



23 September 2019

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Manager,

**2019 NOTICE OF ANNUAL GENERAL MEETING**

Attached is the Coles Group Limited 2019 Notice of Annual General Meeting.

The 2019 Annual Report is available on the company's website at  
[www.colesgroup.com.au](http://www.colesgroup.com.au).

Yours faithfully,

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

Daniella Pereira  
Company Secretary

# colesgroup



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## 2019 Notice of Annual General Meeting.

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Coles Group Limited ABN 11 004 089 936

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## Letter from the Chairman

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Dear Shareholder

I am pleased to invite you to the 2019 Annual General Meeting (AGM) of Coles Group Limited (Coles or the Company), which has been scheduled as follows:

**Date:** Wednesday 13 November 2019

**Time:** 1.30pm (Melbourne time)  
(Registration will commence at 11.30am)

**Venue:** Melbourne Convention and Exhibition Centre  
Melbourne Room  
1 Convention Centre Place  
South Wharf, Melbourne, Victoria, Australia.

The AGM is an important part of Coles' overall approach to governance. The AGM gives you the opportunity to speak with your Directors and Coles' management team, ask questions, and vote on the items of business which are explained in this Notice of Meeting.

If you are unable to join us at the AGM, you are encouraged to lodge your vote directly or alternatively, appoint a proxy to attend and vote on your behalf. You can do this by using your smartphone, online or by completing the enclosed Voting Form (where applicable) and returning it in the envelope provided. Where shareholders can, we endorse a sustainable voting approach via smartphone or online facility. Instructions on how to vote directly or appoint a proxy are detailed both online and on the Voting Form. Direct votes and proxy appointments must be received no later than 1.30pm (Melbourne time) on Monday 11 November 2019 to be valid for the AGM.

We welcome shareholder questions. These can be emailed to [colesagm@coles.com.au](mailto:colesagm@coles.com.au) or enclosed with your Voting Form. Questions must be received by Coles by no later than 5.00pm (Melbourne time), on Wednesday 6 November 2019. We will endeavour to address as many of the more frequently raised relevant questions as possible during the

course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

If you are intending to attend the AGM, please assist us by completing the enclosed RSVP card and return it to us or register online at [www.colesgroup.com.au/agm](http://www.colesgroup.com.au/agm).

If you are unable to attend the AGM, you may view our live AGM webcast via our website [www.colesgroup.com.au/agm](http://www.colesgroup.com.au/agm).

Thank you for your continued support of Coles. We look forward to meeting as many shareholders as possible on the day.

Yours sincerely

A handwritten signature in black ink that reads "James Graham". The signature is fluid and cursive, with the first letters of "James" and "Graham" being capitalized and prominent.

**James Graham AM**

Chairman

23 September 2019

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## Notice of 2019 Annual General Meeting

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Notice is given that the 2019 Annual General Meeting of Coles Group Limited will be held at the Melbourne Convention and Exhibition Centre, Melbourne Room, 1 Convention Centre Place, South Wharf, Melbourne, Victoria, Australia on Wednesday 13 November 2019 at 1.30pm (Melbourne time).

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### Agenda Items

#### 1. Financial report, Directors' report and Auditor's report

To receive and consider the Financial report, Directors' report and Auditor's report for the Company and its controlled entities for the year ended 30 June 2019.

#### 2. Re-election of Directors

To consider and, if thought fit, pass the following resolutions each as an ordinary resolution:

- 2.1 That Mr James Graham, being eligible, be re-elected as a Director of the Company.
- 2.2 That Ms Jacqueline Chow, being eligible, be re-elected as a Director of the Company.

#### 3. Remuneration report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the Remuneration report for the year ended 30 June 2019 be adopted.

*Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. A voting exclusion statement applies to this resolution (see section 2 of the notes relating to voting).*

#### 4. Approval of long-term incentive grant of performance rights to the Managing Director and Chief Executive Officer

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That approval be given for all purposes, including ASX Listing Rule 10.14, for the grant of performance rights to Mr Steven Cain as his annual long-term incentive grant for the year ended 28 June 2020 on the terms described in the Explanatory Memorandum accompanying this Notice of Meeting.

*Note: A voting exclusion statement applies to this resolution (see section 2 of the notes relating to voting).*

#### 5. Appointment of Auditor

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That Ernst & Young (**EY**), having been duly nominated by a shareholder of the Company and having consented in writing to act, be appointed as Auditor of the Company.

#### 6. Resolutions requisitioned by shareholders holding approximately 0.19% of Coles' shares on issue

**The following resolutions are NOT SUPPORTED by the Board.**

The resolutions in Items 6(a) and 6(b) were proposed by a group of shareholders holding approximately 0.19% of Coles' shares on issue.

- (a) To consider and, if thought fit, pass the following resolution as a special resolution:

To amend the constitution to insert a new clause 7.11  
Member resolutions at general meeting

The Members in general meeting may by ordinary resolution express an opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. However, such a resolution must relate to an issue of material relevance to the company or the company's business and cannot either advocate action which would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only and does not bind the directors or the company.

- (b) Subject to and conditional on the resolution in Item 6(a) being passed by the required majority, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

In order to effectively protect workers in our company's domestic fresh food supply chains from modern slavery and labour abuses, and to protect our company's interests and reputation, shareholders of Coles Limited ("our company") urge the Board of Directors to align our company's ethical sourcing policies and supplier requirements in its domestic fresh food supply chains to industry best-practice for supply chain due diligence and compliance. At a minimum, these should include core principles of worker-driven social responsibility, including but not limited to:

1. Supplier accreditation and compliance to be determined through multi-stakeholder approach, involving workers and the representative organisation(s) of their own choosing.
2. Workers to receive peer-led labour rights education with the involvement of representative organisation(s) of their own choosing.
3. Worker-led grievance procedures that involve the representative organisation(s) of workers' own choosing in the resolution of complaints.

*Note: Item 6(b) is contingent on the passing of the constitutional amendment in Item 6(a). If Item 6(a) does not pass as a special resolution, Item 6(b) will not be put to shareholders at the meeting.*

The Board unanimously recommends that shareholders vote **AGAINST** Items 6(a) and 6(b) for the reasons set out on pages 19 to 25 of the Explanatory Memorandum.

The Chairman of the meeting intends to vote all available proxies **AGAINST** Items 6(a) and 6(b).

**The notes relating to voting and the Explanatory Memorandum form part of this Notice of Meeting.**

By Order of the Board.



**Daniella Pereira**  
Company Secretary  
23 September 2019

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## Notes relating to voting

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### 1. Entitlement to vote

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that persons who are registered holders of shares in the Company as at 7.00pm (Melbourne time) on Monday 11 November 2019 will be entitled to attend and vote at the AGM as a shareholder. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

On a poll, shareholders have one vote for every fully paid ordinary share held (subject to the restrictions on voting referred to below).

### 2. Voting exclusions

#### Item 3 - Remuneration report:

The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the Company's key management personnel (**KMP**) whose remuneration details are included in the Company's Remuneration report for the year ended 30 June 2019 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 3:

- in accordance with a direction on the Voting Form or received online (as applicable); or



- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though Item 3 is connected with the remuneration of the KMP.

Item 4 - Approval of long-term incentive grant of performance rights to the MD and CEO:

The Company will disregard any votes cast on Item 4:

- in favour of the Item, by or on behalf of Mr Cain or any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company's KMP at the date of the meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 4:

- in accordance with a direction on the Voting Form or received online (as applicable); or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy even though Item 4 is connected with the remuneration of the KMP.

### 3. Voting procedures

As a shareholder, you can vote on the items of business by:

- (a) attending the meeting and voting in person;
- (b) casting a direct vote (online or using the Voting Form); or
- (c) appointing a proxy (online or using the Voting Form) or attorney to attend and vote at the meeting on your behalf.

Shareholders who do not plan to attend the AGM are encouraged to vote directly or appoint a proxy.

To cast your direct vote or appoint a proxy online:

- (i) if you receive the Notice of Meeting electronically, click on the link provided in your email; or
- (ii) if you receive a hard copy of the Notice of Meeting, visit [www.investorvote.com.au](http://www.investorvote.com.au). To log in you will need your control number and holder number for your shareholding. These can be found on the right hand side of your Voting Form.

To be effective, your direct vote or proxy appointment must be received no later than 1.30pm (Melbourne time) on Monday 11 November 2019.

Shareholders may withdraw their direct vote or proxy, and attend and vote in person at the meeting if they choose.

#### 4. Direct voting

A shareholder can cast their vote directly either online or by completing and submitting a Voting Form.

To be effective, your direct vote must be received no later than 1.30pm (Melbourne time) on Monday 11 November 2019.

If you use the Voting Form to cast your direct vote, you must mark box A in Step 1 of the Voting Form. By marking box A in Step 1, you are voting your shares directly and are not appointing a third party, such as a proxy, to act on your behalf. Shareholders should complete their voting directions by selecting 'FOR' or 'AGAINST' for each item in Step 2 of the Voting Form. Do not complete the 'ABSTAIN' box if you are voting directly as it will be treated as if no vote has been cast. If you mark box A in Step 1 and do not provide a voting direction on any item in Step 2, your Voting Form will operate as a proxy appointment and your vote will be passed to the Chairman of the meeting as your proxy. If box A and box B are both completed on the Voting Form and you provide a voting direction on an item in Step 2, your direct vote will take priority over the proxy appointment. See paragraph 6 of this section of these notes for details of how to submit your Voting Form.

#### 5. Proxies

- (a) A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. A shareholder can appoint a proxy, either online or by completing and submitting a signed Voting Form (see paragraph 6 of this section of these notes relating to voting).
- (b) A shareholder that is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.
- (c) If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:
  - appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth) (**Corporations Act**); and
  - provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

- (d) If you wish to indicate how your proxy should vote, please mark the appropriate boxes online or on the Voting Form. If you do not direct your proxy how to vote on a particular item of business, you are authorising your proxy to vote as they decide, subject to any applicable voting exclusions.
- (e) Unless the Chairman of the meeting is your proxy, members of the Company's KMP (which includes each of the Directors) will not be able to vote as proxy on Items 3 and 4 unless you direct them how to vote. Additionally, Mr Cain and his associates will not be able to vote your proxy in favour of Item 4 unless you direct them how to vote. If you intend to appoint any of those persons as your proxy, you should ensure that you direct that person how to vote on Items 3 and 4.
- (f) If you intend to appoint the Chairman of the meeting as your proxy, you can direct the Chairman how to vote by marking the boxes for the relevant resolution (for example, if you wish to vote 'FOR', 'AGAINST' or to 'ABSTAIN' from voting). However, if you do not mark a box next to Items 3 and 4, then by completing and submitting the proxy appointment, you will be expressly authorising the Chairman to vote as they see fit in respect of Items 3 and 4 even though they are connected with the remuneration of the Company's KMP.
- (g) Please note that for proxies without voting instructions that are exercisable by the Chairman of the meeting, the Chairman intends to vote all available proxies in favour of each resolution other than Items 6(a) and 6(b) (which the Chairman will be voting against).
- (h) If:
- a poll is duly demanded at the AGM in relation to a proposed resolution;
  - a shareholder has appointed a proxy (other than the Chairman of the meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
  - that shareholder's proxy is either not recorded as attending the meeting or does not vote on the resolution,

the Chairman of the meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.

## 6. Submitting your direct vote or proxy appointment

To be effective, your direct vote or proxy appointment must be received no later than 1.30pm (Melbourne time) on Monday 11 November 2019 in one of the following ways:

Online: (Computer or smartphone)	<p><a href="http://www.investorvote.com.au">www.investorvote.com.au</a></p> <p>You will need the control number and holder number shown on your Voting Form to submit your form online.</p> <p>To use the smartphone voting service, scan the QR code which appears at the top of your Voting Form and follow the instructions provided to <a href="http://www.investorvote.com.au">www.investorvote.com.au</a> from your smartphone.</p> <p>To scan the QR code, you need to have already downloaded a free QR code reader app to your smartphone. When scanned, the QR code will take you directly to the mobile voting site.</p> <p>If you received a personalised email link with your Notice of Meeting electronically, you can submit the direct vote or proxy appointment by following the instructions set out in the email.</p>
Mail: (Voting Form)	Computershare Investor Services Pty Limited GPO Box 242 Melbourne Victoria 3001 Australia
Facsimile: (Voting Form)	(within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555
In Person: (Voting Form)	Computershare Investor Services Pty Limited Yarra Falls, 452 Johnston Street Abbotsford Victoria 3067 Australia

**Participating intermediaries** can submit their voting instructions online through [www.intermediaryonline.com](http://www.intermediaryonline.com).

## 7. Corporate representatives

A body corporate that is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the AGM. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it has been signed, unless it has previously been given to the Company.

## 8. Voting by attorney

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the AGM. An attorney may but need not be a shareholder of the Company.

An attorney may not vote at the meeting unless the instrument appointing the attorney, and the authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for Voting Forms.

## 9. Questions from shareholders

Coles welcomes your feedback. You may submit written questions ahead of the AGM relating to the business of the meeting, including questions for the Company's Auditor, EY. Questions for the Company's Auditor must relate to the content of the Auditor's report or the conduct of the audit of the Financial report.

Written questions must be received by the Company no later than 5.00pm (Melbourne time), on Wednesday 6 November 2019.

Please send any written questions to:

Coles Group Limited

Coles AGM

PO Box 71

Glen Iris Victoria 3146

Email: [colesagm@coles.com.au](mailto:colesagm@coles.com.au)

The Chairman will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

## 10. Communication with shareholders

In line with our commitment to the environment and sustainability, unless you elect otherwise we will provide our Annual Reports to you by making them available on our website ([www.colesgroup.com.au](http://www.colesgroup.com.au)).

## 11. Registration

Registration for the AGM will commence at 11.30am (Melbourne time) on Wednesday 13 November 2019. For ease of registration, please bring your Voting Form to the meeting if you received a Voting Form.

## 12. How to watch the meeting

You can watch a live webcast of the meeting at [www.colesgroup.com.au/agm](http://www.colesgroup.com.au/agm).

After the meeting you will also be able to watch an archived recording of the meeting on our website.

If you attend the meeting in person, you may be included in the webcast recording or in photographs taken at the meeting.

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# Explanatory Memorandum

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This Explanatory Memorandum has been prepared to help shareholders understand the items of business at the forthcoming Annual General Meeting.

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## **1. Financial report, Directors' report and Auditor's report**

The Corporations Act requires the annual financial report of the Company and its controlled entities for the year ended 30 June 2019 (which includes the financial statements, notes to the financial statements and Directors' declaration), and Directors' report and the Auditor's report to be laid before the AGM.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders on the reports. However, shareholders will be given a reasonable opportunity to raise questions or comments on the management of the Company.

A reasonable opportunity will also be given to shareholders as a whole at the meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

Shareholders can access a copy of the 2019 Annual Report on the Company's website at [www.colesgroup.com.au](http://www.colesgroup.com.au).

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## **2. Re-election of Directors**

The ASX Listing Rules require a company to hold an election of directors at each AGM. For orderly director rotation, it has been decided that, in accordance with rules 8.1(f) and 8.1(j) of the Company's Constitution, Mr James Graham and Ms Jacqueline Chow will retire from office at the conclusion of the AGM and, being eligible, offer themselves for re-election at the meeting.

## 2.1 Re-election of Mr James Graham

**James Graham AM BE (Chem) (Hons), MBA, FIEAust, FTSE, FAICD, SF Fin**

Chairman and Non-executive Director since November 2018, Chairman of the Nomination Committee and a member of the People and Culture Committee.



Mr Graham has extensive investment, corporate and governance experience, including as a Non-executive Director of Wesfarmers Limited for 20 years, prior to his retirement in July 2018. Mr Graham is Chairman of Gresham Partners Limited, having founded the Gresham Partners Group in 1985. From 2001 to 2009, he was a Director of Rabobank Australia Limited, initially as Deputy Chairman and then Chairman, responsible for the Bank's operations in Australia and New Zealand. Mr Graham was also Chairman of the Darling Harbour Authority between 1989 and 1995.

The Board considers Mr Graham to be independent.

### Recommendation

**The Board (with Mr Graham abstaining) recommends that shareholders vote in favour of the re-election of Mr Graham as a Director.**

## 2.2 Re-election of Ms Jacqueline Chow

**Jacqueline Chow MBA, BSc (Hons), GAICD**

Non-executive Director since November 2018, Member of the Nomination Committee and the Audit and Risk Committee.



Ms Chow is a Director of nib Holdings Limited and a Senior Advisor at McKinsey Consulting RTS, advising clients across industrial, retail, telecommunications, financial services and consumer sectors on performance transformation projects. From 2016 to June 2019, Ms Chow was a Director of Fisher & Paykel Appliances. Ms Chow previously held senior management positions with Fonterra Co-operative Group, including as Chief Operating Officer, Global Consumer and Food Service. Prior to that, she was part of the senior management team with Campbell Arnott's and Kellogg Company. She was also Programme Steering Group Director, Ministry for Primary Industries, NZ (2013 to 2016) and Deputy Chair, Global Dairy Platform Inc (2014 to 2018).

The Board considers Ms Chow to be independent.

### Recommendation

**The Board (with Ms Chow abstaining) recommends that shareholders vote in favour of the re-election of Ms Chow as a Director.**



### **3. Remuneration report**

The Remuneration report on pages 50 to 62 of the Company's 2019 Annual Report sets out the remuneration policies of the Company and reports on the remuneration arrangements in place for the Company's KMP during the year ended 30 June 2019.

Shareholders will have a reasonable opportunity at the meeting to ask questions about or make comments on the Remuneration report.

As prescribed by the Corporations Act, the vote on the adoption of the Remuneration report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote and discussion at the meeting into account in setting remuneration policy for future years.

A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

#### **Recommendation**

**The Board recommends that shareholders vote in favour of the adoption of the Remuneration report.**

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### **4. Approval of long-term incentive grant of performance rights to the MD and CEO**

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of 275,901 performance rights to Mr Cain, MD and CEO, as his long-term incentive (LTI) for FY20 as well as for the issue of any shares on vesting of the performance rights.

Subject to shareholder approval, the performance rights will be granted under the Coles Group Limited Equity Incentive Plan (**Plan**) within 12 months of the 2019 AGM. If shareholder approval is not provided, the Board intends to provide Mr Cain with an LTI in the form of cash, subject to the terms outlined below.

#### **Key terms of the FY20 LTI**

The LTI is designed to align the interests of the MD and CEO with the interests of shareholders by providing him with the opportunity to receive an equity interest in Coles through the granting of performance rights.

It is proposed that Mr Cain be granted 275,901 performance rights, which have been determined by dividing Mr Cain's LTI opportunity (i.e. 175% of Mr Cain's total fixed compensation of \$2,100,000 equalling to \$3,675,000) by the volume weighted

average price (**VWAP**) of Coles shares traded on the ASX over the ten trading days up to and including 30 June 2019 (being \$13.32), rounded up to the nearest whole number.

As the performance rights will form part of Mr Cain's remuneration, they will be granted at no cost and there will be no amount payable on vesting. The Company may issue new shares or acquire shares on market to satisfy performance rights which vest under the Plan. Each performance right entitles Mr Cain to one ordinary share in the Company on vesting. The Board retains a discretion to make a cash equivalent payment in lieu of an allocation of shares.

Prior to vesting, performance rights do not entitle Mr Cain to any dividends or voting rights. Upon vesting of performance rights, Mr Cain will receive a dividend equivalent amount in relation to the performance rights that vest delivered in additional shares which are equal in value to the amount of dividends that would have been paid had Mr Cain been the owner of Coles shares during the period from the performance rights grant date to the vesting date. The Board retains a discretion to settle the dividend equivalent amount in cash.

### Performance conditions

The performance period will run from 1 July 2019 to 26 June 2022 (**Performance Period**).

Vesting of the LTI will be subject to the achievement of two performance conditions:

- 50% of the performance rights will be subject to a relative total shareholder return (**RTSR**) condition; and
- 50% of the performance rights will be subject to a cumulative return on capital (**Cumulative ROC**) condition.

RTSR measures the performance of an ordinary Coles share over the Performance Period (including the value of any cash dividend and any other shareholder benefits paid during the period) against the total shareholder return performance of a comparator group of companies over a similar period. For the FY20 LTI, RTSR performance will be assessed against a comparator group of companies comprising the S&P ASX100 Index as at 30 June 2019.

Cumulative ROC measures the Company's average annual return on capital over the Performance Period against targets set by the Board. Cumulative ROC is calculated based on the Company's audited financial information. The Board will assess Cumulative ROC after the end of the Performance Period.

In assessing achievement against the Cumulative ROC performance condition, the Board may have regard to any matters that it considers relevant and retains discretion to review outcomes to ensure that the results are appropriate.

### Testing of the performance conditions

The percentage of performance rights subject to each performance condition that vests will be determined by reference to the following vesting schedules:

#### RTSR condition (50% Weighting)

Achievement against RTSR condition	Portion of performance rights that vest
Below the 50th percentile	0% vesting
Equal to the 50th percentile	50% vesting
Between the 50th and 75th percentile	Straight-line pro rata vesting between 50% and 100%
Equal to the 75th percentile or above	100% vesting

#### Cumulative ROC condition (50% Weighting)

Achievement against Cumulative ROC condition	Portion of performance rights that vest
Equal to or below 95% of target	0% vesting
Between 95% and 105% of target	Straight-line pro rata vesting between 0 and 100%
Equal to 105% or above of target	100% vesting

No retesting of the performance conditions is permitted.

### Other key terms of the LTI performance rights

#### Cessation of employment

Where employment is terminated for cause or ceases due to resignation (other than due to redundancy, death, permanent disability, or ill health) or significant underperformance, all unvested performance rights will lapse, unless the Board determines otherwise.

In all other circumstances, a pro rata number of performance rights will remain on foot and be subject to the original terms of offer, as if the MD and CEO had not ceased employment, unless the Board determines otherwise.

Pursuant to the Plan Rules and offer terms, the Board retains discretion to vest, leave on foot or lapse some or all performance rights in all circumstances.

### **Change of control**

Where there is a change of control event, the Board may in its absolute discretion determine that all or a specified number of performance rights vest. Where there is an actual change in the control of the Company then, unless the Board determines otherwise, unvested performance rights will vest on a pro rata basis (based on the portion of the Performance Period that has elapsed). Where only some of the performance rights vest, the remainder will immediately lapse. In determining whether to exercise its discretion, the Board may have regard to any circumstances it considers appropriate.

### **Clawback**

The Board has broad “clawback” powers to determine that performance rights lapse, any shares allocated on vesting are forfeited, or that amounts are to be repaid, in certain circumstances (for example, in the case of fraud or serious misconduct, proceeds of any sale of shares or the value of dividends provided for vested shares might be repaid as a debt to Coles).

### **Restrictions on dealing**

Mr Cain must not sell, transfer, encumber, hedge or otherwise deal with performance rights. Mr Cain will be free to deal with the shares allocated on vesting of the performance rights, subject to the requirements of Coles’ Securities Dealing Policy.

### **Additional information provided in accordance with ASX Listing Rule 10.15**

- This is the first time the Company is seeking shareholder approval under ASX Listing Rule 10.14.
- Mr Cain is the only Director entitled to participate in, and receive performance rights under, the Plan.
- No loan will be made by the Company in relation to the acquisition of performance rights or allocation to Mr Cain of any shares on vesting of those rights.

If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 71.

A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

### **Recommendation**

**The Board (with Mr Cain abstaining) recommends that shareholders vote in favour of the grant of performance rights to Mr Cain.**

## 5. Appointment of Auditor

EY was appointed as the Auditor of the Company on 3 September 2008.

Section 327B(1)(a) of the Corporations Act requires a public company to appoint an auditor at its first AGM. Accordingly, the Company is seeking shareholder approval of the appointment of EY as the Company's Auditor.

EY has been duly nominated for appointment as the Company's Auditor by a shareholder of the Company, as required by section 328B of the Corporations Act. A copy of the shareholder's written notice of nomination is set out below.

## Recommendation

The Board recommends that shareholders vote in favour of the appointment of EY as Auditor of the Company.

The Directors  
Coles Group Limited  
800-838 Toorak Road  
Hawthorn East VIC 3123

18 September 2019

## Nomination of Ernst & Young as Auditor of Coles Group Limited

I, Abi Cleland, being a member of Coles Group Limited ACN 004 089 936 (**Company**), hereby nominate Ernst & Young for appointment as Auditor of the Company and its controlled entities, pursuant to section 328B of the *Corporations Act 2001* (Cth), at the next Annual General Meeting of the Company to be held on 13 November 2019, or any adjournment or postponement of that meeting.

Yours sincerely



ABI CLELAND  
Member of Coles Group Limited

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The following resolutions are **NOT SUPPORTED** by the Board

## **6. Resolutions requisitioned by shareholders holding approximately 0.19% of Coles' shares on issue**

A group of shareholders representing approximately 0.19% of Coles' shares on issue has proposed the resolutions in Items 6(a) and 6(b) under section 249N of the Corporations Act and has requested pursuant to section 249P of the Corporations Act that Coles give to shareholders the supporting statements set out in Attachments 1 and 2 to this Notice of Meeting.

The resolutions are promoted by the Australasian Centre for Corporate Responsibility (**ACCR**).

The Board recognises and respects the right of shareholders to requisition resolutions, however, the Board does not consider the requisitioned resolutions to be in the best interests of the Company.

The Board recommends that shareholders vote against the requisitioned resolutions for the following reasons.

### **6(a) Amendment to Constitution**

The proposed resolution is seeking to amend the Company's Constitution to include a new provision that would enable shareholders, by ordinary resolution, to express an opinion or request information about the way in which a power of the Company vested in the Board has been or should be exercised.

The power to manage the business of the Company is conferred on the Board by the Constitution. It is important that the Board is able to make decisions that affect the business and affairs of Coles in the best interests of the Company as a whole.

The Board does not believe the amendment contemplated by this resolution will improve the ability for shareholders as a whole to be heard and to express their opinions about the management of the Company.

Shareholders already have important rights to make their opinions known to the Company and the Board, and to ask questions of and challenge the Board through the annual general meeting. In addition, shareholders are provided with a number of opportunities in which they can engage with the Company. Coles operates an investor relations program and has regular investor briefings to encourage and facilitate communication and feedback from institutional and retail shareholders. Coles also has a Market Disclosure Policy which outlines Coles' commitment to ensuring that shareholders are provided with accurate, full and timely

information about the Company's activities and that all stakeholders have equal opportunities to receive externally available information issued by the Company.

The Board takes into account the views of shareholders and has an overriding duty to proceed at all times in what the Board considers to be the best interests of the Company as a whole.

Imposing a constitutionally mandated obligation to put advisory resolutions to the Company's shareholders would increase the scope for requisitioned resolutions to be used by groups whose interests are not aligned with, and may be contrary to, those of the Company. The power to "express an opinion" would be capable of misuse and the Board is concerned that a constitutional right to propose resolutions to express non-binding opinions at a general meeting is likely to disproportionately favour those who have a practice of requisitioning special interest resolutions. This could result in the business of future general meetings of shareholders being dominated by non-binding special interest resolutions.

Interest and advocacy groups have a range of avenues outside the annual general meeting to engage with the Company and, in the case of ACCR, Coles has met individually with ACCR and the National Union of Workers (NUW) to discuss their concerns surrounding the suppliers' adherence to our ethical sourcing policies.

For these reasons, the Board does not consider the amendment to the Constitution to be appropriate and recommends that shareholders vote against this resolution.

### **Recommendation**

**The Board recommends that shareholders vote AGAINST the amendment of the Company's Constitution.**

#### **6(b) Contingent resolution – Coles' fresh food supply chain practices**

Item 6(b) is a shareholder resolution that Coles aligns its ethical sourcing policies and supplier requirements in its domestic fresh food supply chains to industry best-practice for supply chain due diligence and compliance. Item 6(b) is an "advisory resolution". It is contingent on the passing of the constitutional amendment in Item 6(a). If Item 6(a) does not pass as a special resolution, Item 6(b) will not be put to shareholders at the meeting.

For the following reasons the Board considers that this resolution is unnecessary, and recommends that shareholders vote against Item 6(b).

## **Coles has a well-established ethical sourcing program and a long history of commitment to human rights**

Coles acknowledges that protecting human rights in the supply chain is a global challenge and understands the important role that we have in safeguarding human rights within our complex supply chains. Coles respects human rights and opposes slavery and worker exploitation in all its forms. Our compliance is centred around all applicable laws including Australia's Modern Slavery legislation, the Fair Work Act, workplace health and safety and immigration.

ACCR states that Coles' ethical sourcing policy has been in place since 2016. This is not correct. Coles has a long history of commitment to ethical sourcing and protection of human rights in our merchandise supply chains including Coles' Own Brand, meat, seafood and fresh produce supply chains.

Coles adopted its first Ethical Sourcing Code in 2005. Since that time, key milestones in our human rights program have included:

- 2009 - the introduction of auditing for our Own Brand products from high risk countries.
- 2012 - the introduction of a supplier self assessment process, including for suppliers operating in low-risk regions.
- 2015 - the launch of our Ethical Sourcing Policy and Ethical Sourcing Supplier Requirements (Ethical Sourcing Program) (updated in February 2019).
- 2015 - signing the Australian Business Pledge Against Forced Labour, an industry-led initiative to end forced labour.
- 2016 - becoming the first major Australian supermarket chain to adopt the Supplier Ethical Data Exchange (Sedex), a global ethical supply chain management platform used to assess supply chain risk in over 150 countries.
- 2019 - 97% of all our direct suppliers and 93% of their sites (factories, processing plants, pack houses and direct supplier farms providing Own Brand products, fresh produce and meat) were registered on Sedex.<sup>1</sup> This has resulted in increased visibility of our supplier employment practices and enables us to proactively monitor compliance with the Coles Ethical Sourcing Policy, identify ethical sourcing risks, drive the resolution of identified non-conformances and target areas of supplier capacity development.<sup>1</sup>

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<sup>1</sup> Due to the dynamic nature of our supply chain, we do not expect 100% registration at any one time due to suppliers entering and leaving our supply chain.



ACCR states that Coles is one of two principal buyers of fresh fruit and vegetables in Australia and that together these companies supply the majority of fresh fruit and vegetables in Australia. Coles estimates that in FY18, its sales of horticultural products were approximately 12% of Australian production.<sup>2</sup>

**Coles has a robust ethical sourcing framework in line with global best practice**

ACCR states that Coles' Ethical Sourcing Program falls short of current global best practice. On the contrary, Coles' Program aligns with global best practice and is based on Ethical Trade Initiative (ETI) and International Labour Organisation (ILO) conventions, including the Declaration of Fundamental Principles and Rights at Work and eight other ILO conventions. It also reflects the United Nations Guiding Principles on Business and Human Rights 'Protect, Respect and Remedy' framework.

In 2018, Coles was the highest ranked company in Australia, and ninth-highest globally, in the 'Know The Chain Food and Beverage' benchmark, and our practices were highlighted twice in the report as representing best practice standards. More recently, Coles has been included in the FTSE4Good Index Series and Dow Jones Sustainability Index, which include labour standards, human rights and supply chain management indicators.

While Coles is proud of the efforts we have made in relation to human rights we also recognise that global best practice standards are constantly developing. In this regard, we actively seek feedback and opportunities for enhancement. During FY19 we engaged external experts, KPMG Banarra to undertake a holistic review of our Ethical Sourcing Program, in order to reflect any recent market developments or changing industry practice.

Coles is committed to transparency in respect of ethical sourcing and protection of human rights and provides the following disclosure to our stakeholders:

- Coles' Ethical Sourcing Program, which sets out the requirements of Coles and of all Coles' suppliers, is publicly available on our website (including in Mandarin and Vietnamese).
- Comprehensive public disclosures regarding our commitment to managing human rights risks and our Ethical Sourcing Program in our Annual Report, Sustainability Report and on our website ([colesgroup.com.au/ethical sourcing](https://colesgroup.com.au/ethical-sourcing)).

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<sup>2</sup>In tonnes excluding floral and nuts.

## **Coles has a comprehensive accreditation and auditing process which is reflective of supplier risk**

ACCR is seeking supplier accreditation to be determined through an approach involving workers and representative organisations of their choosing (such as unions). Coles notes that no industry accreditation and compliance programs currently exist in Australia for fresh food suppliers outside of retailers' own programs. Coles has developed its own supplier accreditation process, contained in our Ethical Sourcing Program, which is tailored to our business and which involves the evaluation of data from multiple sources:

- Coles requires all direct supplier sites to register on Sedex and complete a comprehensive risk assessment following which they are rated as low, medium or high risk.
- Medium and high-risk sites are required to be audited by an independent external provider, certified to ISO9001 standards, with major non-conformances investigated and closed out.
- Medium and high-risk sites supplying Own Brand products, fresh produce and meat in FY19 had more than 550\* third-party audits and more than 1,600\* non-conformances were verified and closed out. The majority of these related to health and safety issues.
- Coles also conducts its own audits (at its own cost) to verify risk ratings, investigate specific concerns and validate program effectiveness.
- Coles actively engages with unions to raise workers' standards across its fresh produce supply chain.

ACCR states that an absence of critical breaches of the Coles Ethical Sourcing Program in FY18 indicate that the program is not fit for purpose. Coles does not agree. Coles actively works with our suppliers to address non-conformance with our Ethical Sourcing Supplier Requirements. For example, during FY19, Coles identified two potential critical non-conformances at supplier sites in the United Kingdom. By working with the supplier, Coles was able to obtain and verify missing worker documentation (resulting in no critical non-conformance items being recorded under the Ethical Sourcing Program).

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\*Audit and non-conformance data has been extracted from Sedex including Sedex Members Ethical Trade Audit Methodology (SMETA) audits, and other Sedex compatible audit formats. This number does not include additional ethical audits accepted by Coles. Our Ethical Sourcing Supplier Requirements approve medium risk sites for 24 months so these numbers also include third-party audits and non-conformances closed out in FY18.

### **Coles supports a multi-stakeholder approach to managing supply chain risk**

ACCR is seeking that workers receive peer-led labour rights education with the involvement of representative organisations of their choosing. ACCR suggests that Coles has not kept pace with peer action in terms of worker-driven social responsibility initiatives. This is not correct.

To drive continuous improvement across our supply chains, Coles is a strong supporter of worker education and has adopted a multi-stakeholder engagement approach to human rights due diligence that includes supplier capacity building and training. For example:

- Coles supports worker rights to freedom of association and to engage with relevant trade unions and other civil society stakeholders to improve standards and support grievances.
- Coles actively works with the Australian Workers Union (AWU), Shop, Distributive and Allied Employees' Association (SDA) and Transport Workers Union (TWU) to raise workers' standards across the fresh produce supply chain. These unions have coverage across the industry.
- In 2019, Coles engaged in a number of meetings with the ACCR and the NUW, including regional town hall meetings with farm workers. Coles is also actively engaged with the horticulture industry through the Fair Work Ombudsman Horticulture Reference Group and the Industry Viticulture Reference Group, which include representatives of unions including the NUW, other civil society representatives and government. In addition, Coles regularly engages with relevant NGOs and industry groups.
- Coles has also supported the development of the StaffSure labour hire certification program, an independent industry-led certification program that assesses labour hire providers to further help suppliers and the recruitment and staffing industry to reduce human rights and workplace compliance risks from third-party labour hire.

### **Coles offers a range of worker-led grievance procedures**

ACCR is seeking a resolution in favour of worker-led grievance procedures that involve a representative organisation in the process. Coles already has a range of worker-led grievance procedures and mechanisms including:

- (a) The confidential Coles Wages and Conditions Hotline established in 2015 for workers in Coles' supply chains including farms, factories and service providers.
- In Australia, workers of Coles suppliers can call the Hotline between 8am-8pm, seven days a week to understand more about their conditions of employment or to report unfair labour practices.
  - Email complaints, including for workers for whom English is not a first language, can be made by email to [wageline@coles.com.au](mailto:wageline@coles.com.au) with their telephone number, preferred language and a brief description of their concern.
  - Posters promoting the Coles Wages and Conditions Hotline service (available in three different languages) have been sent to Own Brand, meat, seafood and fresh produce processing sites for display in tea rooms and communal areas.
- (b) The Coles Whistleblower Policy (available on our website) which provides details of reporting options including StopLine, an independent and confidential reporting line that Coles team members, suppliers and others may use to report unethical, illegal, fraudulent or undesirable conduct, or any breach of the Coles Code of Conduct.

Coles also considers and investigates compliance complaints raised through other mechanisms including through unions and social media.

## Summary

Coles already has a well-established Ethical Sourcing Program that aligns with global best-practice and which is updated and adapted to reflect market developments and changing industry practice. For this reason, Coles considers that its current approach to ethical sourcing and protection of human rights in its fresh food supply chain addresses the primary concerns raised by the shareholders requisitioning this resolution.

Coles does not consider that Item 6(b) would assist in our commitment to improving human rights and addressing modern slavery risks in fresh produce supply chains. For these reasons, the Board considers that the advisory resolution is unnecessary.

## Recommendation

The Board recommends that shareholders vote **AGAINST** Item 6(b).

### **Attachment 1 – Shareholder Statement for the resolution in Item 6(a)**

The shareholders who requisitioned the resolution in Item 6(a) have requested, pursuant to section 249P of the Corporations Act, that the following statement accompany the resolution.

Coles is legally required to circulate the statements to shareholders. However, the Board and Company are not responsible for the contents of the statements or for any inaccurate or misleading statements contained in them.

#### **Supporting Statement to Item 6(a) as requested by the shareholders requisitioning the resolution**

*Shareholder resolutions are a healthy part of corporate democracy in many jurisdictions other than Australia. As a shareholder, the Australasian Centre for Corporate Responsibility (ACCR) favours policies and practices that protect and enhance the value of our investments.*

*The Constitution of our company is not conducive to the right of shareholders to place ordinary resolutions on the agenda of the annual general meeting (AGM). In our view, this is contrary to the long-term interests of our company, our company's Board, and all shareholders in our company.*

*Australian legislation and its interpretation in case law means that Australian shareholders are unable to directly propose ordinary resolutions for consideration at Australian companies' AGMs. In Australia, the Corporations Act 2001 provides that 100 shareholders or those with at least 5% of the votes that may be cast at an AGM with the right to propose a resolution.<sup>1</sup> However, section 198A specifically provides that management powers in a company reside with the Board.<sup>2</sup>*

*Case law in Australia has determined that these provisions, together with the common law, mean that shareholders cannot by resolution either direct that the company take a course of action, or express an opinion as to how a power vested by the company's constitution in the directors should be exercised.*

*Australian shareholders wishing to have a resolution considered at an AGM have dealt with this limitation by proposing two part resolutions, with the first being a 'special resolution,' such as this one, that amends the company's constitution to allow ordinary resolutions to be placed on the agenda at a company's AGM. Such a resolution requires*

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<sup>1</sup> Sections 249D and 249N of the Corporations Act 2001 (Cth).

<sup>2</sup> S198A provides that "[t]he business of a company is to be managed by or under the direction of the directors", and that "[t]he directors may exercise all the powers of the company except any powers that this Act or the company's constitution (if any) requires the company to exercise in general meeting."

*75% support to be effective, and as no resolution of this kind has ever been supported by management or any institutional investors, none have succeeded.*

*It is open to our company's Board to simply permit the filing of ordinary resolutions, without the need for a special resolution. We would welcome this, in this instance. Permitting the raising of advisory resolutions by ordinary resolution at a company's AGM is global best practice, and this right is enjoyed by shareholders in any listed company in the UK, US, Canada or New Zealand.*

*We note that the drafting of this resolution limits the scope of permissible advisory resolutions to those related to "an issue of material relevance to the company or the company's business as identified by the company" and that recruiting 100 individual shareholders in a company to support a resolution is by no means an easy or straightforward task. Both of these factors act as powerful barriers to the actualisation of any concern that such a mechanism could 'open the floodgates' to a large number of frivolous resolutions.*

*ACCR, LUCRF Super and Mercy Investment Services urges shareholders to vote for this proposal.*

## **Attachment 2 – Shareholder Statement for the resolution in Item 6(b)**

The shareholders who requisitioned the resolutions in Item 6(b) have requested, pursuant to section 249P of the Corporations Act, that the following statement accompany the resolution.

Coles is legally required to circulate the statements to shareholders. However, the Board and Company are not responsible for the contents of the statements or for any inaccurate or misleading statements contained in them.

### **Supporting Statement to Item 6(b) as requested by the shareholders requisitioning the resolution**

*Our company is one of two principal buyers of fresh fruit and vegetables in Australia. Together with the other principal buyer, our company accounts for almost 70% of market share by sales in 2017-18.*

*Our company's extensive fresh food supply chains expose us to significant modern slavery and labour rights risks. There are estimated 15,000 people living in slavery-like conditions in Australia, with farm work identified as a high-risk sector.<sup>3</sup>*

*Serious violations of human rights anywhere in our company's supply chains can lead to negative publicity, public campaigns, and a loss of consumer confidence that can have a negative impact on shareholder value. With the passing of the Modern Slavery Act in 2018, there is growing awareness among consumers and shareholders of the responsibility of lead buyers to manage labour rights violations throughout their supply chain.*

### **Endemic exploitation in fresh food supply chains**

*In January 2019, the University of Sydney and University of Adelaide published a report on labour issues in Australian*

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<sup>3</sup><https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>

<sup>4</sup>Howes, J. et. al. (2019). *Towards a Durable Future: Tackling Labour Challenges in the Australian Horticulture Industry*, <https://sydney.edu.au/content/dam/corporate/documents/business-school/research/work-and-organisational-studies/towards-a-durable-future-report.pdf>

<sup>5</sup>FWO (2018). *A Report on Workplace arrangements along the Harvest Trail: Harvest Trail Inquiry* <https://www.fairwork.gov.au/ArticleDocuments/1461/fair-work-ombudsman-harvest-trail-inquiry-report.pdf.aspx>

<sup>6</sup>Hardaker, D. and Woods, C. (2019). "Migrant workers are overworked, intimidated and even killed on Australian farms", *Crikey*, 23 July 2019, <https://www.crikey.com.au/2019/07/23/migrant-workers-intimidated-killed-australian-farms/>; McKenzie, N. and Baker, R. (2017). "Fruits of their Labour" *The Sydney Morning Herald*, <http://www.smh.com.au/interactive/2016/fruit-picking-investigation/>; SMH (2015). "Migrant workers in slave-like conditions", *The Sydney Morning Herald*, 4 May 2015, <http://www.smh.com.au/national/migrant-workers-in-slavelike-conditions-abcs-four-corners-reports-20150504-ggu12u.html>

*fresh food supply chains.<sup>4</sup> This is the latest report to identify major and persistent labour rights violations and breaches of Australian labour law – including potential modern slavery – in Australian fresh food supply chains, including in our company’s supply chains. The report’s findings are in line with those from numerous government inquiries,<sup>5</sup> media investigations,<sup>6</sup> and other research.<sup>7</sup>*

*The potential issues present in our company’s supply chains include:*

- *severe underpayments and withholding of wages*
- *excessive overtime*
- *retention of identity documents*
- *threats of and actual physical and sexual violence*
- *coercive payments for transport and housing well above market norms*
- *complex and informal sub-contracting and labour-hire arrangements*

*These issues continue to be of concern to investors, who highlight the need for improved human rights management in supermarket fresh food supply chains.<sup>8</sup>*

### **Our company’s approach**

*These issues are not new to our company. The lack of sufficient action given their severity is of concern to shareholders. Our company demerged from Wesfarmers Ltd. (ASX:WES) in November 2018. ACCR has engaged with Wesfarmers regarding these supply chain risks since 2017, and has met with our company repeatedly since the demerger to raise these concerns.*

*Our company’s Ethical Sourcing Policy has been in place since 2016, when it was still a division of Wesfarmers. A review of Wesfarmers’ 2018 Sustainability Report and Coles ethical sourcing documents indicates a continuity of policies over the course of the demerger.*

*According to the Ethical Sourcing Policy, our company’s suppliers must do a self-assessment questionnaire through the Sedex portal which rates them on risk. Low-risk suppliers are certified without an audit, and retain their certification for 24 months.<sup>9</sup> In meetings with our company, company*

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<sup>7</sup> NUW (2019). *Farm Workers Speak Out*, [https://www.nuw.org.au/sites/nuw.org.au/files/farm\\_workers\\_speak\\_out\\_web\\_0.pdf](https://www.nuw.org.au/sites/nuw.org.au/files/farm_workers_speak_out_web_0.pdf)

<sup>8</sup> IFM (2019). *IFM Investors gains insights on Labour Conditions at ‘Pickers and Packers’ Workers Forum*, [https://www.ifminvestors.com/docs/default-source/insights/ifm-investors---lessons-from-a-pickers-and-packers-workers-forum.pdf?sfvrsn=45ca2305\\_3](https://www.ifminvestors.com/docs/default-source/insights/ifm-investors---lessons-from-a-pickers-and-packers-workers-forum.pdf?sfvrsn=45ca2305_3)

<sup>9</sup> <https://bit.ly/30kr9BD>



representatives confirmed that 30 to 40% of suppliers were rated as low-risk, and therefore certified without an audit. Medium- and high-risk companies are required to provide an “independent ethical audit by an approved audit provider”, which are booked and paid for by the supplier.

Wesfarmers’ state that no “critical breaches of the Coles Ethical Sourcing Policy were identified during FY18”.<sup>10</sup> Given the widespread labour violations and illegality in the sector, this failure to identify critical breaches suggests that the current program is not fit for purpose.

### **Worker-driven social responsibility**

Reviews of workplace compliance initiatives in global supply chains have found that “private compliance initiatives” (codes of conduct, auditing, etc.) are insufficient to effectively manage business and operational risks from labour violations in supply chains.<sup>11</sup>

By contrast, worker-driven social responsibility initiatives, which put workers and their representatives at the centre of compliance, are effective in addressing labour risks and ensuring compliance.<sup>12</sup> These initiatives support workers to raise workplace issues early, allowing businesses to resolve them “before they escalate into more lengthy and complex disputes that may come at a high cost”.<sup>13</sup>

Worker-driven social responsibility initiatives are being increasingly adopted by our company’s peer companies globally, including:

- Cleaning Accountability Framework (CAF): Spotless, Woolworths
- Milk with Dignity: Ben and Jerry’s
- Fair Foods Standards Council (FFSC): Burger King, Chipotle Mexican Grill, Compass Group, McDonald’s, Sodexo, Walmart, Whole Foods Market,
- Bangladesh Accord: Aldi, Carrefour, Target - Australia, Tesco, Woolworths

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<sup>10</sup> [https://sustainability.wesfarmers.com.au/media/2467/sustainability\\_website\\_2018.pdf](https://sustainability.wesfarmers.com.au/media/2467/sustainability_website_2018.pdf)

<sup>11</sup> ILO (2016). *Workplace Compliance in Global Supply Chains*, [https://www.ilo.org/sector/Resources/publications/WCMS\\_540914/lang--en/index.htm](https://www.ilo.org/sector/Resources/publications/WCMS_540914/lang--en/index.htm), pp.10 – 15; Ethical Trading Initiative (2004) “Putting Ethics to Work”, <http://www.ethicaltrade.org/Z/lib/annrep/2004/en/index.shtml>; World Bank (2003) “Strengthening Implementation of Corporate Social Responsibility in Global Supply Chains”, [http://siteresources.worldbank.org/INTPSD/Resources/CSR/Strengthening\\_Implementatio.pdf](http://siteresources.worldbank.org/INTPSD/Resources/CSR/Strengthening_Implementatio.pdf).

<sup>12</sup> <https://wsr-network.org/success-stories/>

<sup>13</sup> Curtze, L. and Gibbons, S. (2017). *Access to remedy - operational grievance mechanisms. An issues paper for ETI*, <https://bit.ly/2TNHCM>, p.7.

*These companies' supply chains evidence similar risks to those in our company's Australian fresh food supply chain. This trend indicates that worker-driven social responsibility initiatives are feasible, and raises the bar for supply chain management globally. Our company will face heightened reputational and operational risks if it does not keep pace with peer action.*

***Our company's present approach falls short of current global best practice and has proven unsuccessful in identifying the types of serious labour violations evidenced in our fresh food supply chains. This resolution simply calls on our company to align with current best practice initiatives. ACCR, LUCRF Super and Mercy Investment Services encourage shareholders to vote for this proposal.***

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## Getting to the Annual General Meeting

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**Date:** 13 November 2019

**Time:** 1.30pm (Melbourne time)

(Registration will commence at 11.30am)

**Venue:** Melbourne Convention and Exhibition Centre  
Melbourne Room, Level 2, 1 Convention Centre  
Place, South Wharf, Melbourne, Victoria, Australia.

The central location of the Melbourne Convention and Exhibition Centre (**MCEC**) means it is easily accessed by car, public transport or on foot. For more information on MCEC, please visit [www.mcec.com.au](http://www.mcec.com.au).



### How to get to the meeting

**Trains:** Take the train to Southern Cross Station. The Melbourne Convention and Exhibition Centre is walking distance from the train station.

**Trams:** Tram routes 96, 109 and 12 (Stop 124A Casino/MCEC) will all take you to the Clarendon Street entrance of Melbourne Convention and Exhibition Centre.

**Taxi:** Taxis can drop off guests in a 'drop off zone' at two points within the Centre - 1 Convention Centre Place or 2 Clarendon Street, South Wharf.

**Car:** There are many car parks located within walking distance.

**Accessibility:** The venue has ramps and lifts for any accessibility needs.

*Front cover: Lamb producer Tom Bull and family from Holbrook, New South Wales were awarded The Weekly Times Coles Farmer of the Year. FY19 was Coles' seventh year sponsoring the award.*



**Coles Group Limited**

ABN 11 004 089 936

**Registered Office**

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