

# Ethical Sourcing

## Ethical Sourcing Remediation Framework

### 1. Purpose

Our Ethical Sourcing Program Requirements (**Requirements**), together with our Ethical Sourcing Policy (**Policy**) outline our commitment to ensuring goods and services we procure are ethically and responsibly made, together with comprehensive criteria on labour rights, health and safety, environment and business integrity we require our suppliers to meet. The purpose of the Requirements is to set out the specific standards that stem from the Policy and enable suppliers to understand their individual obligations under the Program.

At Coles, we believe that if people are harmed as a result of something we caused or to which we contributed, we have a duty of care in addressing these issues and implementing mechanisms for control. The Coles Remediation Framework sets out the core principles Coles adheres to, and expects its suppliers to adhere to, for providing effective remediation of human rights and ethical sourcing issues.

Coles has mechanisms in place in its company-wide human rights strategy and ethical sourcing program to identify adverse human rights impacts and remediate harm where possible. This includes working with our suppliers when they have caused harm.

### 2. Remediation Principles

The aim of remediation is to restore individuals or groups that have been harmed to the situation they would have been in if the impact had not occurred. Where this is not possible, it can involve compensation or other forms of remedy.

Coles is committed to address, prevent and provide remedy to adverse human rights impacts that Coles has caused or contributed to. And similarly, we require our suppliers to provide remedy for impacts that they have caused or contributed to. The Coles Remediation Framework is guided by the United Nations Guiding Principles of Business and Human Rights (UNGPs).

In providing remedy, Coles places the affected person's needs and safety first and operates in consideration of the "do no harm" principle. When creating remediation action plans, in consultation with the affected person, consideration is given to the severity of the incident (considering scale, scope and irremediability). Coles understands that for remedy to be effective, the people affected need to be involved in both the design of grievance mechanisms and the decision-making process regarding appropriate remedy. We commit to engaging with external stakeholders to improve our current approach.

Coles' procedures for the provision of remedy are impartial, protected from corruption and free from politics or other attempts to influence the outcome.

Coles takes a three-stage approach to ensure the provision of effective remedy:

1. Access and Investigation
2. Restorative Remedy
3. Preventative Remedy

#### Access and Investigation

To make it possible for grievances to be addressed early, and remediated directly, Coles establishes and participates in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted.

#### Providing a channel for affected persons to raise grievances

Coles provides channels through which adversely affected persons or communities can raise grievances without fear of retaliation, intimidation, harassment, discrimination or victimisation. "Affected persons" covers Coles' own employees, contractors, suppliers, workers in Coles' supply chain and community members.

In alignment with the UNGPs, Coles ensures our grievance mechanisms are trusted, accessible and communicated, predictable, equitable, transparent, rights compatible, a source of continuous learning and based on engagement.

Coles supports the work of and is open to working with judicial and non-judicial grievance mechanisms, including the Australian National Contact Point (AUSNCP).

Coles understands that in some cases, affected persons prefer non-judicial processes as they may be faster and potentially less costly, however non-judicial remedy may not be appropriate in all circumstances. Some human rights

# Ethical Sourcing

## Ethical Sourcing Remediation Framework

abuses, such as those that give rise to potential criminal liability and/or amount to gross human rights abuses, should be remedied through judicial mechanisms when preferred or reasonable. In other cases, for example if a court process is under way, it may be more appropriate to defer to that process rather than pursue remediation through non-judicial mechanisms.

Coles ensures that there are options for grievances to be raised anonymously and independently through a third-party provider.

Channels	Description	How to Access
<b>STOPline</b>	STOPline is a confidential hotline service that is run by an independent third party. Team members, suppliers, contractors, employees of contractors and anyone covered by the Coles Whistleblower Policy may use STOPline to anonymously raise concerns or complaints. STOPline will refer matters to Coles for investigation, but if anonymity has been requested, will not share personal details with Coles.	STOPline can be contacted 24 hours a day, 7 days a week through a phone line, an email address, the STOPline 365 app available on Google Play or the App store or the Coles supplier website portal. Details are provided in the public Coles Whistleblower Policy.
<b>Coles Protected Disclosure Officers</b>	Individuals may report a matter directly to any Coles Protected Disclosure Officers.	Email and mailing addresses for Coles Protected Disclosure Officers are provided in the public Coles Whistleblower Policy.
<b>Worker Interviews</b>	All Coles-accepted independent Ethical Audit standards under our Ethical Sourcing Program include private and confidential worker interviews. These interviews include targeted questions to explore labour risk areas, with a particular focus on modern slavery indicators such as recruitment fees, holding of personal identity and passport documents, accommodation, and deductions of wages and benefits.	This is dependent on the protocol and independent auditor.
<b>Coles Wages and Conditions Hotline and email</b>	Coles Wages and Conditions Hotline is a Coles operated hotline where workers within Coles' supply chain in Australia and other countries can report unfair labour practices or other human rights concerns regarding their employment. The Wages and Conditions Hotline is promoted in 10 languages prevalent in our supply chain on colesgroup.com.au. Workers can alternatively report their concerns via email.	Coles Wages and Conditions Hotline can be accessed between 8am and 8pm AEST, 7 days a week, or via email 24 hours a day, 7 days a week.  Details are provided on the Coles Group website.  Translation services are available to workers who wish to engage in their preferred language.

### Addressing grievances

Coles will assess and investigate all legitimate complaints and promote their resolution in the quickest possible timeframe. Complaints will vary in scale, complexity and geographical origin so it is not possible to provide specific timescales for responses. Coles prioritises addressing the most 'severe' impacts first. Severity is determined on:

- **Scale:** the gravity of the impact on the affected person and their rights.
- **Scope:** The number of individuals impacted or possibly impacted
- **Remediability:** How easy it is and whether it is possible to correct the wrong (e.g. impact to be restored to prior enjoyment of rights).

When Coles is made aware of issues, a combination of Risk Management activities, as described in Coles Ethical Sourcing Program Requirements, may be employed at Coles' discretion.

# Ethical Sourcing

## Ethical Sourcing Remediation Framework

### Procedures for escalation

Coles has established avenues through our Whistleblower Policy and Complaints Handling Procedure, both publicly available, to hear and escalate grievances.

Escalation of the grievance process can be prompted internally or by the affected person. Coles ensures complainants are informed throughout the grievance process and explains how and when escalation can occur. If the complainant is dissatisfied with the outcome of a grievance process, they can refer the issue or complaint to the relevant National Contact Point.

### Restorative Remedy

#### Effective restorative remedy

Restorative remedy is the process of restoring individuals or groups that have been harmed to the situation they would have been in if the impact had not occurred. Where this is not possible, it can involve compensation or other forms of remedy. In all instances, we will seek to place the affected person's needs first, and appropriate remedy will be determined on a case-by-case basis.

Effective restorative remedy may include apologies, restitution, rehabilitation, compensation, or sanctions. What is considered effective restorative remedy will be influenced by the local culture and the impacted individual's needs. Coles has provided guidance information for suppliers on the steps required to provide restorative remedy in situations where there has been an identified case of child labour, forced labour and the underpayment of wages.

The *Coles Ethical Sourcing – Child Labour Remediation Requirements*, *Coles Ethical Sourcing – Forced / Bonded Labour Remediation Requirements* and *Coles Ethical Sourcing – Wages and Benefits Remediation Requirements – Australia* documents (available on the Coles Group website) outline Coles' expectations on remediation if practices inconsistent with these standards are identified.

### Collaboration and negotiation

In some cases, it is not possible for Coles to address the issue and provide remedy in isolation. Coles consults with the affected person/s, or alternatively, works together with the representative trade union/NGO/representative agent, to ensure that assistance meets the needs of each individual.

Coles is open to collaborating with judicial and non-judicial grievance mechanisms, including the AUSNCP.

### Preventative Remedy

Preventative remedy ensures that mitigants are put in place to ensure the prevention of similar future harm.

#### Analysing trends and patterns in impacts and grievances

Coles endeavours to identify systemic problems and root causes of violations to ensure that there are no re-occurrences of adverse human rights impacts.

Coles understands that the low frequency in the use of a grievance mechanism may be due to a lack of awareness and trust in the mechanism and is committed to building confidence in the avenues we offer to people to raise their grievances.

The Heads of Corporate Business Protection, Compliance and Group Risk are responsible for preparing periodic reports on the number and type of whistleblower incident raised. These reports are tabled at the Coles Audit and Risk Committee to ensure the Board have full visibility and transparency of whistleblower and other matters, including material incidents. The Audit and Risk Committee then determine whether any matters need to be considered by the Board. The Chief Legal Officer, at least annually, provides the Board with a summary of disclosures made under the Whistleblower Policy.

#### Learning from mistakes and preventing re-occurrence

Coles supports and welcomes dialogue on challenges we face and our opportunities to improve our respect for human

# Ethical Sourcing

## Ethical Sourcing Remediation Framework

rights. Coles supports the efforts and respects the rights of human rights defenders, communities and civil society organisations to document adverse human rights impacts. Coles does not tolerate threats, intimidation, or attacks against human rights defenders and understands their vital role in providing remedy.

### 3. Queries and Feedback

For any queries or to provide feedback regarding Coles' remediation framework, please contact the Coles Ethical Sourcing Team at [EthicalSourcing@coles.com.au](mailto:EthicalSourcing@coles.com.au).