26 June 2022 (the 'Sustainability Report'). Based on our procedures and the evidence we have obtained, nothing has come to our attention that suggests that Coles' sustainability data and disclosures presented below, have not been prepared, in all material respects, in accordance with the Criteria defined below.

▶ **Reasonable Assurance**

Ernst & Young ('EY', 'we') was engaged by Coles to undertake reasonable assurance as defined by Australian Auditing Standards, hereafter referred to as an 'audit', over the energy consumption, energy production and scope 1 and 2 greenhouse gas emissions based on a location and market basis in the Sustainability Report for the year ended 30 June 2022. 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 provided limited assurance over certain Coles sustainability data and disclosures, listed below, as disclosed in the Sustainability Report, for the year ended 26 June 2022.

What we assured (Subject Matter)	What we assured it against (Criteria)
Selected Coles qualitative disclosures in the Report.	▶ Management's own publicly disclosed criteria
Coles reported performance of the following selected quantitative performance disclosures and metrics of the Report.	▶ Management methods publicly disclosed ▶ GRI Standards performance indicators ▶ GRI definition of materiality ▶ World Business Council for Sustainable Development's Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard
People:	
▶ Indigenous employment (% of total workforce)	
▶ Total workforce by gender, region, age, and employment (headcount)	
▶ Women in leadership positions (headcount, %)	
▶ Pay parity gap (%)	
Health and Safety:	
▶ Total recordable injury frequency rate (TRIFR)	
Greenhouse gas emissions and energy:	
▶ FY22 Scope 3 greenhouse gas emissions (tCO ₂ -e)	
▶ FY21 Scope 3 greenhouse gas emissions (tCO ₂ -e)	
▶ FY20 Scope 3 greenhouse gas emissions (tCO ₂ -e)	
Waste:	
▶ Combined data for waste recycled and disposed (tonnes)	
▶ Recycled Cardboard (tonnes)	
▶ Recycled Organics (tonnes)	
Ethical sourcing:	
▶ Suppliers with active risk assessment under the Ethical Sourcing Program (number)	
▶ Independent ethical audits conducted during the year (number)	
Packaging:	
▶ Sum of % recyclability of Coles Own Brand packaging (%)	
Community Support:	
▶ Total community support (dollars)	

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

What we assured (Subject Matter)	What we assured it against (Criteria)
Energy consumption and energy production (GJ)	▶ The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition ▶ The Greenhouse Gas Protocol: Scope 2 Guidance ▶ The National Greenhouse Accounts Factors (October 2020)
Scope 1 and 2 greenhouse gas emissions using the location-based method (tCO ₂ -e)	
Scope 1 and 2 greenhouse gas emissions using the market-based method (tCO ₂ -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 13 April 2022.

We adapted our approach to undertaking our procedures in response to the COVID-19 travel restrictions and social distancing requirements. 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.



Building a better working world

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

Ernst & Young
Melbourne, Australia
21 September 2022

M. Nelson

Mathew Nelson
Partner



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