



Great food.  
Better lives.

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## Our 2024 reporting suite

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

The suite also includes our progress against our sustainability and human rights commitments. We continually evolve our reporting suite in response to shareholder and stakeholder feedback, and to align with legislation, disclosure frameworks and leading practices.

To view these reports visit  
**[colesgroup.com.au](https://colesgroup.com.au)**

- > 2024 Annual Report
- > 2024 Corporate Governance Statement
- > 2024 Sustainability Report
- > 2024 Modern Slavery Statement
- > 2024 Economic Contribution Report

## 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', 'likely', 'aim', 'aspire' and other similar expressions. Similarly, statements that describe objectives, plans, goals, or expectations of the Group are forward-looking statements.

Any forward-looking statements are based on the Group's current knowledge and assumptions, including with respect to financial, market, risk, regulatory and other relevant environments that will exist and affect the Group's business

and operations in the future. The Group does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions, many of which are beyond the control of the Group, that could cause the actual results, performance 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 and such statements should be considered in conjunction with the risks, uncertainties and assumptions associated with the relevant statements. All forward-looking statements contained in this report reflect the Group's views held as at the date of this report, and except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking statements or to advise of any change in assumptions

on which any such statement is based. Past performance cannot be relied on as a guide for future performance.

## Non-IFRS information

This report contains IFRS and non-IFRS financial information. IFRS financial information is financial information that is presented in accordance with all relevant accounting standards. Non-IFRS financial information is financial information that is presented other than in accordance with relevant accounting standards and may not be directly comparable with other companies' information.

Any non-IFRS financial information included in this report has been labelled to differentiate it from statutory or IFRS financial information. Non-IFRS measures are used by management to assess and monitor business performance at the Group and segment level and should be considered in addition to, and not as a substitute for, IFRS information. Operating metrics that are prepared on a non-IFRS basis have been included in the segment commentary to support an understanding of comparable business performance. Non-IFRS information is not subject to audit or review.





colesgroup

**Each year, we partner with more than 8,000 suppliers to deliver Australians value and quality across more than 40,000 product lines.**

With cost-of-living pressures the greatest concern for many households, we continue to deliver value with every day low prices, weekly specials, Flybuys and our Own Brand portfolio.

Pictured: Malcom Francis from Esperance Bay Orchards in Tasmania is a Coles Nurture Fund recipient. The orchard has been awarded a grant to invest in Near Infrared technology that detects the internal quality of organic fruit and limits food waste by reducing rejections.

#### Acknowledgement of Country

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



#### THIS REPORT IS INTERACTIVE

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# Coles Group

Coles is one of Australia's leading grocery retailers with an extensive national supermarket and liquor store footprint and a range of digital platforms allowing us to deliver a full service omnichannel experience for customers.

## Key facts

# 856

Supermarket stores<sup>1</sup>

# 992

Liquor stores<sup>1</sup>

# 686

Regional stores<sup>2</sup>

# 115,000 +

Team members

# 770

Click & Collect sites (Supermarkets)

# 978

Click & Collect sites (Liquor)

## Our brands

coles

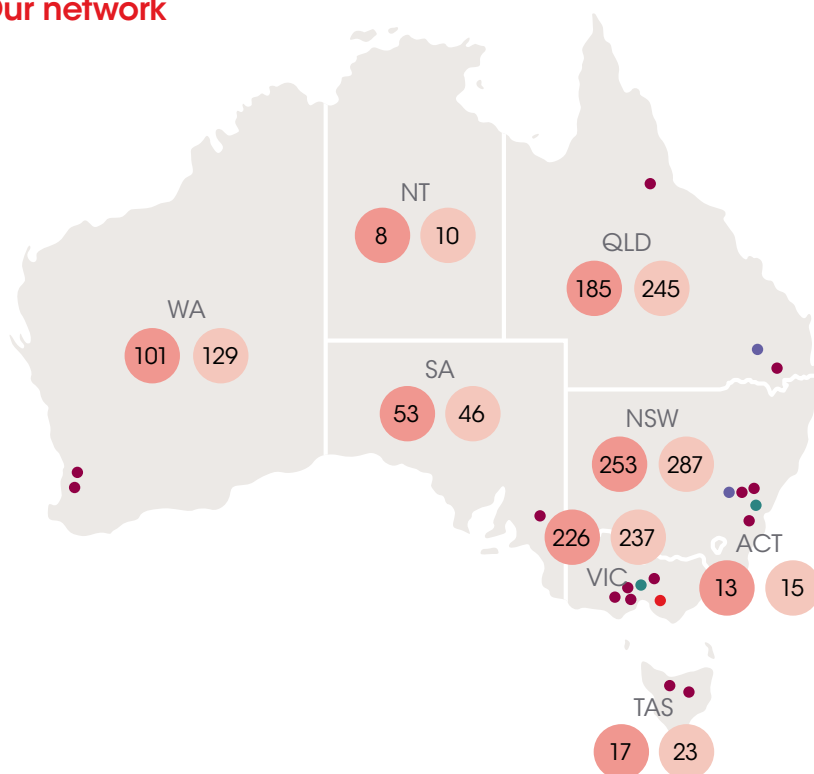
coles  
local

LIQUORLAND

First Choice  
LIQUOR MARKET

VINTAGE CELLARS<sup>®</sup>  
AUSTRALIA'S FINE WINE SPECIALIST

## Our network



- Supermarket stores
- Liquor stores
- Distribution Centres<sup>3</sup>
- Coles Group Store Support Centre
- Automated Distribution Centres
- Customer Fulfilment Centres<sup>4</sup>

1. Inclusive of regional stores.

2. Comprised of 337 Supermarket regional stores and 349 Liquor regional stores.

3. Comprised of Coles and non-Coles Distribution Centres which exclusively serve Coles.

4. Completed construction of Customer Fulfilment Centres, in NSW and Victoria, in FY24. Both commenced operations in early FY25.



# Our vision, strategy and values

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



## We are proudly Coles

**Care**  
for each other

Have **Courage** to  
make the right choices

Deliver for our  
**Customers**

**Create**  
for the future

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# FY24 highlights



Group sales

**\$43.6** bn

Average transactions  
per week

**~18** m

TRIFR improvement  
(from FY23)

**8.8%**

NPAT

**\$1.1** bn

New Exclusive to  
Coles products

**1,100+**

Women in  
leadership roles<sup>1</sup>

**42.5%**

Dividend payout ratio

**81.1%**

mysay team member  
engagement<sup>2</sup>

**Top quartile  
ranking<sup>3</sup>**

Reduction in combined Scope 1  
and 2 emissions<sup>4</sup> (from FY23)

**1.5%**

1. Leadership positions are comprised of the Executive Leadership Team, General Managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.

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

3. Benchmarked by Culture Amp against Australian companies with more than 5,000 team members. The median and top quartile benchmarks cover the period January – December 2023.

4. Coles does not plan to rely on the use of carbon offsets for the achievement of our current FY30 Scope 1 and 2 emissions reduction target. FY24 Scope 1 emissions and Scope 2 emissions include two months of estimated data (based on actual data from past years) and 10 months of actual data.





### Investing in trusted value

During FY24, we launched the Coles Simply range by rebranding many of our core Coles Own Brand staples. The new yellow packaging is a beacon for our lower price products, across a range of categories, including pasta sauces, dairy, meat, kitchenware and cleaning. This is just one of the ways we are helping our customers easily identify value in our supermarket aisles and online.



### Creating exceptional products

Our Coles Finest range offers premium, high-quality products at affordable prices for those customers looking for a restaurant-quality experience in their own home. The range has grown to 230 products with revenue increasing by 20.4%<sup>1</sup> in FY24 and includes delicious food such as our Coles Finest Carbon Neutral Beef, Coles Finest 30 Hour Recipe Stone Baked Sourdough and Coles Finest chilled pastas.



### Innovating across our fresh food offering

We know that enjoying great produce with family and friends is one of life's joys. We go to great lengths to deliver a high-quality fresh food offering. During FY24, we innovated to bring customers a new range of delicious tomatoes, that is exclusive to Coles, bringing back the nostalgic taste and feel of tomatoes. Heirloom tomatoes are now one of the highest selling varieties in France due to their superior taste and texture profile. Following extensive research spanning multiple European countries and 125 varieties, through our long-term partnership with Sundrop, we created our exclusive Grandma's Heirloom Tomatoes range.



### Automating our operations

In recent years we have made significant investments in simplifying our operations while enhancing the customer experience. During FY24, we completed construction of our second Automated Distribution Centre (ADC) in Kemps Creek, NSW. This state-of-the-art facility will help us ensure better availability for customers and deliver meaningful cost efficiencies. We also invested in developing our two Customer Fulfilment Centres (CFCs), in NSW and Victoria; both facilities commenced operations in early FY25. These facilities are designed to enable us to deliver a significantly improved customer experience for our next day home delivery orders in Sydney and Melbourne.

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1. On a normalised basis. FY24 is a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.



# Delivering for our stakeholders

## Coles' impact in FY24



### Customers

We serve millions of Australians every week. We are committed to providing customers with choice and value and we aspire to become the most trusted retailer in Australia.

## Thousands

of promotions every week

## >2 m

Flybuys members redeemed points for the first time at Coles



### Suppliers

We partner with more than 8,000 suppliers to deliver more than 40,000 product lines for our customers. We value long-term partnerships and enjoy many positive relationships with our suppliers spanning decades.

## \$34.7 bn

supplier spend for products and services

## \$36 m

awarded to farmers and producers since 2015 through the Coles Nurture Fund, to support innovative projects



### Team members

We are one of Australia's largest employers. Our team members reflect the diverse communities in which we operate and we strive to make Coles a great place to work.

## \$6.0 bn

paid in salaries, wages and benefits

## Coles' Stretch Reconciliation Action Plan

launched in March 2024



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Community

We believe we have an important role to play in the communities in which we operate. We support a range of causes including health and wellbeing, nutrition, food security, and aid in times of natural disasters.

\$38.5 m

in community support to charitable causes<sup>1</sup>

#1

corporate giver in Australia as a percentage of profit<sup>2</sup>



Shareholders

We have more than 420,000 shareholders, of which many are Australian families and companies, including superannuation funds.

\$1.1 bn

NPAT attributable to shareholders

\$884 m

paid out in dividends to shareholders in FY24

1. Includes Coles' direct contributions (cash and products), time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations to SecondBite and Foodbank, valued at \$158m, are not included in this number. Coles' community support is verified by Business for Societal Impact (B4SI).  
2. Based on 2023 Giving Large research, by Strive Philanthropy.





# Serving Australians for more than a century

Message from  
the Chairman

**James Graham**



Dear Shareholder,

This year marks 110 years since our founder G. J. Coles opened our first store in Smith Street, Collingwood, Victoria. Ever since that time we have been focused on providing great value, quality groceries and essentials to our customers.

Our progress over this last year reflects the continuation of this commitment – working with our team, suppliers and partners to efficiently deliver fresh food, groceries, household items and liquor across our network of more than 1,800 retail outlets, serving customers nearly 18 million times a week.

It has been a year of considerable progress.



## Investing for the future

To underpin our performance, we continued to invest in new store developments, renewals and transformative long-term new technology investments.

Key achievements included completing our second Automated Distribution Centre (ADC) in Western Sydney, with its official opening in August 2024, which will help us ensure better in-store availability for customers across New South Wales and the ACT and lower our operating costs. Pleasingly, our first ADC which opened in Redbank, Queensland last year has shown the benefits of more efficiently delivering to our 219 stores in Queensland and northern NSW.

We are also pleased to have completed the construction of our two Customer Fulfilment Centres (CFCs) in Western Sydney and Melbourne. These two CFCs are the outcome of a decision five years ago to establish a significant step up in customer experience for online retail orders, as seen in other supermarkets using the Ocado technology around the world.

Together, these four facilities represent the single largest capital investment in our history with more than \$1.4 billion invested in leading world-class technology to improve performance and our customer offer.

## Regulatory framework

During the year against the backdrop of global cost-of-living challenges we have engaged constructively with governments and regulators across a number of inquiries and reviews.

Ensuring the operation of strong and competitive open markets is important in efficiently delivering quality products at competitive prices – an objective which we have pursued for more than a century.

In that regard, we were pleased to engage with Dr Emerson's review of the Food and Grocery Code of Conduct and have given our support for the recommendations of the review making the Code mandatory. In addition, we continue to fully engage with the ACCC as it undertakes its 12-month review of the business operations of the grocery sector.

An important tenet of the Australian business landscape has been a stable framework in which companies have invested to deliver long-term value for customers, communities and shareholders. The maintenance of a clear and consistent framework is vital to build our future national prosperity.

We support strong competition and policy settings which encourage long-term investment.



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Contributing to sustainability and our community

Supporting our environment, team and communities remains central to our strategy and we are committed to addressing the issues that matter most to our stakeholders.

This year, we continued to invest in renewable electricity, waste reduction and recycling. We reduced our combined Scope 1 and Scope 2 emissions by 1.5%; diverted 86.7% of solid waste from landfill; and, as at the end of FY24, 87.4% of Coles Own Brand and Coles Liquor Own Brand packaging was recyclable, up from 83.8% in FY23.

Additionally, we introduced a Scope 3 supplier engagement target during the year with our commitment to work with 75% of our suppliers, by spend, to help them set emissions targets by the end of FY27. Scope 3 emissions are the indirect emissions which occur in our value chain and comprise more than 90% of our emissions profile.

We also made important progress with our team of more than 115,000, increasing diversity and inclusion with 42.5% of leadership roles across Coles now held by women and 3.6% of our team identifying as Aboriginal or Torres Strait Islander. We also launched our refreshed Human Rights Strategy and our Stretch Reconciliation Action Plan, reaffirming our commitments to advancing both human rights and reconciliation with First Nations peoples.

Coles has a commitment to support the communities in which we operate. This past year we, together with our customers, continued our longstanding support of Redkite, FightMND, Little Athletics and SecondBite. We also made \$3.7 million in grants through the Coles Nurture Fund in FY24 to help Australian farmers and producers invest in innovative projects and sustainable

farming practices and we donated the food equivalent of approximately 40 million meals to Australians in need.

Our financial performance

Our aim of building trust and growing long-term shareholder value resulted in a solid financial performance in a challenging economic environment.

The 2024 financial year was a 53-week year, reflecting the Group's retail trading calendar. As a result of a constant focus on quality, efficiency and value we achieved, from continuing operations, total Group Sales Revenue of \$43.6 billion and Net Profit After Tax of \$1.1 billion. On an adjusted 52-week comparable basis this represented an increase of 5.7% and 2.1%, respectively, on the prior year.

The Board declared fully franked dividends for the year of 68 cents per share, an increase of 3.0% on the prior year, including the final dividend of 32 cents per share payable on 25 September 2024.

These results reflect the benefits of implementing our long-term strategy, investing in new technology, improving our customer value and focusing upon efficiency.

Board and Management

During the year Paul O'Malley retired from the Board having made a significant contribution to Coles and its governance as a Director and as Chairman of the Audit and Risk Committee.

In December last year we were pleased to welcome Andy Penn as a Director, bringing his substantial large corporate, customer-facing technology expertise, and in February, due to a change in personal circumstances, we were delighted that Terry Bowen, with his deep grocery retailing and corporate experience, was able to continue as a Director.

Pleasingly, further adding to Board renewal, we were able to announce in July 2024 that Peter Allen would be joining the Board in September of this year, with his significant experience in property management, especially with large retail businesses.

Both Andy and Peter will stand for election at our Annual General Meeting on 12 November 2024.

Under the leadership of our Chief Executive Officer, Leah Weckert, we have seen a year of substantial progress in all aspects of our business. Leah and our Executive Leadership Team, which was further strengthened during the year with Anna Croft joining us, have lifted our performance and increased levels of engagement with suppliers and all Coles team members.

To my fellow Directors and the management team, I express my thanks for their unwavering contribution.

Looking ahead

Against the backdrop of 110 years of conducting essential retailing in Australia and with the strength of more than 115,000 team members we look forward to creating long-term value for you, our more than 420,000 shareholders.

We are committed to building upon the essential role we play for our customers Australia wide and contributing positively to the communities in which we operate.

Thank you for your ongoing support of Coles.

James Graham AM  
Chairman, Coles Group Limited



# Supporting our customers and communities

Dear Shareholder,

This year, we continued to build momentum through our strategy and delivered a wide range of achievements against our three pillars of 'Destination for food and drink', 'Accelerated by digital' and 'Delivered consistently for the future'.

There have been a number of challenges throughout the year, including changing customer behaviour, increased external scrutiny and cost inflation. I am proud of how our team members have demonstrated resilience and agility in the face of these challenges to advance us in our purpose of 'Helping Australians eat and live better every day'.

Group sales revenue –  
continuing operations

**\$43.6** bn

Group EBIT –  
continuing operations

**\$2.1** bn

## Strategic and business highlights

The financial pressures on households and families have been front of mind for us this year, and we've endeavoured to deliver value across our supermarket, liquor and online offerings to help customers balance the household budget.

We launched several initiatives to ensure savings across hundreds of popular products and everyday essentials. This included our 'Great Value, Hands Down' campaign, 'Down Down' promotions, and thousands of weekly specials. Additionally, we introduced more ways for customers to earn and redeem points through Flybuys, with more than two million customers redeeming points for the first time.

Our Own Brand range continued to perform well, with our Exclusive to Coles sales increasing 8.6% (normalised: 6.6%) in the financial year, and more than 1,100 new Exclusive to Coles products added to the portfolio. We launched our new Coles Simply branding, making it easier for customers to identify the many great value staples across our store, while our Coles Finest range expanded and experienced impressive sales growth of 20.4% (normalised).

This year, we were pleased to see improvements in product availability, as well as quality of fresh produce, thanks to improvements in our supply chain and sourcing. This included transitioning to 100% WA sourcing for Coles Own Brand fresh beef, pork, poultry and lamb in WA stores. We also worked to address loss by rolling out Skip Scan, Smart Gates and Bottom of Trolley technology to hundreds of stores.

Our investment in digital and eCommerce – particularly through innovations in the Coles App, Click & Collect and Rapid Delivery – resonated with customers as they actively sought value, convenience, and a more

personalised shopping experience. As a result, we saw Supermarkets eCommerce sales growth of 30.1% (normalised) for the financial year, coupled with an improvement in online customer satisfaction.

As we looked for ways to capture new markets through innovation, we invested in the launch of online pet store Swaggle, and expanded our QuiteLike meal kit subscription service as well as the Coles 360 retail media business. These investments provide a platform for growth into the future.

Pleasingly, the purchase of two Saputo Dairy Australia milk processing plants in Laverton North (Victoria) and Erskine Park (NSW) was completed in June. Each facility has the capacity to process approximately 225 million litres of milk a year and will improve supply security into the future, while also enabling product innovation.

## Win Together

During the year we refreshed our values, launching our 4Cs: *Care for each other, Have Courage to make the right choices, Deliver for our Customers and Create for the future*. Our team has embraced these, and I am proud of the countless daily examples of these values in action across every facet of our business.

We achieved our highest-ever engagement score in our *mysay* survey, placing Coles in the top quartile of Australian companies, with a three-percentage point improvement versus last year and six points higher than FY22.

The diversity of backgrounds, perspectives and experiences within our team continued to be a focus, and we were pleased to grow women in leadership to 42.5%, Indigenous representation to 3.6%, and achieve the number one ranking on the Access and Inclusion Index 2023. We also celebrated Sydney World Pride, supporting the event as a presenting partner.



Managing Director  
and Chief Executive  
Officer's Report  
**Leah Weckert**



We recorded an 8.8% improvement in TRIFR and undertook training and initiatives to improve mental health outcomes across the business. We are also collaborating across the industry to address a rise in threatening situations seen in retailers.

We remain committed to investing in community sport, and this year we continued to support Little Athletics centres across Australia with equipment grants, totalling more than \$2.4 million since 2018. The Coles Healthy Kicks program continued to evolve and grow, and we also announced a new partnership with Football Australia's MiniRoos, the official junior grassroots program of Australian football.

In addition to the \$3.7 million in grants we awarded through the Coles Nurture Fund in FY24, we also launched the Dairy Farm Sustainability Accelerator Fund allocating approximately \$1.5 million per year in FY24 and FY25 towards sustainable farming projects across the Coles dairy farmer group.

**Financial performance**

Coles delivered solid financial results in FY24 with Group EBITDA and EBIT on a continuing operations basis of \$3,659 million and \$2,057 million respectively, and NPAT on a continuing operations basis of \$1,128 million. Our NPAT margin has remained stable against FY23 at around 2.6%.

This was supported by the successful execution of key events including Christmas and Easter, a positive customer response to our value campaigns and a strong focus on costs with our Simplify and Save to Invest program realising efficiencies of \$238 million in the financial year. We are on track to deliver \$1 billion in benefits over four years under Simplify and Save to Invest.

Pleasingly for customers, Supermarkets inflation continued to moderate, with inflation across FY24 at 2.5%, a significant reduction on 6.7% in FY23. In the fourth quarter, total Supermarkets price inflation further moderated to 1.5%.

**The year ahead**

As we look to the year ahead, we are well positioned to deliver on our strategic priorities.

With our two Automated Distribution Centres now operating, and our two automated Customer Fulfilment Centres ramping up from July, we look forward to unlocking the full benefits of these transformative investments and delivering a world-class customer experience for online orders.

With ongoing cost-of-living pressures, we will continue responding to the needs of our customers with a focus on value through every day low prices, weekly specials, Flybuys and Coles Own Brand.

Our performance this year would not have been possible without the efforts of our more than 115,000 team members, and I thank them for their commitment and ongoing work to deliver for our stakeholders. I would also like to thank our customers and suppliers for their continued support, and to our shareholders, thank you for your continued trust and confidence in Coles.

A handwritten signature in black ink, appearing to read 'Leah Weckert'.

**Leah Weckert**  
Managing Director and Chief Executive  
Officer, Coles Group Limited

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# Board of Directors



**James Graham AM**

Chairman of the Board  
Chairman of the Nomination  
Committee and Member of the  
People and Culture Committee



**Leah Weckert**

Managing Director &  
Chief Executive Officer



**Terry Bowen**

Member of the Nomination  
Committee and the Audit  
and Risk Committee



**Jacqueline Chow**

Member of the Nomination  
Committee and the Audit and  
Risk Committee



**Abi Cleland**

Member of the Nomination  
Committee and the People  
and Culture Committee



**Richard Freudenstein**

Chairman of the People and  
Culture Committee and Member  
of the Nomination Committee



**Andrew Penn AO**

Chairman of the Audit and Risk  
Committee and Member of the  
Nomination Committee



**Scott Price**

Member of the Nomination  
Committee and the People  
and Culture Committee



**Wendy Stops**

Member of the Nomination  
Committee and the Audit  
and Risk Committee



Biographical details of the Board of Directors can be found on pages 54 to 57.



# Executive Leadership Team



**Leah Weckert**  
Managing Director &  
Chief Executive Officer



**Charlie (Sharbel Raymond) Elias**  
Chief Financial Officer



**Matt Swindells**  
Chief Operations &  
Sustainability Officer



**Anna Croft**  
Chief Commercial Officer



**David Brewster**  
Chief Legal & Safety Officer



**Michael Courtney**  
Chief Executive, Liquor



**John Cox**  
Chief Technology Officer



**Sally Fielke**  
General Manager, Corporate  
& Indigenous Affairs



**Ben Hassing**  
Chief Digital Officer



**Amanda McVay**  
Chief Customer Officer



**Daniella Pereira**  
Group Company Secretary



**Kris Webb**  
Chief People Officer

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# Business model and strategy

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This Operating and Financial Review (OFR) relates to Coles Group Limited ('the Company') and its controlled entities (together, 'Coles', 'Coles Group', or 'the Group').

## Business model

Coles is one of Australia's leading retailers, with an extensive national supermarket and liquor store footprint and a range of digital platforms allowing us to deliver a full service omnichannel experience for customers. We employ more than 115,000 team members, engage with more than 8,000 suppliers, have more than 420,000 shareholders and welcome millions of customers through our store network and digital platforms every week.

Coles' reportable segments from continuing operations are:

- **Supermarkets:** fresh food, groceries and general merchandise retailing. Includes Coles Online, Coles Financial Services and Coles 360 retail media services.
- **Liquor:** liquor retailing, including online services.
- **Other:** business operations that are not separately reportable, including Property, Coles' share of the Flybuys loyalty program and a product supply arrangement (PSA) with Viva Energy Group Ltd (Viva Energy), as well as costs associated with enterprise functions, such as Insurance and Treasury.

Coles' brand portfolio includes Coles Group, Coles, Coles Local, Liquorland, First Choice Liquor Market, Vintage Cellars, Swaggle, QuiteLike, Coles 360 and Coles Financial Services. Coles is also a 50% shareholder of Flybuys, which has more than nine million active members.

The Group's core competencies include merchandising, product development and supplier relationships, marketing, customer service and maintaining and operating a national store and digital network. Coles also operates an integrated supply chain, including a national distribution centre network.

**Pictured:** Athletes from West Bundaberg and Burrum District Little Athletics centres celebrate the 2023 Coles Banana A-Peel with Coles Ambassador and Olympian Sally Pearson.

## Delivering our strategy

Our strategy focuses on delivering excellence in grocery retailing and centres around our purpose of **Helping Australians eat and live better every day**.



At the start of FY24 we refreshed our purpose and strategy, with the aim of providing leading food, drink and home solutions that are delicious and healthy for our customers. This past year marks the first year of this new strategy.

Our new strategy is comprised of three strategic pillars, **Destination for food and drink**, **Accelerated by digital** and **Delivered consistently for the future**, underpinned by **Win Together** and **Foundations**.

### Destination for food and drink >

is why our customers come to Coles and what we aspire to be known for. We will tailor our product range, quality, value, merchandising and communication to meet and surpass our customers' needs

### Accelerated by digital >

is how we intend to meet our customers' increasing digital usage by creating an easier, faster and more enjoyable omnichannel shopping experience

### Delivered consistently for the future >

is our focus on delighting our customers with our food and drink offering each and every day, today and into the future

### Win Together >

is recognition that we only succeed together with our team, community and suppliers

### Foundations >

of financial discipline, technology, and data help us deliver on our strategic pillars and enable us to drive value for our stakeholders





FY24 key strategic highlights

- Continued to strengthen our value proposition through successful ‘Great Value, Hands Down’ seasonal campaigns and every day low prices
- Well executed key events including Christmas, Easter and Mother’s Day
- Improved quality controls in fresh and launched our ‘Great Lengths for Quality’ campaign, showcasing the lengths our team members, farmers and suppliers go to in order to source and deliver the highest quality products for our customers
- Launched more than 1,100 Exclusive to Coles and 244 Exclusive Liquor Brand products, collaborating with a team of chefs, farmers, product developers and food specialists, along with our liquor sourcing and packaging specialists and supply partners to create high-quality and innovative products at all price points
- Increased engagement in our Flybuys loyalty program through personalisation and national rollout of instant \$10 off at point of sale; Flybuys active members increased by 5.3%

- Increased Coles Online NPS<sup>1</sup> driven by improved delivery and Click & Collect experience, with significantly reduced Click & Collect wait times, release of several new digital features, increased personalisation and improvements in availability
- Grew Coles App monthly active users by 42.6% and added new features for in-store shopping and eCommerce including launch of Coles Plus Saver membership subscription, digital receipts and shareable shopping lists
- Completed Customer Fulfilment Centre (CFC) construction at both sites, ramp up commenced in July FY25
- Invested in our Coles 360 retail media business, including the launch of Coles 360Impact and expansion into Liquor
- Expanded our range of pet products and services through the launch of a new online pet retailer, Swaggle

- Delivered \$238 million in Simplify and Save to Invest benefits
- Revitalised our store network with the opening of 12 new supermarkets and 45 new liquor stores (inclusive of the acquisition of 20 stores in Tasmania), and the renewal of 50 supermarkets and 97 liquor stores
- Improved availability and supply chain resilience, including transitioning to 100% WA sourcing of all Coles Own Brand fresh beef, poultry, pork and lamb in WA stores
- Completed ramp up of Redbank Automated Distribution Centre (ADC) in Queensland and completed construction of our second ADC in Kemps Creek, NSW, with first outbound delivery in July FY25
- Successfully implemented a range of initiatives to address stock loss, including the installation of Skip Scan, Smart Gates and Bottom of Trolley technology in stores
- Continued our sustainability efforts across our four environmental focus areas of energy and emissions, waste, packaging, and sourcing and farming

- Achieved highest-ever *mysay* engagement score<sup>2</sup>, ranking in the top quartile<sup>3</sup>
- Maintained 40/40/20 gender representation with 42.5% of our leadership population being women<sup>4</sup>
- Ranked #1 out of 40 organisations in the Access and Inclusion Index 2023
- Launched Coles’ Stretch Reconciliation Action Plan
- Provided \$38.5 million in community support<sup>5</sup> and donated equivalent of 39.8 million meals to SecondBite and Foodbank (20m kgs)<sup>6</sup>
- Coles Nurture Fund awarded more than \$3.7 million in grants to nine small and medium-sized businesses

- Expanded use of artificial intelligence (AI) enhancing customer and team member experience
- Partnered with a leading global AI provider to drive operational improvements, particularly rostering
- Enhanced our cloud data platform and master data management system, further enabling data-driven decisions across the business

1. Net Promoter Score. Metric used to measure customer advocacy, derived from an externally facilitated survey with a nationally representative sample. The movement reported represents the NPS measured over the relevant period relative to the prior corresponding period.

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

3. Benchmarked by Culture Amp against Australian companies with more than 5,000 team members. The median and top quartile benchmarks cover the period January – December 2023.

4. Leadership positions are comprised of the Executive Leadership Team, General Managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.

5. Includes Coles’ direct contributions (cash and products), time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations to SecondBite and Foodbank, valued at \$158m, are not included in this number. Coles’ community support is verified by Business for Societal Impact (B4SI).

6. In addition to unsold edible food, the figure also includes bulk food and grocery donations to SecondBite and Foodbank.

Portfolio update

In June 2024, Coles successfully completed the acquisition of two automated milk processing facilities from Saputo Dairy Australia. This acquisition improves security of milk supply and provides access to capacity to facilitate growth through product innovation.

In June 2024, Coles also acquired 20 liquor stores in Tasmania. This acquisition significantly expands Coles Liquor’s footprint in the region, increasing the total number of stores to 23.

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# Group performance

Group sales revenue (\$m)	FY24 53 weeks	FY23 52 weeks	Change	Change normalised <sup>1</sup>
Supermarkets	39,042	36,746	6.2%	4.3%
Liquor	3,692	3,610	2.3%	0.5%
Other	837	127	n/m	n/m
<b>Sales revenue – continuing operations</b>	<b>43,571</b>	<b>40,483</b>	<b>7.6%</b>	<b>5.7%</b>
Express – discontinued operations	-	988	n/m	n/m
<b>Total Group sales revenue</b>	<b>43,571</b>	<b>41,471</b>	<b>5.1%</b>	<b>3.2%</b>

n/m denotes not meaningful.

1. FY24 is a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

Group performance (\$m)	FY24 53 weeks	FY23 52 weeks	Change	Change normalised <sup>1</sup>
Supermarkets <sup>2</sup>	2,018	1,765	14.3%	9.6%
Liquor <sup>3</sup>	133	157	(15.3%)	(20.9%)
Other	(94)	(63)	49.2%	49.2%
<b>EBIT – continuing operations</b>	<b>2,057</b>	<b>1,859</b>	<b>10.7%</b>	<b>5.7%</b>
Financing costs	(442)	(394)	12.2%	11.6%
Income tax expense	(487)	(423)	15.1%	8.7%
<b>Profit from continuing operations</b>	<b>1,128</b>	<b>1,042</b>	<b>8.3%</b>	<b>2.1%</b>
Profit from discontinued operations, after tax	(10)	56	n/m	n/m
<b>Net profit after tax</b>	<b>1,118</b>	<b>1,098</b>	<b>1.8%</b>	<b>(4.0%)</b>

n/m denotes not meaningful.

1. FY24 is a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

2. Includes major project implementation costs relating to ADCs and CFCs (FY24: \$107 million; FY23: \$58 million) and a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: \$25 million).

3. FY24 includes a tax adjustment relating to prior years (\$5 million) and a write-off of capitalised IT development costs in relation to the eCommerce business (\$6 million).

## Highlights

- Sales revenue growth from continuing operations of 7.6% to \$43,571 million.
- EBIT growth from continuing operations of 10.7% to \$2,057 million.
- Cash realisation of 98% and net debt of \$977 million.
- Fully franked final dividend of 32.0 cents per share declared, taking total dividends in relation to FY24 to 68.0 cents.

## Performance overview from continuing operations

Group sales revenue from continuing operations increased by 7.6% to \$43,571 million. Normalising for the impact of the 53rd week in FY24, sales growth was 5.7%, with growth in Supermarkets sales revenue of 4.3% and Liquor sales revenue of 0.5%. The Other segment included \$837 million of revenue in relation to the PSA with Viva Energy.

Group EBIT from continuing operations increased by 10.7% to \$2,057 million which was 5.7% on a normalised basis underpinned by strong growth in Supermarkets earnings. During the

period major project implementation costs of \$107 million were incurred in relation to Coles' two ADCs and two automated CFCs (FY23: \$58 million) and \$11 million in non-recurring expenses were recorded by the Liquor division.

Financing costs from continuing operations increased by \$48 million to \$442 million reflecting increased borrowing costs following Coles' \$600 million bond issuance in November 2023, higher interest rates on short term revolving debt facilities and increased interest on lease liabilities associated with lease renewals and new leases, including our two ADCs.



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Award covered salaried team member review

In February 2020, Coles announced it was conducting a review into the pay arrangements for all team members who received a salary and were covered by the General Retail Industry Award 2010 (GRIA). The review assessed the remuneration paid to 15,011 team members against the GRIA. Coles conducted a remediation program, and has paid \$31 million of remediation costs to date. In addition, at 30 June 2024, a provision of \$19 million (25 June 2023: \$37 million) is reflected in the financial statements.

Following the announcement in February 2020, the Fair Work Ombudsman (FWO) commenced an investigation into Coles' pay arrangements for a group of the affected salaried team members covered by the GRIA.

In December 2021, the FWO filed proceedings in the Federal Court of Australia which include issues relating to the interpretation and application of various provisions of the GRIA. FWO alleges that Coles is obligated to pay a further \$108 million in remediation payments to 7,687 team members for the period 1 January 2017 to 31 March 2020. This group is a subset of the award covered salaried employees which were assessed as part of the 2020 review by Coles. Additionally, the period of time covered in the proceedings is a lesser period than the period covered in Coles' remediation.

Following further consideration of the issues as they have evolved, Coles announced on 2 June 2023 that it intended to conduct a further remediation relating to the reconciliation of available records of the days and hours of work of salaried supermarket managers. A

provision of \$25 million was subsequently recognised increasing the provision reflected in the financial statements at 25 June 2023 to \$37 million. During the current year remediation payments of \$18 million were made against the provision. The FWO matter was heard in a seven week trial from 5 June 2023 and judgment is pending. As such, the potential outcome, extent to which further remediation may be necessary, and costs associated with this matter remain uncertain as at the date of this report.

In May 2020, a class action proceeding was filed in the Federal Court of Australia in relation to payment of Coles managers employed in supermarkets. This matter was heard in conjunction with the FWO proceedings and judgment has also been reserved. The potential outcome and total costs associated with this matter remain uncertain as at the date of this report.

Earnings per Share and dividends

Basic Earnings per Share (EPS) from continuing operations was 84.6 cents, an 8.3% increase from the prior year.

	FY24 53 weeks	FY23 52 weeks
<b>Profit for the period</b>		
Continuing operations (\$m)	1,128	1,042
Discontinued operations (\$m)	(10)	56
<b>Total profit for the period</b>	<b>1,118</b>	<b>1,098</b>
Weighted average number of ordinary shares for basic EPS (shares, million)	1,334	1,334
Weighted average number of ordinary shares for diluted EPS (shares, million)	1,338	1,338
<b>EPS attributable to equity holders of the Company</b>		
Basic EPS (cents)	83.8	82.3
Diluted EPS (cents)	83.5	82.1
<b>EPS attributable to equity holders of the Company from continuing operations</b>		
Basic EPS (cents)	84.6	78.1
Diluted EPS (cents)	84.3	77.9

The Board has determined a fully franked final dividend of 32.0 cents per share (cps).

In respect of the year:	CPS	Franked amount per security
<b>FY24</b>		
Interim dividend	36.0 cents	36.0 cents
Final dividend	32.0 cents	32.0 cents
<b>FY23</b>		
Interim dividend	36.0 cents	36.0 cents
Final dividend	30.0 cents	30.0 cents

# Balance Sheet

A summary of key balance sheet accounts for the Group:

\$m	FY24	FY23	Change
<b>ASSETS</b>			
Cash and cash equivalents	675	597	13.1%
Trade and other receivables	496	605	(18.0%)
Inventories	2,703	2,323	16.4%
Property, plant and equipment	5,619	4,985	12.7%
Right-of-use assets	7,048	6,507	8.3%
Intangible assets	2,203	2,035	8.3%
Deferred tax assets	717	740	(3.1%)
Other	409	500	(18.2%)
<b>Total assets</b>	<b>19,870</b>	<b>18,292</b>	<b>8.6%</b>
<b>LIABILITIES</b>			
Trade and other payables	4,584	4,434	3.4%
Income tax payable	73	-	n/m
Provisions	1,266	1,281	(1.2%)
Interest-bearing liabilities	1,652	1,118	47.8%
Lease liabilities	8,417	7,849	7.2%
Other	261	254	2.8%
<b>Total liabilities</b>	<b>16,253</b>	<b>14,936</b>	<b>8.8%</b>
<b>Net assets</b>	<b>3,617</b>	<b>3,356</b>	<b>7.8%</b>

n/m denotes not meaningful.

**Cash and cash equivalents** increased to \$675 million primarily reflecting timing of trade and other receivables and trade and other payables prior to year end.

**Trade and other receivables** decreased to \$496 million impacted by the FY24 year ending on 30 June 2024.

**Inventories** increased to \$2,703 million primarily due to improved availability of stock on hand and impact of inflation on the cost of goods.

**Property, plant and equipment** increased to \$5,619 million largely reflecting the investment in the Group's annual capital program, partly offset by depreciation and property divestments during the year.

**Right-of-use assets** of \$7,048 million increased by \$541 million mainly driven by lease assets additions (which include the recognition of the two CFCs and one ADC) and remeasurements of \$1,392 million, partially offset by lease asset depreciation of \$830 million and impairments of \$21 million.

**Intangible assets** increased to \$2,203 million due to the Group's ongoing investment in technology, partly offset by amortisation for the year.

**Lease liabilities** of \$8,417 million increased by \$568 million driven by lease assets additions and remeasurements of \$1,402 million, and accretion of interest of \$363 million, offset by lease payments of \$1,197 million.

## Capital management

**Interest-bearing liabilities** reflect external borrowings and debt capital funding commitments. In November 2023, Coles issued \$600 million of fixed rate Australian dollar medium term notes (Notes), comprising of \$350 million 7-year Notes and \$250 million 10-year Notes. The proceeds from these issuances were used for general corporate purposes.

At 30 June 2024, Coles' average debt maturity was 5.5 years, with undrawn facilities of \$2,378 million. Coles remains committed to maintaining diversified funding sources and extending its debt maturity profile over time.

The lease-adjusted leverage ratio at the reporting date was 2.7x on a continuing basis, with current published credit ratings of BBB+ with Standard & Poor's and Baal with Moody's.



# Cash Flow

Summary cash flows of the Group:

\$m	FY24 53 weeks	FY23 52 weeks	Change
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	46,145	44,043	4.8%
Payments to suppliers and employees	(42,556)	(40,439)	5.2%
Interest paid	(57)	(57)	-
Interest component of lease payments	(363)	(372)	(2.4%)
Interest received	6	2	200.0%
Income tax paid	(382)	(370)	3.2%
Net cash flows from operating activities	2,793	2,807	(0.5%)
Net cash flows used in investing activities	(1,513)	(1,000)	51.3%
Net cash flows used in financing activities	(1,202)	(1,799)	(33.2%)
Net increase in cash and cash equivalents	78	8	n/m

n/m denotes not meaningful.

**Net cash flows from operating activities** were impacted by the FY24 year ending on 30 June 2024.

**Net cash flows used in investing activities** increased to \$1,513 million, which reflects increased investments in property, plant, and equipment as part of the Group’s annual capital program. In addition, the prior year included the proceeds of the sale of the Express business. The Group paid \$74 million for the acquisition of businesses including two automated milk processing facilities acquired from Saputo Dairy Australia<sup>1</sup> and liquor business acquisitions made during the year.

**Net cash flows used in financing activities** decreased to \$1,202 million reflecting proceeds received from the issuance of the Notes in November 2023.



**Pictured:** Newly opened Coles Box Hill, NSW.

1. The Group announced to the ASX on 3 April 2023, the acquisition of the two milk processing plants. Prior to completion, the land and buildings were sold to a third party and leased by Coles, resulting in a decrease in consideration paid.

# Supermarkets

## Key highlights

Total sales revenue

**\$39.0** bn

eCommerce sales<sup>1</sup>

**\$3.7** bn

Exclusive to Coles sales revenue growth<sup>2</sup>

**6.6%**

**Supermarkets sales revenue of \$39,042 million increased by 6.2% on the prior year (normalised: 4.3%).**

Sales revenue growth was driven by a positive customer response to our 'Great Value, Hands Down' seasonal value campaigns, well executed trade events such as Christmas, Easter and Mother's Day, strong growth in eCommerce and improvements in availability.

eCommerce sales grew by 30.1% (normalised) with improvements in customer experience, availability and strong trade across key events including Black Friday, Christmas, Easter and the Coles Online 25<sup>th</sup> birthday sale.

Exclusive to Coles sales revenue increased by 8.6% (normalised: 6.6%) to \$13.5 billion with the portfolio continuing

to resonate with customers seeking value. The Coles Finest range delivered particularly strong sales growth of 20.4% (normalised) and convenience meals, such as the Coles Kitchen range, also grew with customers seeking quality alternatives to eating out and convenient meal solutions. Across the portfolio more than 1,100 new Exclusive to Coles products were launched with a focus on quality, innovation and affordable value, including more than 70 products in the Coles Finest range. The Coles Simply value range was launched in the first quarter with distinctive yellow packaging to help customers easily identify key Own Brand value items and grew to more than 100 products by year end.



**Pictured:** Coles ambassador, Courtney Roulston, with the KitchenAid ovenware range which featured in a collectable campaign designed to reward Coles' loyal customers.

1. eCommerce gross retail sales includes Liquor sold through [coles.com.au](https://www.coles.com.au) and excludes gift cards sold online.

2. Normalised growth rate.



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

## Segment overview

\$m	FY24 53 weeks	FY23 52 weeks	Change	Change normalised <sup>1</sup>
Sales revenue	39,042	36,746	6.2%	4.3%
EBITDA <sup>2</sup>	3,487	3,157	10.5%	7.3%
EBIT <sup>2</sup>	2,018	1,765	14.3%	9.6%
Gross margin (%)	26.9	26.4	49bps	49bps
Cost of doing business (CODB)(%)	(21.7)	(21.6)	12bps	25bps
EBIT margin (%)	5.2	4.8	37bps	24bps

1. FY24 is a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

2. Includes major project implementation operating expenditure relating to ADCs and CFCs (FY24: \$107 million; FY23 \$58 million) and a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: \$25 million).

## Operating metrics (non-IFRS)

	FY24 53 weeks	2H24 26 weeks	1H24 27 weeks	FY23 52 weeks
Sales growth ex-tobacco – normalised <sup>1</sup> (%)	5.7	5.2	6.2	7.4
Gross retail sales <sup>2</sup> (\$ billions)	40.3	19.8	20.5	38.0
Gross retail sales growth – normalised <sup>1</sup> (%)	4.2	3.3	5.0	6.6
Comparable sales growth – normalised <sup>1</sup> (%)	3.4	2.6	4.0	5.8
eCommerce sales <sup>3</sup> (\$ billions)	3.7	1.9	1.8	2.8
eCommerce penetration <sup>3</sup> (%)	9.4	9.6	9.1	7.5
Sales density per square metre <sup>4</sup> (MAT \$/sqm)	19,816	19,816	19,618	19,201
Inflation / (deflation) (%)	2.5	1.8	3.0	6.7
Inflation / (deflation) excl. tobacco (%)	2.2	1.5	2.9	6.9
Inflation / (deflation) excl. tobacco and fresh (%)	3.4	2.0	4.8	7.6

1. FY24 is a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

2. Gross retail sales are comprised of retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points.

3. eCommerce gross retail sales and penetration include Liquor sold through coles.com.au and excludes gift cards sold online.

4. Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.



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Providing value to our customers is a key priority for the business. This was delivered through our seasonal value campaigns, with price investments made in key categories such as meat, vegetables and pantry staples, and thousands of weekly specials and every day low prices. More opportunities to earn and redeem Flybuys points were also introduced, including the ability for Flybuys members to redeem points at checkout. Flybuys active members increased by 5.3% to 9.5 million and over 2 million members redeemed points for the first time at Coles.

Coles 360 media income increased by 20.5% (normalised) with strong advertiser demand growth across our media offerings. During the year, we launched our retail media closed loop measurement platform, Coles 360Impact, offering advertisers the ability to effectively measure the sales uplift from their digital and in-store advertising spend. The business also expanded the Coles 360 offering into Liquor, developing a range of new app and website opportunities.

Total Supermarkets price inflation for the year was 2.5% having moderated in the second half with continued moderation in the fourth quarter to 1.5%.

During the year, Coles completed 50 store renewals, including 20 Format A and three Coles Local stores. Coles also opened 12 new stores and closed two stores, taking the total network to 856 supermarkets.

Gross margin increased by 49 bps (normalised). Gross margin was supported by lower tobacco sales, growth in Coles 360, range and promotional optimisation and Simplify and Save to Invest benefits. With the rapid implementation of operational initiatives and loss technology throughout the year, the second half also benefited from a 44 bps improvement in total loss compared to the prior corresponding period.

Cost of doing business (CODB) as a percentage of sales increased by 25 bps (normalised). Simplify and Save to Invest benefits and increased operating leverage largely offset wage and other inflationary cost impacts. CODB as a percentage of sales, excluding depreciation and amortisation and a one-off \$20 million payment to team members<sup>1</sup>, remained broadly flat.

Supermarkets EBIT of \$2,018 million increased by 9.6%, on a normalised basis, with a 24 bps expansion in EBIT margin, and includes major project implementation operating expenditure relating to ADCs and CFCs (FY24: \$107 million; FY23: \$58 million) and a provision relating to the Award covered salaried team member review in FY23 (FY24: nil; FY23: \$25 million).

Update on ADCs

During the year, ramp up of the Redbank ADC was completed with Redbank now servicing 219 stores in Queensland and northern NSW. Construction and commissioning of Coles' second ADC in Kemps Creek, NSW, was also completed with the first inbound deliveries received as part of the commissioning and testing

process in March and the first outbound deliveries to stores commencing in July. Following ramp up, the Kemps Creek ADC will service 229 stores across NSW and the ACT.

Since completion of the ramp up at Redbank in Queensland:

- availability across Queensland and northern NSW stores has improved; and
- supply chain costs have reduced in line with the business case.

In FY24 implementation costs of \$55 million were incurred in relation to the ramp up of Redbank and commissioning of Kemps Creek.

Update on automated CFCs

In July 2024, Coles successfully commenced operations at both the Wetherill Park CFC (NSW) and the Truganina CFC (Victoria). These facilities will service next day home delivery orders across metropolitan Sydney and Melbourne.

In FY24, implementation and transition costs of \$52 million were incurred.



**Pictured:** Coles has opened its second ADC using global leading Witron technology as part of its more than \$1 billion investment in technology led innovation. The site spans 187,000 square metres which is the equivalent size of around 25 rugby league fields.

1. Payment to team members, in the form of gift cards, following the successful vote in favour of the Coles Retail Enterprise Agreement 2024.

# Liquor

## Key highlights

Total sales revenue

**\$3.7**bn

eCommerce sales<sup>1</sup>

**\$225**m

Exclusive Liquor Brand awards

**538**

Liquor sales revenue of \$3,692 million increased by 2.3% on the prior year (normalised: 0.5%). Sales growth was impacted by a challenging liquor market, as customers reduced their discretionary spending due to economic pressures, coupled with the business transitioning away from less profitable bulk sales and adjusting promotional mix across third party eCommerce channels ('affiliate' sales) throughout the year.

Whilst sales revenue was particularly subdued in the second half, the trajectory improved throughout the period with sales revenue declining 0.4% on a normalised basis in the fourth quarter compared to a decline of 1.9% in the third quarter. Excluding less profitable bulk and affiliate sales, sales revenue on a normalised basis in the fourth quarter grew by 1.4%.

eCommerce sales<sup>1</sup> revenue increased by 9.2% (normalised). Digital platforms continued to deliver strong growth underpinned by on-demand delivery which was expanded to include Menulog to over 400 stores, in addition to DoorDash and Uber Eats, already in more than 600 stores.

Our Exclusive Liquor Brand (ELB) portfolio added 244 new lines, expanding the portfolio across key growth categories including craft beer and Ready-to-Drink, and offering value across all price points. The ELB portfolio received 538 awards during the year, with Pure Origin Tasmanian Gin awarded Double Gold at the Melbourne International Wine, Beer and Spirits Show and Tinnies Hazy Pale Ale winning 'Best In Show By Country' at the London Beer Show.



## Segment overview

\$m	FY24 53 weeks	FY23 52 weeks	Change	Change normalised <sup>1</sup>
Sales revenue	3,692	3,610	2.3%	0.5%
EBITDA <sup>2</sup>	261	279	(6.5%)	(10.1%)
EBIT <sup>2</sup>	133	157	(15.3%)	(20.9%)
Gross margin (%)	23.4	23.4	8bps	9bps
Cost of doing business (CODB)(%)	(19.8)	(19.0)	81bps	101bps
EBIT margin (%)	3.6	4.3	(73bps)	(92bps)

1. FY24 is a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

2. FY24 includes a tax adjustment relating to prior years (\$5 million) and a write-off of capitalised IT development costs in relation to the eCommerce business (\$6 million).





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Pictured: First Choice Liquor Market team member Rebeckah serves a customer in the Maroubra store.

## Operating metrics (non-IFRS)

	FY24 53 weeks	2H24 26 weeks	1H24 27 weeks	FY23 52 weeks
Gross retail sales <sup>2</sup> (\$ billions)	3.7	1.7	2.0	3.6
Gross retail sales growth – normalised <sup>1</sup> (%)	0.5	(1.1)	1.8	(0.2)
Comparable sales growth – normalised <sup>1</sup> (%)	(1.0)	(2.4)	0.2	(0.7)
eCommerce sales <sup>3</sup> (\$m)	225	101	124	203
eCommerce penetration <sup>3</sup> (%)	6.2	6.0	6.4	5.7
eCommerce penetration (inc. COL) <sup>4</sup> (%)	7.3	7.0	7.6	6.9
Sales density per square metre <sup>5</sup> (MAT \$/sqm)	15,860	15,860	16,134	16,138

1. FY24 is a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

2. Gross retail sales are comprised of retail sales on a gross basis before adjusting for concession sales and the cost of Flybuys scheme points.

3. eCommerce gross retail sales and penetration exclude Liquor sold through coles.com.au which is reported in Supermarkets' eCommerce and Business to Business sales. eCommerce penetration is based on gross retail sales.

4. eCommerce penetration including Liquor sold through coles.com.au.

5. Sales density per square metre is a moving annual total (MAT), calculated on a rolling 52-week basis.

## Highlights

Value and loyalty were areas of focus during the year, with campaigns such as 'Price Match' and '50 Days of Deals' and the national rollout of Flybuys points redemption at checkout at Liquorland and First Choice Liquor Market stores. Cross promotions between Coles supermarkets and Liquorland were also launched as part of trade events including Valentine's Day, Easter and Footy Finals.

During the year, 97 store renewals were completed, 45 new stores were opened and ten stores closed across the Liquorland, Vintage Cellars and First Choice banners. This included successfully completing the acquisition of 20 stores in Tasmania. At the end of the period the portfolio comprised 992 stores.

Gross margin increased by 9 bps (normalised) benefitting from promotional optimisation and the transition away from less profitable bulk and affiliate sales, offset by the increased cost of on-demand third-party commissions.

CODB as a percentage of sales increased by 101 bps (normalised) largely a result of wage growth, fixed cost operating leverage, investments in core IT systems and increased depreciation and amortisation in relation to new stores and renewals. During the year, a tax adjustment relating to prior years of \$5 million and a \$6 million write-off of capitalised eCommerce IT development costs were also incurred.

Liquor EBIT of \$133 million decreased by 20.9% on a normalised basis.

## Other

\$m	FY24 53 weeks	FY23 52 weeks	Change	Change normalised <sup>1</sup>
Sales revenue	837	127	n/m	n/m
EBITDA	(89)	(54)	64.8%	64.8%
EBIT	(94)	(63)	49.2%	49.2%

n/m denotes not meaningful.

1. FY24 is a 53 week year for reporting purposes consistent with the retail calendar. Normalised growth rates are non-IFRS measures and remove the impact of the 53rd week in FY24 for comparability purposes.

Coles reported negative EBIT of \$94 million in Other for the year.

Other includes corporate costs, Coles' 50% share of Flybuys' net result, the net gain or loss generated by Coles' property portfolio and the PSA with Viva Energy.

In Other, Coles reported sales revenue of \$837 million in relation to the PSA. The EBIT result reflects corporate costs of \$95 million, broadly in line with the prior year and a net loss of \$18 million from Coles' 50% share of Flybuys offset by positive earnings contributions of \$8 million relating to the PSA and \$11 million in property earnings.



# Looking to the future

**It has been one year since Coles evolved its strategy with a purpose of ‘Helping Australians eat and live better every day’.**

During the past year, inflation and rising cost-of-living pressures have had a significant impact on households and families, shaping our priorities as we look to the year ahead. Amidst a changing economic climate, we remain dedicated to our purpose and strategy, recognising the essential role we play in the lives of millions of Australians.

Customers are seeking delicious food and drinks that cater to a wide range of different needs. As a ‘Destination for food and drink’, we will continue to anticipate and respond to these needs and expectations, prioritising value, product range and quality to ensure we provide a shopping experience that is delicious, easy and affordable. Our customers are also seeking digital solutions to enrich their shopping experience, making it easier, quicker,

and more enjoyable to shop both in-store and online. We are ‘Accelerating our growth through digital’, investing in our omnichannel experience through the Coles App and website, our automated CFCs, our loyalty program and retail media business. To ‘Deliver consistently for the future’, we are simplifying our processes through our Simplify and Save to Invest program, focusing on reducing total loss, including through the rollout of technology solutions, improving availability and revitalising our store network. We are also focused on reducing our impact on the environment including working towards our Scope 3 supplier engagement target by supporting our suppliers as we work together to build and scale industry-wide action to set targets and reduce emissions.

This will be a transformational year for Coles as we continue to unlock the benefits of our significant capital investment program. We will continue to ramp up our second ADC in Kemps

Creek, NSW. Together with the ADC in Redbank, Queensland, these facilities are designed to improve availability for our customers in NSW and Queensland while delivering structural cost efficiencies for Coles. We will also transition our metropolitan Sydney and Melbourne next day home delivery orders to our two automated CFCs in Wetherill Park, NSW and Truganina, Victoria. We are optimistic for the customer benefits that we expect the CFCs to deliver, including industry-leading perfect order rates, improved freshness and an expanded product range.

The investments we are making in our business are designed to enable us to create a differentiated offering for our customers, establishing the foundations for long-term sustainable growth. We are well-positioned to navigate changing customer trends and to deliver on our vision ‘to become the most trusted retailer in Australia and grow long-term shareholder value’.



**Pictured:** Coles Group CEO, Leah Weckert, and Coles Group Chairman, James Graham, at the opening of the Kemps Creek ADC. This is the second of two Witron facilities Coles has opened and is part of the company’s single biggest capital investment in its 110-year history.

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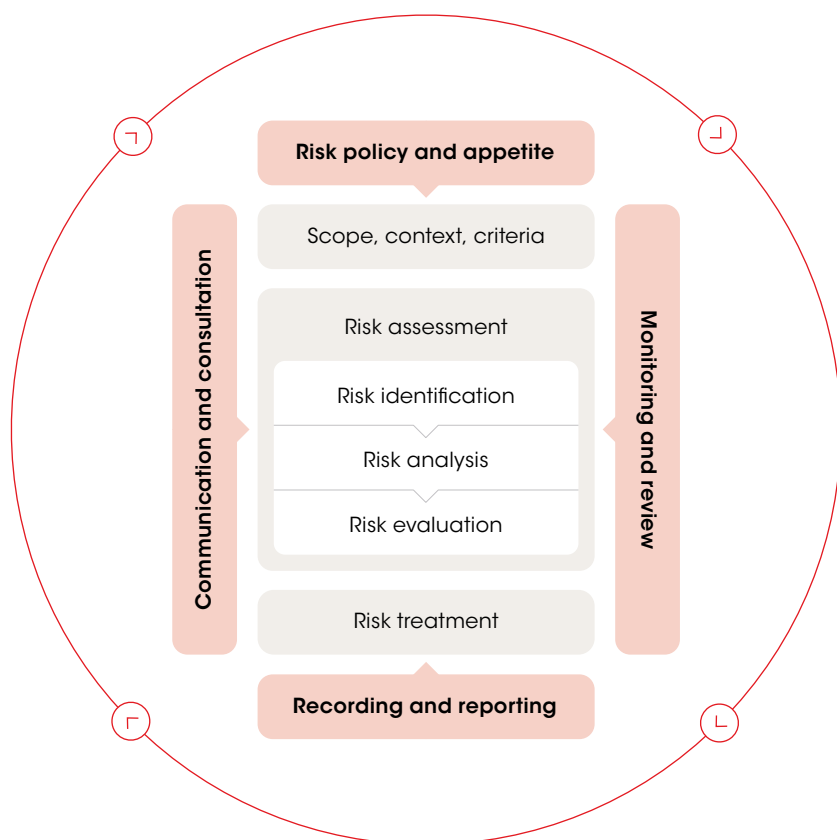
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# Risk management

Our operating environment continues to evolve, resulting in changes to the risks and uncertainties that we face. We regularly review risks and measures to mitigate risks and support the delivery of our purpose and strategy.

## Coles Risk Management Process (as defined by ISO 31000)



### Supported by three lines of accountability

#### First line

Team members and management responsible for managing risks

#### Second line

Group Risk and Compliance team responsible for defining the Risk Management Policy and Standard

#### Third line

Group Internal Audit responsible for independent assurance

In FY24, Coles' Risk Management Policy and Coles' Risk Management Standard were reviewed, with the Board approving amendments to the Risk Management Standard. The design of both the Risk Management Policy and Risk Management Standard are based on ISO 31000:2018 Risk Management – Guidelines (ISO 31000), an internationally recognised set of principles for managing risks in organisations.

Further information about our Risk Management Policy and Risk Management Standard is available in our 2024 Corporate Governance Statement.

A key component of the Risk Management Standard is the risk management process, which defines the requirements for identifying, analysing, evaluating, treating, monitoring, communicating, and reporting risks, within Coles' business. Through application of our risk management process, we have identified the material external, strategic, operational and financial risks that could adversely affect the achievement of our vision and purpose, business objectives and future financial prospects. These risks can also have material reputational, operational, safety, and legal and regulatory impacts, if they were to occur.

These risks are described in the following tables, together with key mitigations to manage them. The occurrence of one or more of these risks can potentially have a compounding effect across the suite of material risks. This means an increased exposure to one material risk may affect risk levels in other areas of our risk profile.

In addition to the material risks described in the following tables, our performance may be affected by other risks that apply generally to Australian businesses and the retail industry, as well as by the emergence of new material risks. We will continue to monitor and respond to further developments as required, including ongoing review and enhancement of our risk mitigation plans.



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## External and strategic risks

### 1. Geopolitical and macro-economic



#### Context

Uncertainty in the global and domestic geopolitical and macro-economic environment, including because of relationships between governments (state, federal and international) and global conflicts (e.g. Russia–Ukraine, Middle East), can expose Coles to a range of consequential impacts including:

- increases in input prices including energy, logistics and packaging
- wage inflation
- restricted access to and/or higher cost of funding
- third party (supplier) insolvency
- disrupted access to export markets
- disruptions to imports impacting domestic supply of goods for resale and goods not for resale (GNFR)
- increases in interest rates
- cost-of-living pressures resulting in reduced consumer spending, changing consumption choices, and increased stock loss from opportunistic theft and organised crime.

The challenging macro-economic environment has also contributed to heightened political and regulatory scrutiny of the retail sector, with multiple reviews and inquiries into supermarket practices announced during FY24.

#### Mitigations

- Strategic and corporate planning and financial review processes that incorporate scenario planning and consideration of future market conditions.
- Proactive engagement with government and other key stakeholders including industry associations and unions, to understand and plan for changes in policies and regulations.
- Supplier engagement processes to manage issues such as supply disruptions and changing input costs.
- Established and practiced crisis management and business continuity processes to prepare for disruptive events.
- Maintenance of a strong balance sheet to fund operations and maximise financial performance.
- Execution of cost efficiency programs with the aim of offsetting inflation and reducing costs while investing in the business.
- Investment in technology and processes to reduce stock loss, including AI enabled monitoring and detection technology at checkouts, closed-circuit television (CCTV), smart security gates, and team member training.
- Additional information about how we are responding to changes in consumer behaviour and expectations can be found in the *Changing consumer behaviour, competition, and digital transformation* risk section on page 32.
- Additional information about how we are responding to external reviews, investigations and inquiries is provided under the *Legal and regulatory* risk section on page 36.

### 2. Climate change and environment



#### Context

Coles has a responsibility to reduce the effect of our operations on the environment. Inability to do so may result in negative impacts to nature and biodiversity, reputational damage, diminished access to capital, loss in market share, disruption to the supply of products and services required to operate our business and enforcement action.

Our operations may also be adversely affected by changes in the natural environment including through biodiversity loss and water scarcity.

Climate change presents an evolving set of risks and opportunities for Coles, and has the potential to contribute to, and increase, our exposure to other material risks. This includes risks and opportunities associated with:

- our transition to a lower carbon economy
- an increase in the frequency and intensity of extreme weather events and chronic changes in weather patterns.

#### Mitigations

- Refreshed sustainability strategy that highlights our sustainability commitments and initiatives and includes our emissions reduction targets and targets to reduce our waste and packaging. Progress against targets is reported in our 2024 Sustainability Report.
- During FY24, we commenced development of a nature roadmap to identify and support action for nature, which considers a range of stakeholder views and current and emerging disclosure requirements, including the Taskforce on Nature-related Financial Disclosures.
- Further information on climate change including climate change strategy, governance, risk management and emissions reduction targets is provided in the *Climate change* section on page 40.



### 3. Changing consumer behaviour, competition and digital transformation

#### Context

Consumer behaviour and perceptions towards retailers continue to change due to a number of factors including macro-economic conditions and cost-of-living pressures which have driven a focus on price and value.

Other changes in consumer behaviour include increased focus on:

- online shopping and digital channels
- personalisation and convenience
- enhanced consciousness about consumption choices including on matters relating to health, sustainability, and the environment.

Changes in consumer behaviour and the challenging macro-economic environment require us to remain competitive, including with international retailers, traditional grocery peers, independent retailers, and e-commerce businesses.

To remain competitive and meet our customers increasing digital usage we must also continue to transform our business through an increased focus on digital, automation, and e-commerce to deliver efficiency and a seamless customer experience across our in-store and online channels.

If Coles fails to adequately respond to, and keep pace with, these changes and expectations, it could expose us to reputational damage and challenge our ability to deliver on our vision 'to become the most trusted retailer in Australia and grow long-term shareholder value', including through loss of market share, adverse margin impacts, reduced customer retention and reduced revenue.

#### Mitigations

- Customer listening sessions and monitoring of best practice global retailers, local and international retail trends and customer insights and research to anticipate and respond to changes in customer behaviours.
- Active monitoring of customer sentiment and experience, and customer feedback, to develop action plans for improvement.
- Execution of 'Destination for food and drink' strategic pillar supported by priorities focused on tailoring product ranges, quality, value, merchandising and communication, including delivery of:
  - every day low pricing, weekly specials, loyalty offers and exclusive product ranges;
  - other value offers such as our 'Great Value, Hands Down' campaign and the Coles Simply brand; and
  - personalisation of offers and ease of points redemption for Flybuys loyalty program members.
- Execution of 'Accelerated by digital' strategic pillar supported by priorities, including:
  - completed construction of two CFCs (NSW and Victoria), to improve the foundations of our customer online shopping experience and operating efficiency; and
  - augmentation of the physical shopping experience through the Coles App and website, including continued rollout of Rapid Click & Collect and Rapid Delivery.

### 4. Strategic program prioritisation and execution



#### Context

Compromised prioritisation and execution of key strategic and transformational programs could result in increased costs, variability in Coles' earnings, loss of market share, delayed timeframes, and inability to meet shareholder expectations.

Changes in scope or delays within our strategic programs and projects may occur due to multiple factors including program and resource prioritisation, interproject dependencies, disruptions to third party partners or providers, or macro-economic and geopolitical factors that may impact resource availability or cost.

The execution of elements of our strategy is supported by third party strategic partnerships including Witron (ADCs), and Ocado (CFCs). We have joint ventures with Wesfarmers (Flybuys) and Australian Venue Co. (Queensland Venue Co. Pty Ltd). We also enter into targeted partnerships and joint ventures, and undertake acquisitions and divestments to execute our strategy more effectively. During FY24, we acquired two milk processing facilities from Saputo Dairy Australia, and 20 Tasmanian liquor stores.

Coles may undertake future acquisitions and divestments, and enter into other third party relationships, so we can more effectively execute our strategy.

#### Mitigations

- Planning and budgeting processes to establish priorities and funding for programs and projects, supported by review and approval of business cases through capital and operational expenditure committees.
- Governance structures and processes to oversee, manage and execute strategic programs of work, including boards, joint working groups, processes and policies.
- Regular review of projects and programs to monitor progress of delivery, costs and benefits, and the allocation of resources.
- Review of major projects that are in progress by the Board and Executive Leadership Team (ELT) which provides additional oversight at a portfolio level.
- Post-implementation reviews conducted by ELT and relevant management and presented to internal management governance forums and the Board with the purpose of assessing project outcomes compared to the business case, and to identify lessons-learned to be applied for future projects.
- Assurance on the execution and governance of key projects by Internal Audit.
- Further information on how we manage risks from third parties is provided in the *Third party dependencies* risk section on page 33.



Operational risks

5. Third party dependencies



Context

We rely on third parties including suppliers, service providers, and joint venture partners, to deliver on our purpose of ‘Helping Australians eat and live better every day’.

Given the challenging macro-economic and external environment, Coles is at risk of disruptions to our suppliers and third parties including as a result of financial insolvency, inability to scale production, cyber events, lack of available inputs, weather or other environmental related events and people resources.

A critical failure or inaction of a key supplier or third party service provider may expose Coles to risks including compromised safety or quality standards, cyber security threats and breaches, misalignment with Coles’ ethical and sustainability objectives, disruptions to supply or operations, unrealised benefits, legal and regulatory exposure, additional costs, reduced customer satisfaction and reputational damage.

Our suppliers and third parties are also subject to disruptions arising from natural disasters and extreme weather events.

Mitigations

- Due diligence processes assess the adequacy and suitability of key suppliers, service providers and strategic partners and whether they meet our supplier and third party engagement requirements.
- Monitoring and management of key suppliers and strategic third parties throughout their engagement with Coles. Defined service level and key performance indicators are in place for key supply contracts. Risks are managed through contractual protections.
- Third party management for GNFR suppliers is governed by the GNFR Third Party Management Policy, which includes requirements for sourcing, contract management, risk management, buying and invoicing. Automated processes assess and monitor the financial health of GNFR suppliers on an ongoing basis.
- Business continuity plans consider critical third parties required to continue operating in the event of a business disruption.

6. Supply chain resilience



Context

An inability of our supply chain to adapt rapidly to disruptions while operating efficiently to meet customer expectations and support critical business activities, can result in loss of market share, price volatility, increased costs and reputational damage.

During the year, we continued to manage impacts due to:

- extreme weather events
- supplier disruptions including cyber and industrial relations events, and insolvency
- inflation and increasing cost of inputs
- geopolitical factors impacting the availability of raw materials.

While forecast extreme heat and bushfires did not eventuate during the FY24 summer, localised storms, floods and cyclones had flow-on effects on fresh produce, the road transport network and logistics operations. We expect that we will continue to experience impacts to our supply chain and operational resilience due to changing climate conditions and extreme weather events.

Our supply chain and operations may also be impacted in the future by industrial action and/or disruptions.

Mitigations

- Execution of ‘Delivered consistently for the future’ strategic pillar supported by priorities focused on improving the resilience of our supply chain through sourcing, automation, and improved availability.
- Development and regular review of category, range and supplier plans. Actions are taken where required to mitigate medium- and longer-term supply security risks, including geographical and supplier diversification and sourcing of alternative supply arrangements.
- Transitioned to 100% WA sourcing of all Coles Own Brand fresh beef, poultry, pork and lamb in WA stores.
- Established business continuity processes to plan for and manage interruptions to our supply chain and delivery of goods to stores during business disruptive events. Plans are updated regularly to take account of changing internal and external risks and conditions such as forecast weather events.
- Maintenance of our Critical Infrastructure Risk Management Program, with the objective of managing material risks to the distribution and supply of essential food or groceries to the Australian community and to meet our obligations under the *Security of Critical Infrastructure Act 2018* (Cth) (SOCI Act).
- Additional information about how we manage risks related to climate change can be found in the *Climate change* section on page 40.
- Additional information about how we respond to industrial relations risk can be found in the *People* risk section on page 34.

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## 7. IT, resilience, data management, and cyber security

### Context

Coles continues to operate in an increasingly complex technological environment which increases the potential for impacts to systems availability and performance, confidentiality breaches, cyber security risks, and reputational damage. Contributing factors include:

- our growing external digital footprint and number of third party providers
- high reliance on technology
- external threat landscape including geopolitical unrest and high profile/high impact cyber security events in the market such as ransomware, data theft and third party compromise
- increasing usage of data analytics and AI.

A failure, attack, inadvertent disclosure of information or disruption to our IT applications and infrastructure, could impede the processing of customer transactions, or limit our ability to receive or distribute stock or funds or otherwise impact the operations of our business.

Data and cyber security events can also result in unauthorised disclosure of confidential, financial, or personal information which may lead to a loss in customer trust, market share impact, regulatory and legal action and penalties and reputational damage.

Increased usage of data and AI could result in, for example, the introduction of unintended bias or ethical issues, which can adversely impact the effectiveness of outcomes for our customers and team members, and potentially lead to legal and regulatory exposure and reputational damage.

Additional information on the SOCI Act and Coles' approach to managing related risks can be found in the *Legal and regulatory risk* section on page 36.

### Mitigations

- Five-year rolling technology strategy which prioritises and phases ongoing investment to enhance system stability and resilience.
- Cyber security framework and controls which are updated regularly and independently assessed to understand the maturity of our cyber security controls and to identify priority areas for enhancement and investment. Controls are aligned to principles set out in the Australian Cyber Security Centre Essential Eight Maturity Model and National Institute of Standards and Technology (NIST) Cybersecurity Framework.
- Privacy and information security policies, standards and procedures, supported by security awareness campaigns and mandatory training for team members.
- Data Governance Council in place to deliver a group wide consistent approach to data governance and controls, including usage of AI.
- Coles' ethical AI framework is aligned to Australia's Artificial Intelligence Ethics Framework and sets out the ethical principles for using AI at Coles.
- Supplier due diligence processes which consider suppliers' cyber, information security, privacy, and IT resilience capability.
- Regular testing and reviews of IT infrastructure, systems, processes, and resilience conducted to assess security threats, adequacy of controls and recovery readiness.
- Monitoring in place 24/7 for technology operational and cyber incidents. IT incident response capability, disaster recovery plans and business continuity plans guide our response should an incident or disruption occur. Industry experts are retained to be on-call in the event of a cyber security incident.

## 8. People



### Context

We employ over 115,000 team members across the Coles Group. Our team members are all unique and reflect the diverse communities in which we operate.

Our ability to attract, retain and develop skilled team members is imperative to the delivery of our purpose of 'Helping Australians eat and live better every day'.

Having the right capability and talent is also critical to supporting the execution of our strategic programs, digital transformation, and broader business operations and performance.

As we execute our strategy, workforce changes (company, industry or legislature driven) may also lead to industrial action and/or disruptions to our operations, which can result in increased costs, litigation, and reputational damage.

Changes in industrial relations and collective bargaining legislation, along with planned changes in our supply chain operations, can affect our exposure to this risk.

### Mitigations

- Our 'Win Together' foundational building block is supported by programs to enable performance and engage our team.
- Focus on strengthening team member engagement, which is measured through our *mysay* team member engagement survey and supported by many engagement initiatives, including our *mythanks* recognition platform.
- Leadership and development programs support development of leaders and career growth of key talent. Investment in graduate and industry learning programs.
- Team member performance review process aligns objective setting to strategy, provides opportunity to seek and give feedback for learning and development, and celebrates progress and achievements.
- Commitment to flexible working to enable our team members to manage work and personal circumstances.
- Regular discussions on talent and succession planning held with the ELT and the People and Culture Committee.
- Proactive management of renegotiation of enterprise agreements, maintenance, and development of strong working relationships with unions, industry organisations; and constructive liaison with team members, third party suppliers, transport and logistics providers. During FY24, we successfully negotiated our Coles Retail Enterprise Agreement, which provided increased certainty for eligible wage-paid team members in Supermarkets and Liquor.





9. Health, safety and wellbeing

Context

The safety of our team, customers, third parties and contractors is paramount to Coles.

We employ and engage an extensive and diverse workforce, including third parties, with high volumes of people interactions involving a wide range of activities and locations daily. This could result in risk of injury, illness or fatality to team members, customers, suppliers, contractors or visitors, due to accidents, incidents or unsafe work environments.

The geographical spread of our physical operations as well as hybrid work arrangements, also requires us to manage physical and psychological risks faced by remote workers or those working from home.

Furthermore, the challenging macro-economic environment can have adverse impacts on team member mental health and wellbeing and increase the risk of threatening situations faced by team members.

Mitigations

- Health, Safety and Injury Management system (SafetyCARE) in place that is supported by a team of experienced safety professionals throughout our network. SafetyCARE performance is measured, tracked and reported, and its effectiveness independently assessed and verified.
- Annual safety and wellbeing plan which focuses on key safety obligations and risks.
- Management governance forums to regularly review safety risk management and consultation processes, including for contractors and third parties.
- Injury management and return to work programs to support team members who suffer an injury.
- Focus on supporting team members' mental health and wellbeing, including through employee assistance and mental health support programs, identification and mitigation of psychosocial risk factors including sexual harassment, and enabling flexible working arrangements. Our employee assistance program is available to team members and their immediate family members. It includes tools and resources related to personal and work-related issues and situations, financial wellbeing, and nutrition and lifestyle.
- During FY24, we implemented a separate Sexual Harassment Policy and enhanced our supporting training, policies and reporting, to help prevent workplace sexual harassment, discrimination and victimisation, and to meet our positive duty under the *Anti-Discrimination and Human Rights Legislation Amendment (Respect at Work) Act 2022* (Cth).
- Prevention and reduction of threatening situation risks through theft reduction and loss prevention initiatives, partnerships with law enforcement, targeted online and in-person training, use of CCTV cameras and personal duress alarms, body worn cameras and two-way communication devices for team members in stores.



10. Product and food safety

Context

Product and food safety and quality are critical for Coles.

The risk of selling or serving a product that is unsafe may cause serious illness, injury or death and/or result in reputational damage or litigation.

Serious illness, injury or death are the most severe potential risks from compromised product or food safety.

These risks may result in loss of sales and market share, regulatory exposure, loss of customer trust and potential litigation including class action.

Mitigations

- Product and food safety programs (including safety plans and assurance programs for exclusive brands/products) are in place and regularly reviewed.
- Management governance forums manage and monitor emerging food and product safety risks, food security risks and regulatory changes.
- Food risk and hazard assessment processes are based on the Food Standards Australia New Zealand (FSANZ) Standard.
- Supplier quality management processes reduce product and food safety risks. Training is provided to suppliers and team members in food safety and quality management.
- Withdrawal and recall processes remove defective and potentially unsafe products from our stores and supply chain.
- Quality, complaints and incident processes help identify and drive response to product and food safety risks.

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## 11. Legal and regulatory

### Context

The diversity of our operations necessitates compliance with extensive and often evolving legislative requirements at all levels of government, including: corporations law, competition and consumer law, discrimination law, health and safety, industrial relations, employment, privacy, product and food safety, modern slavery, environment and biosecurity, council by-laws, measurements, and SOCI Act obligations including cyber security obligations.

Non-compliance with key laws and regulations could expose Coles to substantial financial penalties, reputational damage, a deterioration in relationships with regulators, suppliers and other key stakeholders, class action or other litigation.

Non-compliance may threaten Coles' license to operate and result in additional regulatory changes that may adversely impact the execution of our strategy and result in increased costs to operate.

Where Coles is a party to litigation and/or regulatory enforcement, the outcomes are inherently uncertain and can involve reputational damage, financial costs, and high investment of Coles' resources and time.

These risks may become heightened due to the introduction of new and changing regulations and reporting requirements with which Coles must comply. There is also uncertainty regarding the interpretation or application of laws and relevant regulatory instruments such as modern awards.

During FY24, there has been heightened external focus on the retail sector, pricing of groceries and cost-of-living pressures and general conduct of retailers, which has led to external reviews, investigations and inquiries. We continue to actively participate and cooperate with these reviews, investigations and inquiries, including through ELT and CEO participation.

### Mitigations

- Coles' Code of Conduct sets out expectations of behaviour for directors, team members, consultants, contractors and business partners, including legal compliance and appropriate ethical standards. The Code of Conduct is underpinned by our Coles Group Values, and Group policies in key areas.
- Compliance standards, requirements and accountability to manage compliance obligations are set out in our Compliance Policy and Framework, which is based on AS ISO 37301:2023, Compliance Management Systems – Requirements with guidance for use. The Compliance Policy and Framework is periodically reviewed and updated. Internal Audit periodically assesses compliance obligations as part of the annual internal audit program.
- Group-wide mandatory training on Coles' Group Values and workplace behaviour for directors and team members. Mandatory training for relevant roles covering regulatory areas including fair trading, consumer protection, safety, privacy, food and grocery code of conduct, continuous disclosure and information security.
- Program in place to comply with SOCI Act obligations, which seeks to uplift the security and resilience of Australia's critical assets.
- Legal and compliance teams monitor and manage legal issues, matters, claims and disputes. These teams are supported by pre-agreed panel arrangements with external law firms. Potential litigation claims are assessed to understand loss potential.
- Relationships maintained with regulators and industry bodies to monitor new and impending legislative and policy changes in order to respond accordingly.
- Independent and confidential reporting lines for team members and suppliers to raise issues and concerns.
- The Audit and Risk Committee oversees the Group's systems for compliance with legal and regulatory requirements. Further information about the role of the Audit and Risk Committee is available in our 2024 Corporate Governance Statement.



12. Ethical sourcing



Context

Coles faces the risk of modern slavery, breaches of workers’ human rights or breaches of laws designed to protect workers in our own operations as well as our extended supply chain.

Failure to source product or conduct our business in a manner that complies with Coles’ Ethical Sourcing Policy and relevant legal requirements across Australia and the countries we source from, can impact worker safety, wellbeing and/or living conditions.

It can also result in material reputational damage, loss of consumer and investor confidence and market share, regulator fines and penalties, and adverse financial performance.

Mitigations

- Coles’ Ethical Sourcing Policy, which is based on international standards, is a condition of trade and sets out the minimum standards for our suppliers.
- Coles’ Ethical Sourcing Program, which takes a risk-based approach to define the level of due diligence, audit frequency and monitoring that applies to suppliers. The program covers specific suppliers across Coles Own Brand, Fresh Produce, GNFR, and Coles Liquor Own Brand.
- During FY24, we continued to focus on refining and embedding Coles’ Ethical Sourcing Program across the business and developed relationships with suppliers and workers. This includes ongoing activities relating to our human rights strategy, grievance mechanisms, a focus on identifying and managing excessive working hours, and embedding the program in key non-trade procurement categories.
- Ethical sourcing risk indicators measure timely management action in response to supply chain ethical audit non-conformances.
- Ethical sourcing procedures to monitor failure to address or provide an action plan to remediate serious ethical audit non-conformances (such as serious safety issues or worker underpayment) that may result in suspension of purchase orders until resolved.
- Coles’ whistleblower hotline and dedicated supply chain wages and conditions hotline enable reporting of unethical, illegal, fraudulent or undesirable conduct.
- Additional information on Coles’ Ethical Sourcing Program can be found in our annual modern slavery statement.

Financial risks

13. Financial, treasury and insurance



Context

The availability of funding and management of capital and liquidity are important requirements to fund our business operations and growth.

Changes in the macro-economic environment can expose us to adverse movements in interest rates, foreign exchange rates and commodity prices, that can present barriers to funding our business operations and impact business profitability.

Mitigations

- Group Treasury manages our cash funding position and supports interest rate and foreign currency risk management. Treasury and related policies govern management of our financial risks, including liquidity, interest rates, foreign currency, commodity risks and use of derivatives. Further information is included in Note 4.2 Financial risk management of the Financial Report.
- We may choose to self-insure a significant proportion of some insurable risks. In the event of an incident, the cost is covered from internal premiums charged to the business, or the losses are absorbed.
- The Group Insurance function manages self-insurance and purchase of external insurance to optimise cover and value. Self-insured risks are monitored and programs are in place to help us pre-empt and mitigate losses.
- An external actuary helps determine self-insurance liabilities recognised in the Balance Sheet.

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# Sustainability

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

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

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

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

## Energy & emissions

Moving towards decarbonisation<sup>1</sup> across our value chain and building climate resilience.

## Waste

Reducing waste from our operations and products and identifying opportunities to transition to a circular economy.

## Packaging

Reducing unnecessary packaging and redesigning, recycling, and reusing.

## Sourcing & farming

Delivering positive outcomes for nature and protecting animal welfare.

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

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

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

We have a suite of sustainability targets<sup>2</sup> and commitments which help drive the delivery of our sustainability strategy.

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

For detailed information on our progress please refer to our 2024 Sustainability Report, available at [colesgroup.com.au](https://colesgroup.com.au)

<sup>1</sup> Decarbonisation is the term used for implementing measures to mitigate value chain carbon dioxide emissions (Scope 1, Scope 2 and Scope 3). At Coles, we use the term to describe activities or pathways that have the effect of moving towards a state that is lower in carbon emissions as compared to the current state.

<sup>2</sup> Coles uses the term target to describe an intended outcome, where Coles considers that it has developed a suitably defined plan or pathway to achieve that outcome.







## Sustainability performance highlights

1.5%

reduction in combined Scope 1 and 2 emissions from FY23 (34.5% reduction from FY20)<sup>1</sup>

45%

renewable electricity<sup>2</sup> sourced for our operations

86.7%

of total solid waste<sup>3</sup> diverted from landfill

87.4%

of packaging across Coles Own Brand and Coles Liquor Own Brand is recyclable<sup>4</sup>

3.6%

of team members<sup>5</sup> identify as Aboriginal or Torres Strait Islander

#1

in the Access and Inclusion Index 2023 by the Australian Disability Network

39.8m

equivalent meals donated to SecondBite and Foodbank (20m kgs)<sup>6</sup>

\$3.7m

awarded through the Coles Nurture Fund

1. Coles does not plan to rely on the use of carbon offsets for the achievement of our current FY30 Scope 1 and 2 emissions reduction target. FY24 Scope 1 emissions and Scope 2 emissions include two months of estimated data (based on actual data from past years) and 10 months of actual data.

2. Renewable electricity % includes voluntary Large-scale generation certificate (LGC) surrenders, Renewable power percentage (RPP), Jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. FY24 electricity consumption includes two months of estimated data (based on actual data from past years) and 10 months of actual data.

3. 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).

4. Based on packaging data overlayed with unit sales over a 52-week period until June 2024.

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

6. In addition to unsold edible food, the figure also includes bulk food and grocery donations to SecondBite and Foodbank.

**Pictured:** Coles team member Daniel inspects the solar panels at First Choice Liquor Market in Werribee.

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# Climate change

Climate change is a significant environmental, social and economic challenge facing the global community. It is also a material risk for our business, with the potential to disrupt our operations, and those of our suppliers and producers, as well as impact our customers and team members.

While climate change creates additional risks for our business, it also presents opportunities – for example, cost savings resulting from greater resource efficiency, building business resilience, development of new product ranges to meet changing consumer preferences, and increased stakeholder collaboration to drive positive impact at scale.

As one of Australia's largest companies, we want to help create a more sustainable future. We are acting now, working towards reducing our own operational emissions<sup>1</sup> and engaging with stakeholders across our value chain to support them to lower their emissions and build their resilience against climate change impacts.

In the coming year, as we commence development of a Climate Transition Plan for Coles, we know our approach will need to be multi-faceted – beyond emissions reductions, we also need to consider nature-related risks and opportunities and accelerate the shift from a linear to a circular business model. We do not underestimate the level of complexity and resources

required to make this work happen. It is also not something we can do on our own – collaboration with a range of internal and external stakeholders, including industry, suppliers, government, team members, customers, investors, NGOs and the community more broadly, will be critical.

We continue to identify, assess and manage climate-related risks and opportunities using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We also recognise the need to evolve our disclosures over time to meet both stakeholder expectations and the forthcoming mandatory climate-related financial disclosure regime in Australia.

## Key actions to align with the TCFD recommendations

### FY20

Published Board-approved Climate Change Position Statement.

Three-year TCFD Roadmap endorsed by the Board (based on 2017 TCFD recommendations).

Formalised governance arrangements relating to climate change.

### FY21

Released refreshed sustainability strategy – including Scope 1 and 2 emissions reduction targets.

Updated assessment of Coles' climate-related risks and opportunities.

Undertook high-level scenario analysis on the impacts of climate change on the resilience of our strategy. Three possible climate change 2030 scenarios were used (stated policies; ambitious global climate action; and runaway climate change) to test strategic resilience.

### FY22

Further developed scenario analysis work. This provided information on future climate scenarios, as well as climate-related commodity risks and opportunities.

Assessed 55 core commodities (covering ~60% of Coles' revenue) against both physical and transitional climate vulnerabilities. Subsequently undertook a 'deep dive' into 10 commodities assessed as being highly vulnerable to climate-related risks to inform mitigating actions.

### FY23

Completed a risk analysis of the physical impacts of climate change on Coles' asset portfolio. The scope of the assessment encompassed the store network, distribution centres and supply routes.

Set a Scope 3 supplier engagement target validated by the Science Based Targets initiative (SBTi)<sup>2</sup>.

Commenced the development of our Climate Action Roadmap to meet current and emerging climate disclosure requirements.

### FY24

Completed the development of our Climate Action Roadmap.

Embedded a Climate Strategy team into our Group Sustainability function.

Commenced the development of a Group-wide decarbonisation strategy.

Refreshed climate-related scenario analysis.

Established a Steering Committee to oversee the Climate Action Roadmap implementation and preparation for compliance with the draft Australian Sustainability Reporting Standards under the forthcoming mandatory climate-related financial disclosures regime in Australia.

### FY25 & BEYOND

Continue to focus on key deliverables in our Climate Action Roadmap – including a Climate Data Management Plan and Group-wide decarbonisation strategy.

Develop a Climate Transition Plan for Coles, which will include a new suite of climate and other sustainability-related targets for FY30.

Continue to prepare for compliance with the draft Australian Sustainability Reporting Standards under the forthcoming mandatory climate-related financial disclosures regime in Australia.

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

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



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# Climate governance

## Board oversight of climate-related risks and opportunities

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 by evaluating the adequacy and effectiveness of the Group's identification and management of environmental and social sustainability risks and its disclosure of any material exposures to those risks, including financial and non-financial risks.

Climate change risk exposure, together with associated management plans, risk appetites and metrics, is reported to the Audit and Risk Committee, the Board and the ELT regularly during the year, along with the broader suite of material risks to the Group.

The Chief Operations & Sustainability Officer (COSO), a member of the ELT reporting to the Chief Executive Officer (CEO), provides regular updates to the Board on current and emerging sustainability issues. Standardised quarterly reporting, with performance monitoring against our sustainability commitments (including emissions reduction targets) is provided to the Board.

During FY24, the Board was also presented with updates on progress against key deliverables in our Climate Action Roadmap (the Roadmap), organisational preparedness for the introduction of the draft Australian Sustainability Reporting Standards (ASRS), and market developments, domestically and internationally, in relation to climate change and nature.

Further information about our Board and Committees, including the skills and experience of Directors, is available in the *Board of Directors: Biographical details* section page 54.

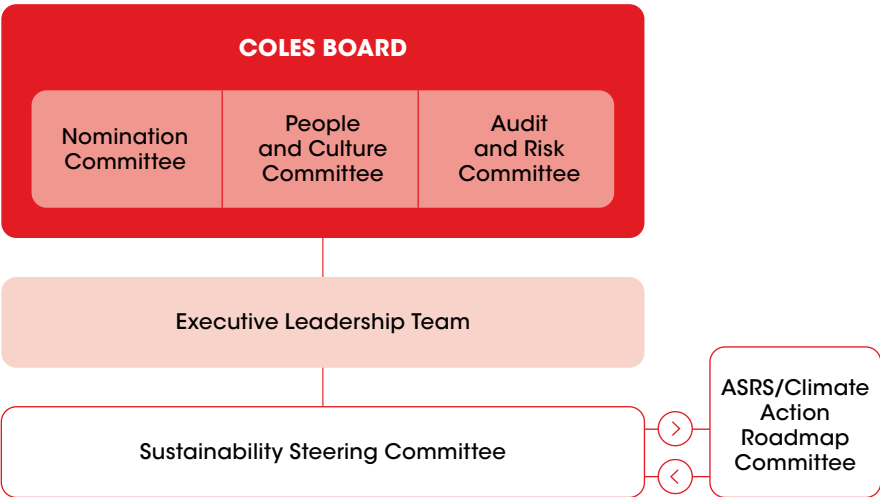
## Management's role in assessing and managing climate-related risks and opportunities

While it is the responsibility of all areas of our business to identify climate-related risks and opportunities, the Risk, Strategy and Sustainability functions lead the development of the Group's strategic response.

Following a review of our sustainability governance arrangements in FY23, this financial year we refreshed the charter and membership of our Sustainability Steering Committee, which is the key management committee overseeing Coles' sustainability strategy and performance, including its response to climate change. Chaired by our COSO, the Sustainability Steering Committee has senior representatives from across the business, including Company Secretariat, Risk, Legal, Strategy, People and Culture, Procurement, Finance, Commercial, Coles Own Brand, Corporate and Indigenous Affairs and Coles Liquor. The Sustainability Steering Committee meets bi-monthly and one of its primary responsibilities is to advise the CEO and ELT on Coles' response to

its current and emerging environmental, social and governance obligations, risks and opportunities – including those related to climate change. Updates are provided to the Sustainability Steering Committee from working groups and other steering committees with oversight of key sustainability issues.

A new steering committee (called the ASRS/Climate Action Roadmap Steering Committee) was established this year. It will oversee the implementation of our Roadmap activities and preparation for the introduction of the draft ASRS with which Coles will need to comply from our FY26 reporting year (subject to the forthcoming mandatory climate-related financial disclosures regime in Australia coming into effect). This is a cross-functional committee with responsibilities allocated across the Group functions of Company Secretariat, Risk, Finance, Strategy and Sustainability. One of the first activities undertaken by the ASRS/Climate Action Roadmap Steering Committee was an analysis of our existing climate-related disclosures in order to identify gaps and areas for improvement as we move from voluntary to mandatory disclosure of climate-related financial information.



# Climate strategy

## Impacts of climate change on Coles

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

In FY23, we completed a physical risk assessment of Coles' assets and operations – including stores, distribution centres and key transport routes. This assessment indicated a low financial impact from natural hazards and climate change in the physical store network due to the diversified nature of Coles' portfolio across assets and regions. In addition, with respect to store design, the specifications we use already take into consideration future conditions to strengthen resilience in extreme weather (e.g. new stores are designed for a one in 100-year storm event). The design brief is frequently updated. Following the completion of this assessment, every Coles operated facility has been allocated a high, medium or low rating with respect to physical risk (e.g. flood and bushfire risk).

The distribution network (distribution centres and transport routes) was the area of highest risk due to the potential for physical climate risk to impact performance in the supply and distribution chains. Resilience of the distribution network is therefore a critical consideration in all operations and future asset planning.

In FY24, we have focused on two key strategic activities – completing the development of our Roadmap and refreshing our climate-related scenarios to help assess and understand the risks and opportunities relevant to the retail sector and our business. More information on these two key strategic activities is detailed in the following sections.

## Climate Action Roadmap

The Roadmap outlines key actions for Coles over the next three years to strengthen the resilience of our business and respond to stakeholder expectations. In developing the Roadmap, we considered both current and emerging disclosure frameworks – including the TCFD recommendations,

draft ASRS, Transition Plan Taskforce Disclosure Framework (UK) and IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board.

In summary, the Roadmap provides a strategic pathway for Coles to manage the risks and opportunities associated with climate change impacts and mandatory climate reporting obligations, supporting the commercial resilience of the Group. Ultimately, implementing the Roadmap will culminate in a Climate Transition Plan for the Group.

There are a number of actions set out in the Roadmap, distilled into four key streams of work, which we commenced in FY24 and will continue to implement in FY25:

1. **Climate data management:** to enhance our climate-related data collection and reporting, initially focusing on Scope 3 emissions.
2. **Decarbonisation strategy:** to prioritise and coordinate emissions reductions across our value chain.
3. **Corporate and financial planning:** to provide a consistent approach to integrating climate risk management and emissions reduction targets in procurement and financial and corporate planning.
4. **Climate Transition Plan:** to align all business operations with our climate risk management and decarbonisation strategy.

## Testing the resilience of our strategy through climate-related scenarios

To enhance our management of climate-related risks and opportunities, this year we further developed our scenario analysis work, building on analysis undertaken in prior years.

In FY22, we used scenario analysis to assess 55 core commodities covering around 60% of Coles' revenue against both physical and transitional climate vulnerabilities. We subsequently undertook a 'deep dive' into 10 commodities with red meat and dairy, as well as international commodities (such as cocoa and coffee), assessed as being highly vulnerable to both physical

and transition climate risks. This analysis informed the identification of actions to help mitigate risks in these categories of commodities, including forming long-term relationships with smaller suppliers and continuing to monitor supply availability and geographic concentration, global commodity markets and emerging consumer trends.

Building on scenarios developed in FY21 and FY22, this financial year we refreshed and updated assumptions for our four climate change scenarios in line with the following internationally recognised resources: the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report on Climate Change 2021; the TCFD recommendations; and the Commonwealth Scientific Industrial Research Organisation (CSIRO) (see table on the opposite page). We considered both the macro and retail sector context when refreshing and updating the assumptions for our four climate change scenarios.

Two scenarios were selected as primary scenarios for detailed analysis: 1.5°C temperature increase to 2100 (SSP1: Sustainability) and 4.4°C temperature increase to 2100 (SSP4: Fossil-fuelled development)<sup>1</sup>. Consideration was given as to how risks and opportunities can change under the different scenarios, over the three time horizons, including potential impacts – see the discussion in the *Climate risk management* section immediately following on page 43. This analysis included an initial assessment of the impact of climate-related risks and opportunities on Coles' strategic pillars under each scenario.

While our focus in FY24 was primarily on undertaking qualitative analysis of risks, we also considered how we will approach risk quantification as we plan to develop our approach in the coming year. This year, we held a cross-functional workshop, the objective of which was to agree and align on definitions for key risks, material consequences, data requirements, key assumptions, and optimum modelling approaches, in order to commence and complete our next step actions for risk quantification.

Undertaking further qualitative and quantitative scenario analysis (in preparation for the draft ASRS) will be a key area of focus over FY25.

1. Shared socioeconomic pathways (SSPs) are climate change scenarios of projected socio-economic global changes up to 2100 and are aligned with the latest IPCC report.



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Climate scenarios

SCENARIO	KEY ASSUMPTIONS
<b>SSP1: Sustainability</b> <b>RCP<sup>1</sup> 1.9</b> 1.5 °C to 2100	<ul style="list-style-type: none"><li>• strong environmental regulation and climate policy positions</li><li>• rapid technological development</li><li>• consumers demonstrate 'ESG conscious' behaviour</li><li>• extreme weather events increase at a slower rate compared to the other selected scenarios</li></ul>
<b>SSP2: Middle of the road</b> <b>RCP 4.5</b> 2.7 °C to 2100	<ul style="list-style-type: none"><li>• weak environmental regulation and climate policy positions</li><li>• medium technological development – reliance on fossil fuels</li><li>• cost remains the key driver of purchasing decisions for consumers</li><li>• extreme weather events are at a higher rate than SSP1 but lower than SSP3</li></ul>
<b>SSP3: Regional rivalry</b> <b>RCP 7.0</b> 3.6 °C to 2100	<ul style="list-style-type: none"><li>• weak environmental regulation and climate policy positions</li><li>• slow technological development</li><li>• consumption affected by supply shortages and price volatility</li><li>• extreme weather events are at a higher rate than SSP2 but lower than SSP5</li></ul>
<b>SSP5: Fossil-fuelled development</b> <b>RCP 8.5</b> 4.4°C to 2100	<ul style="list-style-type: none"><li>• policy and regulation focus on economic growth and development</li><li>• rapid technological development – energy intensive</li><li>• consumer demand focuses on cost and convenience</li><li>• extreme weather events have significant impacts</li></ul>

1. Representative Concentration Pathways (RCPs) refer to greenhouse gas concentration trajectories from the IPCC.

While scenario analysis is an important planning tool for Coles, there are inherent limitations with scenario analysis and scenarios do not constitute definitive outcomes or probabilities. It is difficult to predict which, if any, of the scenarios might eventuate and scenario analysis relies on assumptions that may or may not prove to be correct.

Climate risk management

We apply an integrated Group-wide approach to the management of risk through the application of the Coles Risk Management Standard. Further information about our Risk Management Policy and Risk Management Standard is available in our 2024 Corporate Governance Statement.

Climate change is identified and disclosed as a material risk to the Group under the Coles Risk Management Standard, based on the range of potential cumulative impacts that climate-related risks can have on our business, including legal and regulatory, operational, reputational and financial impacts. We recognise that changing weather patterns and climate extremes are happening at an increased pace<sup>1</sup>, emphasising the need to develop, refine and implement adaptation and mitigation actions to address the changing nature of climate risk now and in the future. We also acknowledge that potential changes

in climate can amplify existing risks that Coles faces, such as: health, safety and wellbeing; product and food safety; legal and regulatory compliance; and supply chain resilience. Refer to the Risk section on page 30 for further information on Coles' material risks.

At Coles, climate change risk is supported by an underlying climate change risk and opportunity profile. This profile identifies and assesses the following types of climate-related risks and opportunities:

- **Transition** – risks and opportunities associated with the transition to a lower carbon economy including management of heightened stakeholder expectations, policy, regulatory and legal changes, and technological developments.
- **Physical** – risks and opportunities associated with acute event-driven weather impacts, for example increasing severity of extreme weather

events, and chronic long-term shifts in climate patterns.

Our climate risk exposures are analysed using the consequence criteria outlined in the Coles Risk Management Standard to understand potential impacts to Coles. This criteria considers both financial consequences (e.g. earnings before interest and taxes impact, capital loss, additional unplanned cost or loss) and non-financial consequences (e.g. reputation, operational, legal and regulatory, safety and injury, environmental) to assign appropriate consequence ratings.

In FY24, we incorporated two of the refreshed climate change scenarios (outlined in the *Climate strategy* section on page 42) into our climate change risk and opportunity profile, to qualitatively assess how our exposure to climate-related risks and opportunities may change under different scenarios and time horizons.

1. Intergovernmental Panel on Climate Change (IPCC) AR6 Synthesis Report, March 2023 (AR6 Synthesis Report: Climate Change 2023 — IPCC).

The following three time horizons were selected over which to apply scenario analysis to our climate-related risks and opportunities:

#### TIME HORIZONS

<b>Short-term</b>	0–3 years (FY28) aligned with our short-term planning horizon
<b>Medium-term</b>	3–10 years (FY35)
<b>Long-term</b>	10+ years (2050) aligned with our net zero emissions target <sup>1</sup>

Further detail on our exposure to climate-related risks and opportunities, and management response, is presented in the following section.

The Group's assessment of the potential financial impact of climate-related risk continues to mature as we build our understanding of how climate change will impact our business in the short, medium, and long-term.

Climate-related risks were considered in assessing the potential financial impacts of climate change on the Group's CGU impairment testing,

through the inclusion of committed initiatives. This review did not indicate any impairment due to the current headroom in each of the Group's CGUs and scenario analysis. Refer to Note 4.1 of the Notes to the Consolidated Financial Statements. Management will continue to monitor and assess the financial impact of this risk.

## Climate-related risk and opportunity assessment

The following table summarises Coles' climate-related transition and physical risks and opportunities, their potential financial impacts based on qualitative assessment, and our management response.

Medium and long-term considerations have been identified for each risk.

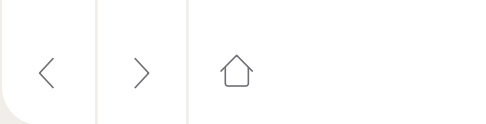
### Transition risks and opportunities

#### 1. Changing stakeholder expectations of acceptable climate performance

Description	Risks	Opportunities
	<ul style="list-style-type: none"> <li>Increased external scrutiny of climate change disclosures and the robustness of action plans to achieve emissions reduction targets (e.g. transition and decarbonisation plans).</li> <li>Increased expectations and scrutiny from lenders, financiers and insurers regarding management of climate risks.</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced ability to transition to a lower carbon economy, innovate, and access new markets through collaboration with stakeholders including our team members, customers, investors, NGOs, community groups, and partners.</li> </ul>
<b>Relevant TCFD risk/opportunity category</b>	<b>Transition risk</b> Reputation	<b>Opportunity</b> Market
<b>Potential financial impacts</b>	<ul style="list-style-type: none"> <li>Impact to share price.</li> <li>Increased costs and staff time required to meet changing expectations.</li> <li>Increased cost of self-insurance; higher insurance premiums; increased cost of finance.</li> <li>Increased sales and revenue from entry into new markets.</li> <li>Reduced operational costs/improved efficiencies from partnerships with stakeholders and third parties.</li> <li>Ability to access insurance and sustainable finance markets (e.g. green bonds, sustainability linked loans).</li> </ul>	
<b>Management response</b>	<ul style="list-style-type: none"> <li>Sustainability strategy incorporating our emissions reduction targets. Refer to the <i>Climate metrics and targets</i> section on page 50 for further information.</li> <li>Teams and processes in place to understand, monitor and respond to the concerns and expectations of our team members, customers, investors, NGOs, community groups, and partners.</li> <li>Governance arrangements in place to manage and monitor the development and progress of climate-related goals and initiatives.</li> <li>Roadmap developed to guide Coles' climate change response, including development of our decarbonisation strategy and Climate Transition Plan. Refer to the <i>Climate strategy</i> section on page 42 for further information.</li> </ul>	
<b>Medium and long-term considerations</b>	<ul style="list-style-type: none"> <li>Increased scrutiny from community partners (e.g. fundraising and sponsorship partners) in relation to Coles' management of climate change.</li> </ul>	

1. Currently, Coles' commitment refers only to Coles' Scope 1 and Scope 2 emissions.





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2. Changing policy, regulatory and legal requirements to decarbonise and manage climate risk

Description	<b>Risks</b> <ul style="list-style-type: none"><li>Increased volume and complexity of mandatory climate-related disclosure requirements.</li><li>International or domestic regulations impose obligations on how we operate (e.g. carbon tax).</li><li>Increased scrutiny and action from regulators on climate-related issues, such as greenwashing.</li></ul>	
Relevant TCFD risk/opportunity category	<b>Transition risk</b> Policy and Legal	
Potential financial impacts	<ul style="list-style-type: none"><li>Increased costs to comply with changing climate-related requirements that impact Coles.</li></ul>	
Management response	<ul style="list-style-type: none"><li>Monitoring new and impending legislative and policy changes.</li><li>Participation in policy consultations and direct engagement with policy makers.</li><li>Compliance and Legal teams train and support relevant teams on sustainability-related advertising and claims to check they are not misleading or contrary to Australian Consumer Law.</li></ul>	
Medium and long-term considerations	<ul style="list-style-type: none"><li>Evolution of the Taskforce on Nature-related Financial Disclosures leading to mandatory nature-related disclosure requirements.</li></ul>	

3. Changing customer behaviour and preferences driven by environmental and climate-related factors

Description	<b>Risks</b> <ul style="list-style-type: none"><li>Inability to respond to changing customer behaviour and preferences in favour of products and services that are considered more sustainable and seek to reduce the impact to the environment (e.g. lower carbon, less water-intensive, use of recycled packaging).</li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>Potential entry into new markets and development of new lower carbon or more sustainable products and services.</li></ul>
Relevant TCFD risk/opportunity category	<b>Transition risk</b> Reputation	<b>Opportunity</b> Market Products/Services
Potential financial impacts	<ul style="list-style-type: none"><li>Increased costs to source lower carbon or more sustainable products and obtain product certifications.</li><li>Decreased revenue/loss of market share if customer preferences are not met.</li><li>Increased sales/revenue from climate conscious customers.</li><li>Increased opportunity from substitution or move into higher margin products.</li></ul>	
Management response	<ul style="list-style-type: none"><li>Teams and processes in place to anticipate and respond to changes in customer behaviour and preferences, including those driven by climate-related factors.</li><li>Partnership with Planet Ark to educate customers on sustainability topics.</li><li>Offering certified carbon neutral range of beef and pork products to customers.</li><li>Independent responsible sourcing certification or verification on a range of Coles Own Brand products.</li><li>Continued development of emissions reduction plans for high emissions categories including beef and dairy.</li><li>Ongoing trial by beef suppliers of methane-reducing feed supplement Bovaer.</li></ul>	
Medium and long-term considerations	<ul style="list-style-type: none"><li>Increased expectations in relation to the transparency of sourcing practices and reduction of environmental impacts for products within our Coles Own Brand and Coles Liquor Own Brand ranges.</li><li>Increased demand for plant-based food and drink offerings to meet needs of customers seeking diverse diets.</li><li>Changes to the way customers shop driven by environmental considerations, e.g. a preference to shop where electric vehicle charging is available.</li><li>Customer acceptance of variable product availability due to impacts from weather and climate, as well as product innovations that seek to reduce environmental impact, e.g. lab-grown meat and milk.</li></ul>	

#### 4. Low emissions technology development and adoption

Description	Risks	Opportunities
	<ul style="list-style-type: none"> <li>Delayed adoption of new technologies and/or inadequate infrastructure to support our transition and decarbonisation plans.</li> <li>Inability to source renewable energy assets, such as solar panels and batteries, due to increased global demand and ethical considerations.</li> </ul>	<ul style="list-style-type: none"> <li>Increased resource efficiency and reduced greenhouse gas emissions<sup>1</sup> in areas over which we have control and influence.</li> </ul>
Relevant TCFD risk/opportunity category	Transition risk	Opportunity
	Technology	Energy Source Resource Efficiency
Potential financial impacts	<ul style="list-style-type: none"> <li>Write-offs or early retirement of existing inefficient assets, e.g. refrigeration assets which may need to be retired early due to a switch to natural refrigerants.</li> <li>Increased costs associated with investment in the research, development and implementation of new technology and supporting practices and processes.</li> <li>Exposure to increased and/or more volatile energy costs.</li> <li>Increased costs to run and maintain existing inefficient assets.</li> <li>Financial benefits from reduced operating costs (e.g. through energy efficiency gains and cost reductions, and increased production capacity).</li> </ul>	
Management response	<ul style="list-style-type: none"> <li>Energy purchasing, market services and energy asset strategy to manage and orchestrate energy consumption and cost to supermarkets, including renewable energy contracts and orchestration agreements.</li> <li>Alliance with Origin Energy to support our energy strategy and investment in renewable electricity.</li> <li>Strategies developed to replace existing refrigeration and heating, ventilation and air conditioning assets with systems that run on lower global warming potential gases and natural refrigerants.</li> <li>Introduction of our first fully electric delivery van to our Coles Online fleet, and continued trial of electric refrigeration vans (in which the refrigeration system runs off the vehicle's battery) with our partner, Custom Fleet.</li> <li>Information on how we are working to increase resource efficiency and reduce greenhouse gas emissions is provided in the <i>Climate metrics and targets</i> section on page 50.</li> </ul>	
Medium and long-term considerations	<ul style="list-style-type: none"> <li>Higher risk of gas shortages affecting our gas intensive manufacturing facilities, which may result in the need to source gas at a higher cost.</li> <li>Increased pressure to decarbonise our heavy vehicle fleet (e.g. through hydrogen fuel cell solutions).</li> </ul>	

#### 5. Access to insurance and finance

Description	Risks	Opportunities
	<ul style="list-style-type: none"> <li>Decreased access to insurance (or increased cost of insurance) for sites and operations that are vulnerable to climate events, such as floods.</li> <li>Decreased access to finance (or increased cost of finance) if Coles cannot demonstrate adequate management of climate risks.</li> </ul>	<ul style="list-style-type: none"> <li>Increased access to diverse financial assets (e.g. sustainability linked products) if Coles can demonstrate enhanced management of climate risk commitments.</li> </ul>
Relevant TCFD risk/opportunity category	Transition risk	Opportunity
	Market	Market
Potential financial impacts	<ul style="list-style-type: none"> <li>Increased cost of self-insurance; higher insurance premiums.</li> <li>Unavailability of insurance for sites and operations that are vulnerable to climate events.</li> <li>Increased cost of finance.</li> <li>Lack of funds for investment.</li> <li>Ability to access alternative financing products.</li> </ul>	

1. These are the aggregate anthropogenic carbon dioxide equivalent emissions of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), ozone (O<sub>3</sub>), perfluorinated carbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF<sub>6</sub>), categorised as Scope 1, Scope 2 and Scope 3 emissions. Nitrogen trifluoride (NF<sub>3</sub>) GHG emissions are not currently relevant for Coles reporting purposes because they are specific to the electronics industry.





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5. Access to insurance and finance (continued)

Management response	<ul style="list-style-type: none"><li>• Coles has established bilateral bank facilities in sustainability linked loan formats (SLLs). The SLLs draw a direct line between our sustainability performance and our cost of capital.</li><li>• Transferring risk through the insurance market where it is competitive to do so and based on exposure to the balance sheet. Coles Captive Insurance is used as a mechanism to fund additional exposures that cannot be risk transferred to a certain extent.</li><li>• Natural catastrophe modelling, which is revisited at least every two years or earlier if there is evidence that it has become outdated.</li></ul>
Medium and long-term considerations	<ul style="list-style-type: none"><li>• Increased exclusion clauses in insurance policies for certain regions susceptible to extreme weather events.</li></ul>

Physical risks and opportunities

6. People health, safety and wellbeing (Coles' team members and broader supply chain)

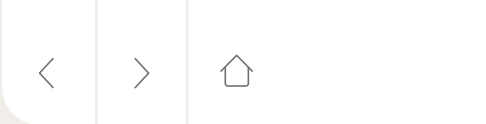
Description	<p><b>Risks</b></p> <ul style="list-style-type: none"><li>• Risk of physical harm to Coles' team members, and third-party suppliers and providers due to increases in the frequency and intensity of extreme weather events and chronic weather impacts including:<ul style="list-style-type: none"><li>– Fatigue, heat stroke, heart and kidney failure associated with more extreme hot days.</li><li>– Slips, trips and falls from increased wet weather or humidity.</li><li>– Injury resulting from weather-related damage to infrastructure (e.g. falling objects) or transport hazards.</li></ul></li><li>• Increased mental health and psychosocial challenges, such as anxiety and stress from experiencing severe weather events.</li></ul>
Relevant TCFD risk/opportunity category	<p><b>Physical risk</b></p> <p>Acute</p> <p>Chronic</p>
Potential financial impacts	<ul style="list-style-type: none"><li>• Increased operating costs associated with implementing plans to reduce and mitigate health and wellbeing impacts to our team members, and third-party suppliers and providers.</li><li>• Increased costs associated with employee leave, absenteeism or turnover.</li><li>• Increased workers compensation claims/costs.</li></ul>
Management response	<ul style="list-style-type: none"><li>• SafetyCARE and the safety plans for each of our segments factor in acute and chronic climate change impacts that may result in operational hazards.</li><li>• Emergency response plans are in place for every store and supply chain site, and factor in bushfire, flood zones and cyclone zones.</li><li>• Learnings from incidents/events and opportunities for improvement are identified and incorporated into our safety and emergency response plans.</li></ul>
Medium and long-term considerations	<ul style="list-style-type: none"><li>• Safety risks relating to the journey between supply chain sites and stores become increasingly difficult to manage, particularly where the resilience of rail, road and sea infrastructure is out of Coles' control.</li><li>• Increased frequency and severity of safety incidents/mental health and psychosocial challenges.</li></ul>

## 7. Food safety and quality

<b>Description</b>	<b>Risks</b> <ul style="list-style-type: none"> <li>• Risks to food safety and quality including: <ul style="list-style-type: none"> <li>– Environmental contamination and biological and chemical hazards in foods.</li> <li>– Changing persistence and occurrence of pests, diseases and bacteria due to increased temperatures.</li> </ul> </li> <li>• Increased risk to the quality of fresh produce due to changing growing conditions.</li> </ul>
<b>Relevant TCFD risk/opportunity category</b>	<b>Physical risk</b> Acute Chronic
<b>Potential financial impacts</b>	<ul style="list-style-type: none"> <li>• Decreased revenue due to reduced availability of supply or poor product quality.</li> <li>• Increased exposure to price volatility.</li> <li>• Increased costs associated with implementing plans to manage food safety and quality risks (e.g. temperature controls).</li> </ul>
<b>Management response</b>	<ul style="list-style-type: none"> <li>• Group product and food safety controls, including food and product safety plans, storage and handling protocols and product surveillance programs.</li> <li>• Management governance forums in place to manage and monitor emerging food and product safety risks.</li> <li>• Disaster recovery checklists established to help suppliers recover from the impact of extreme weather events.</li> <li>• Supplier product specifications which are reviewed annually and adjusted in the case of significant weather events.</li> </ul>
<b>Medium and long-term considerations</b>	<ul style="list-style-type: none"> <li>• Persistent safety and quality issues may result in certain products becoming unsaleable.</li> <li>• Increased frequency and severity of product and food safety and quality risks and issues.</li> </ul>

## 8. Operational resilience

<b>Description</b>	<b>Risks</b> <ul style="list-style-type: none"> <li>• Risk of disruptions to our operations including: <ul style="list-style-type: none"> <li>– Disruption or damage to the store or supply chain network.</li> <li>– Disruption or damage to major transport routes (including rail, road and sea), affecting access to stores and supply chain sites.</li> <li>– Power, water and communication network outages impacting site operations and digital connectivity.</li> </ul> </li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Enhanced resilience of our supply chain and our assets and infrastructure.</li> </ul>
<b>Relevant TCFD risk/opportunity category</b>	<b>Physical risk</b> Acute Chronic	<b>Opportunity</b> Resilience
<b>Potential financial impacts</b>	<ul style="list-style-type: none"> <li>• Increased investment required to strengthen operational resilience.</li> <li>• Decreased revenue due to reduced availability of supply or closure of stores/distribution centres.</li> <li>• Increased product waste and mark-downs.</li> <li>• Write-offs or impairment of assets.</li> <li>• Increased costs to repair, maintain or replace assets (e.g. stores, store support sites, distribution centres, and connecting transportation routes).</li> <li>• Increased insurance premiums.</li> <li>• Enhanced ability to operate in various conditions, increasing sales and revenue.</li> <li>• Increased asset value.</li> </ul>	



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8. Operational resilience (continued)

Management response	<ul style="list-style-type: none"><li>• Crisis management, business continuity and emergency response plan in place to manage potential disruptions during extreme weather events and natural disasters.</li><li>• Maintenance of our Critical Infrastructure Risk Management Program, with the objective of managing material risks to the distribution and supply of essential food or groceries, including risks relating to extreme weather events and natural disasters.</li><li>• Store design specifications consider their resilience in extreme weather events and natural disasters.</li><li>• Insurance arrangements in place for property and business interruption (subject to policy terms, conditions and exclusions).</li><li>• Completion of a physical climate risk assessment to inform location planning. Refer to the <i>Climate strategy</i> section on page 42 for more details.</li></ul>
Medium and long-term considerations	<ul style="list-style-type: none"><li>• Natural hazards continue to increase in frequency and intensity, and result in more frequent and severe disruptions to our operations.</li><li>• Disruption to transport routes may become increasingly difficult to manage, particularly where the resilience of rail, road and sea infrastructure is out of Coles' control.</li></ul>

9. Supply security

Description	<b>Risks</b> <ul style="list-style-type: none"><li>• Risks to the supply of goods including:<ul style="list-style-type: none"><li>– Increased offer variation, including product availability and price, due to the impact of extreme weather events and unseasonal weather patterns on growing conditions and productivity.</li><li>– Supplier unavailability, reduced capacity or productivity due to the impact of climate change on their operations, and costs associated with building climate resilience.</li></ul></li></ul>	<b>Opportunities</b> <ul style="list-style-type: none"><li>• Supporting our suppliers to strengthen their climate resilience.</li><li>• Enhanced resilience of our supply chain.</li></ul>
Relevant TCFD risk/opportunity category	<b>Physical risk</b> Acute Chronic	<b>Opportunity</b> Resilience
Potential financial impacts	<ul style="list-style-type: none"><li>• Decreased revenue due to reduced availability of supply.</li><li>• Increased costs to import products from overseas or diversify supplier base.</li><li>• Increased sourcing costs.</li><li>• Increased exposure to price volatility.</li><li>• Enhanced availability of supply leading to increased sales and revenue.</li><li>• Increased opportunity from substitution or move into higher margin products.</li></ul>	
Management response	<ul style="list-style-type: none"><li>• Reviews undertaken of supplier concentration in key categories, and geographical risk across a number of Coles' fresh produce categories.</li><li>• Geographically distributed growing regions for categories such as meat and fresh produce.</li><li>• Supporting farmers to reduce their emissions and improve resilience through the Coles Nurture Fund, Dairy Farm Sustainability Accelerator Fund and Carbon Neutral Program.</li><li>• Development of Scope 3 supplier engagement program to support suppliers to reduce their emissions.</li></ul>	
Medium and long-term considerations	<ul style="list-style-type: none"><li>• Supplier consolidation (e.g. due to costs associated with building climate resilience).</li><li>• Higher risk of availability gaps including products sourced internationally.</li><li>• Land previously suitable for agricultural horticulture may be no longer suitable due to increasing temperatures.</li></ul>	



## Climate metrics and targets

We outline the metrics and targets we use to assess our sustainability performance, including climate, in our 2024 Sustainability Report available at [colesgroup.com.au](https://colesgroup.com.au).

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.

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

Below is a summary of our climate-related targets – further detail on target performance, in addition to Scope 1,

Scope 2 and Scope 3 emissions data, is available in our 2024 Sustainability Report and 2024 Sustainability Data Pack at [colesgroup.com.au](https://colesgroup.com.au).

TARGET	FY24 PERFORMANCE	FY25 PLANNED ACTIONS
Source 100% renewable electricity by the end of FY25	45% renewable electricity <sup>1</sup> sourced for our operations.	Coles remains on track to meet our target to source 100% renewable electricity by FY25 through onsite solar and large-scale generation certificate (LGC) <sup>2</sup> arrangements which match our consumption.  Coles will continue to install solar systems at our sites nationally, including as part of our partnership with Origin
Reduce combined Scope 1 and 2 emissions by more than 75% (FY20 baseline) by the end of FY30 <sup>3</sup>	1.5% emissions reduction from FY23 (34.5% emissions reduction from FY20) <sup>4</sup> .	Coles will continue to source renewable electricity for our operations. We will also continue to roll out refrigeration and energy efficiency initiatives.
Deliver net zero Scope 1 and 2 greenhouse gas emissions by 2050	We have a FY30 Scope 1 and 2 emissions reduction target validated by the Science Based Targets initiative (SBTi) (see progress in the row above).	Coles will continue to deliver the actions set out in the Roadmap (discussed in the <i>Climate strategy</i> section starting on page 42), which will culminate in a Climate Transition Plan for the Group.
Scope 3 supplier engagement target: 75% of suppliers, by spend, covering purchased goods and services, and upstream transportation and distribution, will have science-based emissions reduction targets by the end of FY27	35.5% of suppliers have set Scope 1 and 2 science-based emissions reduction targets.	Coles will continue to develop and deliver our supplier engagement program, working together with suppliers to build and scale industry-wide action to set targets and reduce emissions.

1. Renewable electricity % includes voluntary large-scale generation certificate (LGC) surrenders, Renewable power percentage (RPP), Jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. FY24 electricity consumption includes two months of estimated data (based on actual data from past years) and 10 months of actual data.

2. An LGC is a tradeable certificate created by eligible large-scale renewable energy power stations. Each certificate represents one megawatt hour of renewable electricity generated or displaced by a power station.

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

4. FY24 Scope 1 and Scope 2 emissions include two months of estimated data (based on actual data from past years) and 10 months of actual data.

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



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**Pictured:** Avocado growers Rod and Karen from Prada Farms, were awarded a Coles Nurture Fund grant to introduce all-electric machinery for its harvesting system that runs on renewable energy.



# Corporate governance overview

The Board and management are committed to high standards of corporate governance and consider a robust corporate governance framework to be central to the success of our business.

## The role of the Board

The Board provides leadership and approves the strategic direction and objectives of the Group in the long-term interests of, and to maximise value to, shareholders.

The Board has a charter that outlines its responsibilities, including powers that are expressly reserved to the Board, and powers that are specifically delegated to the CEO and management. The CEO is responsible for the day-to-day management of the Group and its businesses.

The Board has established three standing committees and has delegated to each committee a number of duties to assist the Board in exercising its responsibilities and discharging its duties. Together, they play an

important role in assisting the Board's oversight and governance of the Group's operations.

## Board focus areas and activities in FY24

The Board and Committee programs include the following recurring items: strategy, safety, operations and performance, people and culture, financial management and external reporting, risk and sustainability. Directors receive in-depth briefings from management and subject matter experts on material issues, as well as deep dives on areas of particular focus. Directors also attend store and site visits throughout the year.

In FY24, the Directors participated in workshops and meetings with retail industry participants covering a number of broad areas of focus including consumer trends, automation and developments in digital and technology.

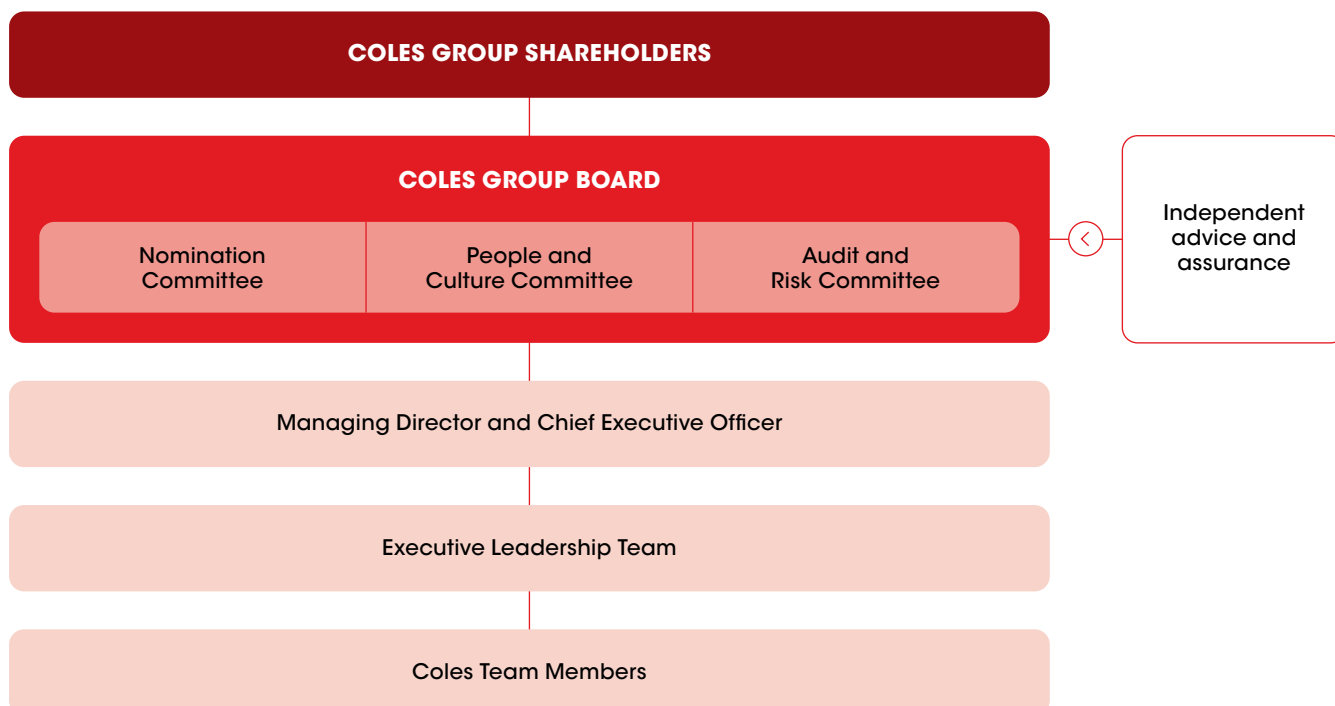
Further, as part of the launch of Coles' Stretch Reconciliation Action Plan 2024–27, Directors and management participated in a First Nations cultural

immersion on Wonnarua Country, engaging with Elders to better understand First Nations knowledge systems and how these can be further embedded into our business and ways of working.












## Board composition, skills and experience

The size of the Board, the skills and experience of the directors and diversity of thought are some of the factors considered by the Board, with the assistance of the Nominations Committee, in overseeing its composition. In FY24, the review of the Board's mix of skills and experience was undertaken with the assistance of an external consultant. The current mix of skills and experience represented on the Board is set out in the Board Skills Matrix opposite.

Coles' 2024 Corporate Governance Statement contains a comprehensive overview of our corporate governance framework and is available at [colesgroup.com.au/corporategovernance](https://colesgroup.com.au/corporategovernance)





BOARD SKILLS AND EXPERIENCE	DESCRIPTION OF SKILLS AND EXPERIENCE	NUMBER OF DIRECTORS
 Corporate Governance	Expertise in corporate governance, including in implementing high standards of governance in a large organisation, in particular a publicly listed entity, and assessing the effectiveness of senior management.	<div><div></div></div>
 Leadership and Commercial Acumen	Expertise and demonstrated success in senior executive roles in large, complex organisations and/or publicly listed companies. Expertise in successfully leading organisational transformation and delivering sustained business success.	<div><div></div></div>
 Financial Acumen	Expertise in financial accounting and reporting, internal financial and risk controls, corporate finance and/or restructuring and corporate transactions.	<div><div></div><div></div></div>
 Strategic Thinking	Expertise in critically identifying and assessing strategic opportunities and threats; setting and executing strategic objectives and monitoring implementation of strategy, including bringing global perspectives and insights.	<div><div></div></div>
 People, Culture and Remuneration	Expertise in assessing and overseeing a company's culture, remuneration and people management framework, including talent and succession planning.	<div><div></div><div></div></div>
 Risk Management	Expertise in identifying and monitoring key risks to an organisation and overseeing the implementation of appropriate risk management frameworks, procedures and controls.	<div><div></div><div></div></div>
 Retail and FMCG Expertise	Expertise in the retail and/or fast-moving consumer foods (FMCG) industry, particularly in food and liquor, including merchandising, marketing, product development, exporting, logistics and consumer strategy.	<div><div></div><div></div></div>
 Supply Chains	Expertise in managing or overseeing the operation of complex supply chains and distribution models.	<div><div></div><div></div><div></div></div>
 Property Development and Asset Management	Experience in property development and asset management.	<div><div></div><div></div><div></div></div>
 Digital Technology and Innovation	Expertise in the implementation of new technologies, and experience responding to digital disruption through the use of digital technologies, data, analytics and innovation, particularly in retail industry.	<div><div></div><div></div></div>
 Sustainability and Environment	Expertise in managing and driving environmental management and social responsibility initiatives and reporting (including in relation to sustainability, climate change and human rights), as well as experience in overseeing sustainability-related risks, opportunities and trends (including emerging regulations and global sustainability reporting standards).	<div><div></div><div></div></div>
 Health and Safety	Expertise in workplace health and safety issues, including management of workplace safety, and mental and physical health.	<div><div></div><div></div></div>
 Regulatory and Public Policy	Expertise in regulatory and public policy, particularly in relation to retail and FMCG industry.	<div><div></div><div></div></div>

● High level of skill/extensive experience

● Practised/relevant experience

● Aware

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# Board of Directors: Biographical details

## James Graham AM

BE (Chem) (Hons), MBA, FIEAust EngExec, FTSE, FAICD, SF FIN

**Chairman and Non-executive Director, Chairman of the Nomination Committee and Member of the People and Culture Committee**

Age: 76

James Graham has extensive business, investment, corporate and governance experience, including as a Non-executive Director of Wesfarmers Limited for 20 years, prior to his retirement in July 2018. James is Chairman of Gresham Partners Limited, having founded the Gresham Partners Group in 1985.

From 2001 to 2009, James was a Director of Rabobank Australia Limited, initially as Deputy Chairman and then Chairman, and was responsible for the Bank's operations in Australia and New Zealand. He was also Chairman of the

Darling Harbour Authority between 1989 and 1995, and was previously Managing Director of Rothschild Australia Limited. In 2008, James was made a member of the Order of Australia.

James contributes depth of experience to the Coles Board, with expertise in business strategy, risk management, property development and finance and brings a deep understanding of regulatory and public policy across diverse and highly-regulated industries.

## Leah Weckert

BEng (Hons), BSc, MBA, GAICD

**Managing Director and Chief Executive Officer**

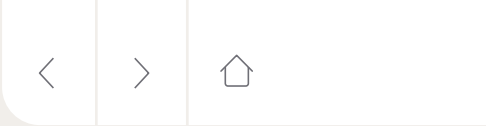
Age: 45

Leah Weckert became the Managing Director and Chief Executive Officer of Coles on 1 May 2023.

Leah joined Coles in 2011 and has held several senior roles across the business. Most recently, Leah was Chief Executive, Commercial & Express, leading the Supermarkets and Coles Express business units. Before this, Leah was Chief Financial Officer and played a leadership role in the demerger of Coles from Wesfarmers in 2018. Leah has also held roles as Director Strategy, Director People & Culture, State General Manager Victoria Operations, and General Manager Merchandise, Strategy and Innovation.

Prior to joining Coles, Leah worked at McKinsey & Company, advising large private and public sector clients, and Foster's Group in Strategy and Business Development.

Leah has a deep understanding of the retail and FMCG industry with experience across strategy, product merchandising, sourcing and development, supply chain, marketing, supplier relationships and sustainability initiatives.



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Terry Bowen

BAcc, FCPA, MAICD

Non-executive Director, Member of the Nomination Committee and the Audit and Risk Committee

Age: 57

Terry Bowen is currently a non-executive director of global technology ecommerce business, Rokt Inc., and is also Chair of the Operations Group at Australian private equity company BGH Capital. He is a former non-executive director of BHP Group Limited and Transurban Group Limited.

Terry previously served as Finance Director of Coles (2007 to 2009), Finance Director of Wesfarmers Limited (2009 to 2017) and Managing Partner and Head of the Operations Group at BGH Capital (2018 to 2019). Terry was also formerly Managing Director of Wesfarmers Industrial and Safety, Chief Financial Officer of Jetstar Airways, Finance Director of Wesfarmers Landmark, and before this held senior finance roles with Tubemakers of Australia Limited.

As well as financial, retail, strategic and operational expertise from his leadership roles in some of Australia's leading businesses, Terry brings significant risk management and governance experience to the Coles Board.

Directorships of listed entities, current and recent (last three years):

Non-executive Director of BHP Group Limited (October 2017 to November 2023), Transurban Group Limited (February 2020 to October 2023).

Jacqueline Chow

MBA, BSc (Hons), FAICD

Non-executive Director, Member of the Nomination Committee and the Audit and Risk Committee

Age: 52

Jacqueline Chow is a Non-executive Director of nib Holdings Limited and Charter Hall Group. Jacqueline is also a Director of the Australia-Israel Chamber of Commerce of New South Wales and a Senior Advisor at McKinsey Consulting RTS.

From 2016 to 2019, Jacqueline was a Director of Fisher & Paykel Appliances. Jacqueline previously held senior management positions, including Chief Operating Officer, Global Consumer and Food Service, with Fonterra Co-operative Group, one of the world's largest dairy product producers and exporters. Prior to that, Jacqueline was in senior management with Campbell Arnott's and Kellogg Company. She was also Programme Steering Group Director, Ministry for Primary Industries, New Zealand and Deputy Chairman of the Global Dairy Platform Inc.

Jacqueline's background and experience in the FMCG industry brings operational insights in relation to managing complex supply chains as well as customer experience, brand reputation and sustainability.

Directorships of listed entities, current and recent (last three years):

Non-executive Director of Boral Limited (March 2022 to July 2024), nib Holdings Limited (since April 2018), Charter Hall Group (since February 2021).



### Abi Cleland

MBA, BCom/BA

**Non-executive Director, Member of the Nomination Committee and the People and Culture Committee**

Age: 50

Abi Cleland is currently a Non-executive Director of Bendigo and Adelaide Bank Limited, Computershare Limited and Orora Limited (until 30 September 2024). She was previously a Non-executive Director of Sydney Airport Corporation Limited, Chairman of Planwise AU, a Director of Swimming Australia and on the Lazard PE Fund advisory committee. From 2012 to 2017, Abi established and ran an advisory and management business, Absolute Partners, focusing on strategy, mergers and acquisitions and disruption. Before that, she held senior management roles at KordaMentha's 333, where she was Managing Director, and at ANZ Banking Group Limited, Incitec Pivot Limited and Amcor Limited.

Abi brings significant experience in the areas of strategy, digital and M&A across a range of sectors, as well as insights in relation to assessing opportunities in technology, digital disruption and innovation.

**Directorships of listed entities, current and recent (last three years):**

Non-executive Director of Bendigo and Adelaide Bank Limited (since April 2024), Computershare Limited (since February 2018), Orora Limited (February 2014 until her retirement effective 30 September 2024), Sydney Airport Corporation Limited (April 2018 to March 2022).

### Richard Freudenstein

LLB (Hons), BEc

**Non-executive Director, Chairman of the People and Culture Committee and Member of the Nomination Committee**

Age: 59

Richard Freudenstein is the Chairman and a Non-executive Director of Appen Limited as well as a Non-executive Director of REA Group Limited (where he was Chairman from 2007 to 2012). He is a board member of Cricket Australia and is Deputy Chancellor of the University of Sydney.

Richard was previously Chief Executive Officer of Foxtel (2011 to 2016), Chief Executive Officer of The Australian and News Digital Media at News Ltd (2006 to 2010), and Chief Operating Officer at British Sky Broadcasting plc (2000 to 2006). His previous board positions include Ten Network Holdings Limited (2015 to 2016), Foxtel (2009 to 2011) and Astro Malaysia Holdings Berhad (2016 to 2019).

Richard has extensive leadership experience in global media and digital businesses, and brings a deep understanding of managing complex businesses operating in regulated industries.

**Directorships of listed entities, current and recent (last three years):**

Chairman of Appen Limited (since October 2021) and Non-executive Director (since August 2021), Non-executive Director of REA Group Limited (since November 2006).

### Andrew Penn AO

MBA, AMP, FCCA, HFAIPM

**Non-executive Director, Chairman of the Audit and Risk Committee and Member of the Nomination Committee**

Age: 61

Andy Penn is a Senior Advisor with McKinsey & Company and TPG Capital Asia and a Special Advisor to Quintessence Labs. He is a member of the Advisory Board of REDSPICE of the Australian Signals Directorate and of the Advisory Board of Glow Financial Services, a member of the Quad Investors Network of the American Frontier Fund and the Council of Trustees of the National Gallery of Victoria. Andy is also a Life Governor of Very Special Kids and a member of the Advisory Boards of The Big Issue Home for Homes and JD RF. Andy was formerly the Chair of the Expert Advisory Board for Australia's National Cyber Security Strategy.

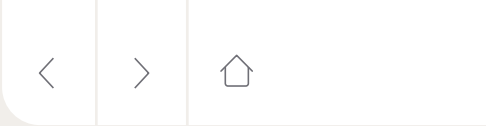
From 2015 to 2022, Andy was Chief Executive Officer and Managing Director of Telstra and was also previously Telstra's Chief Financial Officer and Group Executive International.

Prior to joining Telstra, Andy spent 23 years with AXA. From 2006 to 2011, he was the Group Chief Executive Officer and Chief Financial Officer AXA Asia Pacific Holdings.

Andy has had an extensive career across telecommunications and technology and financial services and brings deep understanding of the risks and opportunities arising from technology, digital disruption and cyber security.

**Directorships of listed entities, current and recent (last three years):**

Executive Director of Telstra Corporation Limited (May 2015 to August 2022).



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Scott Price

BA, MBA, MA

Non-executive Director, Member of the Nomination Committee and the People and Culture Committee

Age: 63

Scott Price commenced as Group Chief Executive of DFI Retail Group Holdings Limited on 1 August 2023, having retired in early 2022 as Executive Vice-President; President of UPS International.

Scott was also previously UPS's Chief Strategy and Transformation Officer and was responsible for strategic planning, Global Business Services and the company's Advanced Technology Group. From 2009 to 2015, Scott led Walmart's Asia store business before moving to the United States to lead global sourcing, international technology, real estate and strategy until 2017. He was also previously President and CEO of DHL Asia and then DHL Europe and began his career at The Coca-Cola Company in Asia.

Scott is a director of the Consumer Goods Forum and is also a former board member of the not-for-profit World Food Program USA.

Scott's extensive retail and FMCG experience provides valuable insights and a global perspective, particularly in relation to complex supply chains, business transformation and sustainability initiatives.

Directorships of listed entities, current and recent (last three years):

Group Chief Executive and Director of DFI Retail Group Holdings Limited (since August 2023) (and representative director on its affiliates, Robinsons Retail Holdings Inc (since August 2023) and Yonghui Superstores Co. Limited (since September 2023)).

Wendy Stops

BAppSc (Information Technology), GAICD

Non-executive Director, Member of the Nomination Committee and the Audit and Risk Committee

Age: 63

Wendy Stops is the Chairman of Fitted for Work, Deputy Chancellor and Council member at the University of Melbourne, Chairman of the Advisory Board for the Melbourne Business School's Centre for Business Analytics, a member of Kearney's ANZ Advisory Board and a member of the AICD's Governance of Innovation and Technology Panel.

Previously, Wendy was a member of the Expert Advisory Committee to the Digital Technology Taskforce of the Department of Industry, Science and Resources and a senior management executive in the information technology and consulting sectors. This includes her last 16 years with Accenture in various senior leadership positions in Australia, Asia Pacific and globally.

Wendy's board experience includes Blackmores Limited (where she was Chairman from 2022 until its sale in 2023), Commonwealth Bank of Australia Limited, Altium Limited, Accenture Software Solutions Australia and Diversiti. Currently, Wendy is a member of Chief Executive Women, serving on their Leaders Program Committee.

Wendy brings to the Board expertise in large-scale technology transformations and innovation, as well as experience in designing and implementing comprehensive risk management frameworks.

Directorships of listed entities, current and recent (last three years):

Chairman of Blackmores Limited (November 2022 to August 2023) and Non-executive Director (April 2021 to August 2023).

# Directors' Report

The Directors present their report on the consolidated entity consisting of Coles Group Limited ('the Company') and its controlled entities at the end of, or during, the financial year ended 30 June 2024 (collectively, 'Coles' or 'the Group').

The information referred to below forms part of, and is to be read in conjunction with, this Directors' Report:

- the Operating and Financial Review;
- the Remuneration Report;
- Board of Directors: Biographical Details;
- Note 7.3 Auditor's remuneration to the financial statements accompanying this report;
- Note 7.5 Events after the reporting period to the financial statements accompanying this report;
- the Auditor's Independence Declaration required under section 307C of the *Corporations Act 2001* (Cth).

## Directors

The Directors as at the date of this Directors' Report are:

Current Directors	Position held	Period as a Director
James Graham AM	Chairman and Independent, Non-executive Director	Appointed 19 November 2018
Leah Weckert	Managing Director and Chief Executive Officer	Appointed 1 May 2023
Terry Bowen	Independent, Non-executive Director	Appointed 1 October 2022
Jacqueline Chow	Independent, Non-executive Director	Appointed 19 November 2018
Abi Cleland	Independent, Non-executive Director	Appointed 19 November 2018
Richard Freudenstein	Independent, Non-executive Director	Appointed 19 November 2018
Andrew Penn AO	Independent, Non-executive Director	Appointed 1 December 2023
Scott Price	Independent, Non-executive Director	Appointed 1 October 2022
Wendy Stops	Independent, Non-executive Director	Appointed 19 November 2018

Peter Allen has been appointed as an Independent Non-executive Director, effective 1 September 2024.

*The Board of Directors: Biographical details* section on pages 54 to 57 sets out information about the current Directors' qualifications, experience, special responsibilities and other directorships.

The following person was also a Director during the financial year:

Former Director	Position held	Period as a Director
Paul O'Malley	Independent, Non-executive Director	Appointed 1 October 2020 Retired 31 October 2023

## Group Company Secretary

### Daniella Pereira LLB (Hons), BA

Daniella Pereira was appointed the Company Secretary of Coles Group Limited on 19 November 2018. Daniella has an extensive career in legal, governance and company secretariat, including a 14-year career with ASX-listed industrial chemicals company, Incitec Pivot Limited. Daniella began her career as a lawyer with Ashurst (formerly Blake Dawson).



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Directors’ meetings

The number of Directors’ meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year are listed below:

Director – Current <sup>1,2</sup>	Board		Audit and Risk Committee		People and Culture Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
James Graham	12	12			6	6	6	6
Leah Weckert	12	12						
Terry Bowen	12	12	6	6			6	6
Jacqueline Chow	12	12	6	6			6	6
Abi Cleland	12	12			6	6	6	6
Richard Freudenstein	12	12			6	6	6	6
Andrew Penn <sup>3</sup>	6	6	4	4			3	3
Scott Price	12	12			6	6	6	6
Wendy Stops	12	12	6	6			6	6

Director – Former<sup>1,2</sup>

Paul O’ Malley <sup>4</sup>	5	5	2	2			2	2
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1. ‘Held’ indicates the number of meetings held during the period that the Director was a member of the Board or Committee.  
2. ‘Attended’ indicates the number of meetings attended during the period that the Director was a member of the Board or Committee.  
3. Andrew Penn commenced as a Non-executive Director of Coles Group Limited, the Chairman of the Audit and Risk Committee and a member of the Nomination Committee on 1 December 2023.  
4. Paul O’ Malley retired as a Non-executive Director of Coles Group Limited on 31 October 2023.

Directors’ shareholdings in the Company

Details of Directors’ shareholdings in the Company as at the date of this Directors’ Report are shown in the table below. All Directors have met the minimum shareholding requirement under the Board Charter.

Director	Number of shares held <sup>1</sup>
James Graham	500,188
Leah Weckert <sup>2</sup>	317, 892
Terry Bowen	16,545
Jacqueline Chow	20,000
Abi Cleland	19,816
Richard Freudenstein	25,000
Andrew Penn	25,000
Scott Price	21,000
Wendy Stops	35,000

1. The number of shares held refers to shares held either directly or indirectly by Directors as at 27 August 2024. Refer to the Remuneration Report tables for total shares held by Directors and their related parties directly, indirectly or beneficially as at 30 June 2024.  
2. As at 27 August 2024, Leah Weckert also holds 26,054 STI Shares and 372,038 Performance Rights.

## Principal activities

The principal activities of Coles during the financial year were providing customers with everyday products (including fresh food, groceries, general merchandise and liquor) as well as financial and retail media services through its store network and online platforms. No significant changes have occurred in the nature of these activities during the financial year.

## State of affairs

There have been no significant changes in Coles' state of affairs during the financial year.

## Review and results of operations

A review of the operations of the Group during the financial year, the results of those operations and the Group's financial position are contained in the Operating and Financial Review (OFR).

## Business strategies and prospects for future financial years

The OFR sets out information on the business strategies and prospects for future financial years and refers to likely developments in Coles' operations and the expected results of those operations in future financial years. Information in the OFR is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Group.

Information that could give rise to any likely unreasonable prejudice or material detriment to the Group, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage, has not been included. Other than the information set out in the OFR, information about other likely developments in the Group's operations and the expected results of these operations in future financial years has not been included.

## Events after the reporting date

On 27 August 2024, the Directors determined a final dividend of 32.0 cents per fully paid ordinary share to be paid on 25 September 2024, fully franked at the corporate tax rate of 30%. The aggregate amount of the final dividend to be paid out of profits, but not recognised as a liability at 30 June 2024, is expected to be \$429 million.

## Dividends

Dividends since Coles' last Annual Report:

	Cents per share	Total amount \$m	Franked percentage	Date of payment
<b>PAID DURING THE YEAR</b>				
2023 final dividend	30.0	402	100%	27 September 2023
2024 interim dividend	36.0	482	100%	27 March 2024
<b>TO BE PAID AFTER END OF YEAR</b>				
2024 final dividend	32.0	429*	100%	25 September 2024
<b>Dealt with in the Financial Report as</b>			<b>Note</b>	<b>\$m</b>
Dividends paid			3.3	884

\* Estimated final dividend payable, subject to variations in the number of shares up to the record date.

## Environmental regulations

The activities of the Group are subject to a range of environmental regulations under the law of the Commonwealth of Australia and its states and territories. The Group is also subject to various state and local government food licensing requirements, and may be subject to town-planning regulations. During the financial year, Coles continued to be in the process of satisfying the Clean Up Notice relating to stockpiled plastics collected by REDcycle issued by the NSW EPA in March 2023.

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Indemnification and insurance of officers

The Company’s Constitution requires the Company to indemnify any person who is, or has been, an officer of the Company, including the Directors, the Company Secretary and other executive officers, against the liabilities incurred while acting as such officers to the extent permitted by law.

As permitted by the Company’s Constitution, the Company has entered into a Deed of Indemnity, Insurance and Access with each of the Company’s Directors, Company Secretary, Chief Financial Officer and certain executives. No Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the financial year.

The Company has paid a premium in respect of a contract insuring current and former directors, company secretaries and executives of the Company and its subsidiaries against liability that they may incur as an officer of the Company or any of its subsidiaries, including liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with certain exceptions. It is a condition of the insurance contract that no details of the premiums payable or the nature of the liabilities insured are disclosed.

Indemnification of auditors

Pursuant to the terms of engagement the Company has with its auditor, Ernst & Young (EY or Auditor), the Company has agreed to indemnify EY to the extent permitted by law and professional regulations, against any losses, liabilities, costs or expenses incurred by EY where they arise out of, or occur in relation to, any negligent, wrongful or wilful act or omission by the Company. No payment has been made to EY by the Company pursuant to this indemnity, either during or since the end of the financial year.

Non-audit services and auditor’s independence

Details of the non-audit services undertaken by, and amounts paid to, EY are detailed in Note 7.3 Auditor’s remuneration to the financial statements.

The Board is satisfied that the provision of non-audit services during the year by the Auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* (Cth) for the following reasons:

- all non-audit services provided by EY were reviewed and approved to ensure they would not impact the integrity and objectivity of the Auditor; and
- the non-audit services provided did not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* as they did not involve reviewing or auditing the Auditor’s own work, acting in a management or decision-making capacity of the Company, acting as an advocate of the Company or jointly sharing risks or rewards.

A copy of the Auditor’s Independence Declaration forms part of this Directors’ Report.

Proceedings on behalf of the Company

No application has been made under section 237 of the *Corporations Act 2001* (Cth) in respect of the Company, and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section as at the date of this Directors’ Report.

Rounding

The amounts shown in this Directors’ Report and in the financial statements have been rounded off, except where otherwise stated, to the nearest one million dollars, with the Company being in a class specified in the *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191*.

Signed on behalf of the Board in accordance with a resolution of the Directors of the Company.

  
**James Graham AM**  
Chairman  
27 August 2024

  
**Leah Weckert**  
Managing Director and Chief Executive Officer  
27 August 2024



# Remuneration Report



Letter to shareholders from  
the Chairman of the People  
and Culture Committee

**Richard Freudenstein**

Dear Shareholder,

On behalf of the Board, I am pleased to present the FY24 Remuneration Report for Coles Group Limited ('the Company') and its controlled entities (together, 'Coles', 'Coles Group' or 'the Group'). The Remuneration Report provides information on the remuneration arrangements for our Key Management Personnel (KMP), which include the Managing Director and Chief Executive Officer (Managing Director and CEO), Other Executive KMP and Non-executive Directors of the Company.

## Company performance

Coles Group's continued focus on delivering value for customers, particularly through seasonal value campaigns, our Exclusive to Coles portfolio and Flybuys loyalty program, has helped deliver a solid FY24 financial result. Group EBIT from continuing operations increased by 10.7% to \$2.1 billion (5.7% increase on a normalised basis), underpinned by strong growth in Supermarkets earnings with Supermarkets EBIT up 14.3%, (normalised: 9.6%). Group sales revenue from continuing operations increased by 7.6%, (normalised: 5.7%), with growth in Supermarkets sales revenue of 6.2% (normalised: 4.3%).

## Outcomes for FY24

The Board assessed the performance of the Executive KMP against their short-term incentive (STI) individual balanced scorecards and in the context of overall Company performance. All targets were set on a 53-week basis aligned to the FY24 retail calendar year. Section 4.4 details the FY24 STI payments and includes a summary of the Board's approach in determining the final STI payable to Executive KMP. STI payments to Executive KMP ranged between 71.5% to 76.2% of the maximum STI opportunity.

Individual balanced scorecards are heavily weighted to Group financial performance measures at 60% (at target). Group EBIT is the primary financial measure weighted at 40% (at target) and performance was between target and stretch. Whilst Group sales revenue increased by 5.7% on a normalised basis, performance was between threshold and target. Above target STI payments can only be achieved through outperformance on either Group EBIT or Group sales.

With respect to the achievement of Strategic and Non-financial measures weighted at a total of 40% (at target), pleasingly, the CFCs in NSW and in Victoria were completed during the year and both sites commenced operations in July FY25. The delivery of the NSW and Victoria CFCs, mark a significant milestone for this program and will enable Coles to offer a differentiated customer experience for next day home delivery orders across metropolitan Sydney and Melbourne.

The safety of our team members and customers remains a key priority. Our Group Safety Index exceeded our FY24 target, supported by improvements in both our Group safety index (13.7% improvement) and our Total Recordable Injury Frequency Rate (TRIFR) (8.8% improvement). Customer perception on sustainability improved by 2pp achieving threshold performance, driven by a refreshed strategic direction. Customer Net Promoter Score (NPS), measured by both Strategic and Store NPS, did not achieve threshold performance despite positive improvements in Store NPS, particularly across Q4.

The FY22 long-term incentive (LTI), which covered performance between FY22 and FY24, will vest on 30 August 2024. Based on performance against the two equally weighted LTI components, Cumulative Return on Capital (ROC) and Relative Total Shareholder Return (RTSR), 76.1% of the Performance Rights allocated to Executive KMP will vest. As detailed in section 4.5, Cumulative ROC was measured as 104.8% of target with 97.8% of Performance Rights aligned to this component approved to vest. The ROC result excluded the Coles Express sale and transaction impacts and was adjusted for changes in phasing of capital investments related to major projects (ADCs and CFCs), which reduced the final vesting outcome.

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RTSR was above threshold at the 52<sup>nd</sup> percentile against the LTI Comparator Group, with 54.4% of the Performance Rights aligned to this component approved to vest. This reflects strong returns for shareholders over the 3-year performance period of 16.0%.

Aligned to the two new CFCs commencing operations, the Board determined that Matthew Swindells met the performance conditions relating to both the first tranche, and the portion relating to the CFCs in the second tranche of his Medium Term Incentive (MTI), which was put in place during FY23. A total payment of \$800,000 (being 80% of the total MTI opportunity) will therefore be made to Matthew in September 2024 as detailed in section 4.6. The final 20% of the MTI relating to the successful integration of Coles' milk processing plants will be considered for payment by the Board during FY25.

There were no total fixed compensation (TFC) increases provided to Executive KMP during FY24.

Executive KMP changes

Anna Croft was appointed to the role of Chief Commercial Officer on 22 January 2024. Following an extensive global search, we were pleased to welcome Anna back to Coles. Anna brings 20 years of experience in global retail across leading brands both in Australia and the United Kingdom. Anna's remuneration arrangements are detailed in section 3.4.

Non-executive Director fees

Effective from 1 January 2024, the Board determined to increase Non-executive Director fees for the first time since Coles was listed on the ASX in 2018 as detailed in section 5.2. The increase in fees ranged from 3.6% to

5.0%, with no increase applied to the Board Chair fee. These increases were within the current Non-executive Director fee pool limit approved by shareholders at the 2018 annual general meeting (AGM) prior to listing and were guided by appropriate market benchmarking.

Looking ahead

The Board regularly reviews the remuneration and incentive frameworks, so that they continue to strongly align to our remuneration strategy and principles in support of our Group strategy.

For FY25, the Board has made two changes to the Managing Director and CEO's STI balanced scorecard. Firstly, Customer NPS will be measured wholly on Store NPS. Strategic NPS is impacted by external market conditions often outside of the control of executives, such as supply issues, inflation, and changes in consumer confidence. Executives have greater accountability for Store NPS, which provides a localised measure of the customer experience at specific touch points to identify opportunities for operational improvement. Secondly, the Board has determined to evolve the sustainability objective into a broader assessment of progress against the refreshed sustainability strategy of 'creating a more sustainable future'. This assessment will continue to include customer perception, as well as FY25 deliverables aligned to our external commitments. These important adjustments align to the Board's expectations of the Managing Director and CEO to continue improving the experience of Coles customers every day and ensuring we deliver on our sustainability commitments to our shareholders and the Australian community, and strengthens the alignment between company performance and executive reward.

We have also expanded the 'Quality and Behaviour' overlay within the STI framework in FY25 to specifically include compliance with the Grocery Code. Importantly it continues to consider any reputation impacts.

Finally, the Board determined to increase the minimum shareholding requirement for the Managing Director and CEO to 200% of TFC as detailed in section 2.2. This further aligns the interests of the Managing Director and CEO with shareholders and more closely aligns to current market practice regarding the minimum shareholding requirement for a CEO.

No further changes were made to the Executive remuneration framework for FY25.

Conclusion

The Board considers the remuneration outcomes for FY24 to be appropriate in the context of strong returns for shareholders across the last three years, strong in year sales revenue and EBIT growth, and significant strategic achievements in year aligned to our Group strategy. These include our ADC and CFC programs reaching key milestones following the successful ramp up of our Queensland ADC, commencement of operations of the NSW ADC and our two new CFCs in NSW and Victoria.

On behalf of the Board, I would like to thank all Coles team members for their contribution across FY24 'to help Australians eat and live better every day'.



Richard Freudenstein  
Chairman of the People and Culture Committee

The Directors of Coles Group Limited ('the Company') present the Remuneration Report for the Company and its controlled entities (together, 'Coles', 'Coles Group' or 'the Group') for the financial year ended 30 June 2024 ('FY24'). This Remuneration Report forms part of the Directors' Report, and has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and is audited.

This Remuneration Report covers the period from 26 June 2023 to 30 June 2024.

The Remuneration Report is divided into the following sections:

1. Key Management Personnel
2. Remuneration governance
3. Executive remuneration policy and structure overview
4. FY24 Executive KMP remuneration
5. FY24 Non-executive Director remuneration
6. Ordinary Shareholdings

## 1. Key Management Personnel

We have prepared this Remuneration Report in respect of the Group's Key Management Personnel ('KMP'), being the people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly. This includes the Board of Directors and Executive KMP.

The 'Executive KMP' consists of the Managing Director and CEO, and all other executives considered to be KMP. References to 'Other Executive KMP' means the Executive KMP excluding the Managing Director and CEO.

Table 1 shows the people who were considered KMP of the Group during FY24.

Table 1: KMP

### NON-EXECUTIVE DIRECTORS

Name	Position held	Term
<b>Current</b>		
James Graham AM	Chairman and Non-executive Director	Full Year
Terry Bowen	Non-executive Director	Full Year
Jacqueline Chow	Non-executive Director	Full Year
Abi Cleland	Non-executive Director	Full Year
Richard Freudenstein	Non-executive Director	Full Year
Andrew Penn AO	Non-executive Director	Appointed 1 December 2023
Scott Price	Non-executive Director	Full Year
Wendy Stops	Non-executive Director	Full Year
<b>Former</b>		
Paul O'Malley	Non-executive Director	Retired 31 October 2023

### EXECUTIVE KMP

Name	Position held	Term
Leah Weckert	Managing Director and Chief Executive Officer	Full Year
SR (Charlie) Elias	Chief Financial Officer	Full Year
Matthew Swindells	Chief Operations and Sustainability Officer	Full Year
Anna Croft	Chief Commercial Officer	Appointed 22 January 2024



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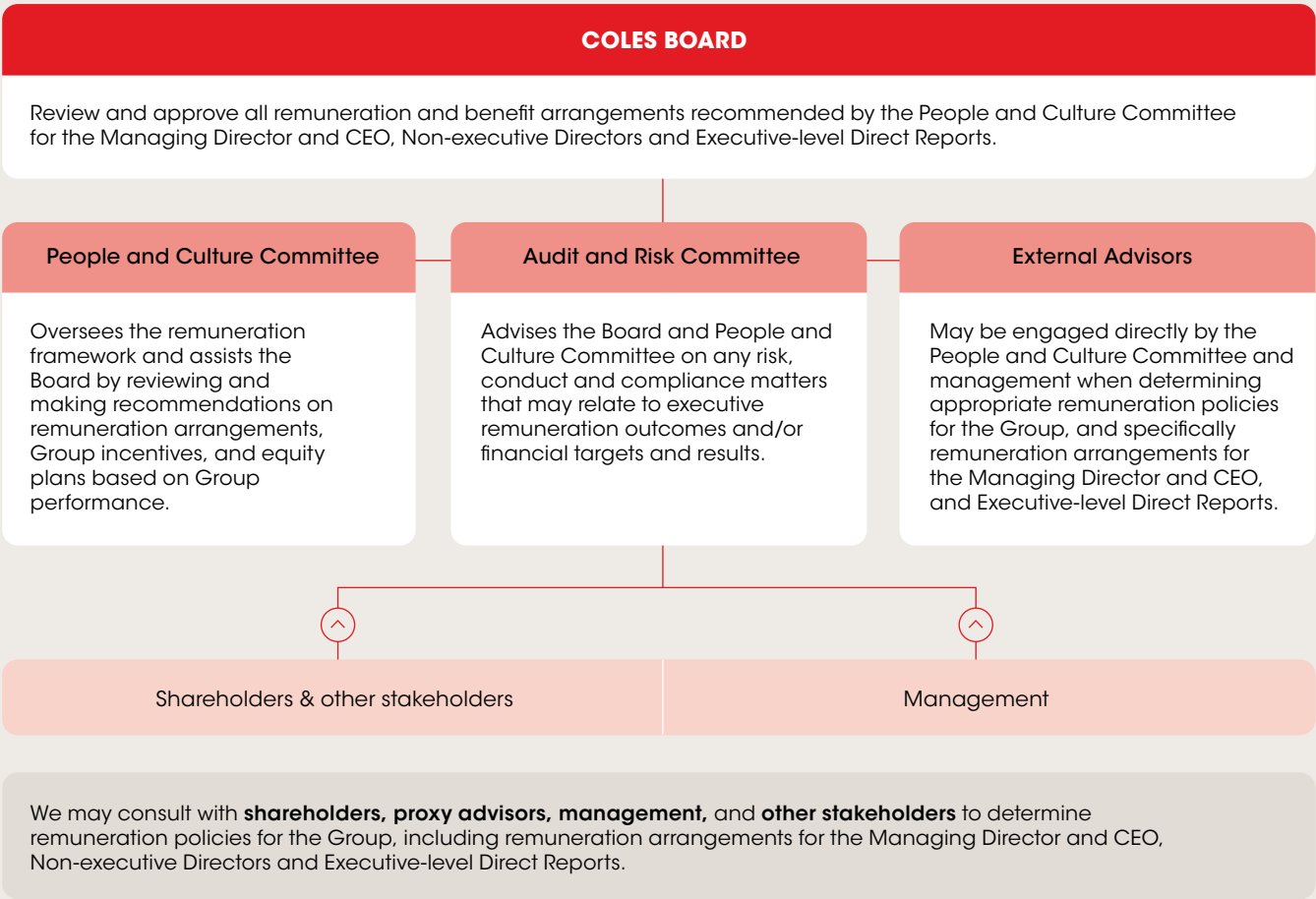
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## 2. Remuneration governance

### 2.1 Governance framework

The following infographic provides an overview of the remuneration governance framework that has been established by the Group.

Further information regarding the membership and meetings of the People and Culture Committee is provided in the Directors' Report.



The Board maintains overall accountability for oversight of the Group's remuneration policies to ensure they are aligned with the Group's vision, values, strategic objectives and risk appetite. The Board maintains absolute discretion to either positively or negatively adjust the remuneration outcomes for the Managing Director and CEO, and Executive-level Direct Reports. The Board will use its discretion based on the provision of supporting data and its assessment of performance aligned to the Group's values and behaviours, risk, compliance, reputational, safety and sustainability considerations as well as the quality of earnings delivered.

The People and Culture Committee assist the Board in fulfilling its responsibilities to shareholders and

regulators in relation to the Group's remuneration policies. The Committee does this by reviewing and making recommendations to the Board on matters including, but not limited to:

- setting remuneration arrangements of Non-executive Directors, the Managing Director and CEO, and Executive-level Direct Reports
- the annual performance review of the Managing Director and CEO, and Executive-level Direct Reports
- assessing remuneration outcomes for the Managing Director and CEO, and Executive-level Direct Reports.

The Committee delegates authority for the operation and administration of all Group incentive and equity plans to management.

External advisors may be engaged either directly by the People and Culture Committee or through management, to provide information on remuneration-related issues, including benchmarking information and market data. During 2023, Mercer provided independent benchmarking in relation to executive remuneration. No remuneration recommendations were made by external consultants. The People and Culture Committee is satisfied that the information provided was free from undue influence by any executive.

## 2.2 Corporate governance policies related to remuneration

Our robust remuneration framework is supported by several corporate governance policies related to remuneration including the following.

### 2.2.1 Securities Dealing Policy

Coles has adopted a Securities Dealing Policy that applies to all Group team members including Non-executive Directors and Executive KMP and their connected persons, as defined within the policy. This policy sets out the insider trading laws all Group team members must comply with, including specific restrictions with which KMP must comply. This includes obtaining approval prior to trading in the Group's securities and not trading within specified periods (known as 'blackout periods'), other than with approval in exceptional circumstances as detailed within the policy. The policy aims to protect the reputation of the Group and maintain confidence in trading in the Group's securities. It prohibits specific types of transactions being made that are not in accordance

with market expectations or may otherwise give rise to reputational risk. In accordance with the policy, all directors, the Managing Director and CEO, Executive-level Direct Reports and their connected persons are prohibited from hedging their exposure to Company securities.

### 2.2.2 Minimum Shareholding Policy

The Group's Minimum Shareholding Policy is a key means by which the interests of the KMP are aligned with those of the shareholders. The policy requires both Non-executive Directors and Executive KMP to build and maintain a significant shareholding in the Group.

#### Non-executive Directors

Non-executive Directors are required to hold at least 1,000 ordinary shares in the Company within six months of their appointment. The shares may be held by a Non-executive Director either in their own name, or indirectly in the name of a custodian, depository, or an entity controlled by the Non-executive Director or a closely related party.

Within five years of appointment, each Non-executive Director is expected to increase their shareholding to an amount equivalent to 100% of their annual base fee at that time. As at the date of this Remuneration Report, each current Non-executive Director satisfies this requirement. The details of each Non-executive Director's shareholding are summarised in Table 10.

#### Executive KMP

Executive KMP are required to achieve a minimum shareholding equivalent to 100% of total fixed compensation (TFC). Achievement of the minimum shareholding is by the later of five years from the date they commence, or five years from the introduction of the policy on 1 July 2019. The Board has determined to increase this requirement for the Managing Director and CEO, who will be required to achieve a minimum shareholding equivalent to 200% of TFC within five years from the date of commencement in the role on 1 May 2023. The details of each Executive KMP shareholding are summarised in Table 11. In addition to Executive KMP, this policy also applies to all other Executive-level Direct Reports.

## 3. Executive remuneration policy and structure overview

### 3.1 Executive remuneration policy for FY24

Coles' vision and strategy remains the primary driver of our remuneration framework and is guided by our remuneration principles. Our broader remuneration principles for all team members are set out in our Remuneration Policy as part of our commitment to fair and equitable remuneration outcomes across reward programs and practices.

MARKET COMPETITIVE 	PERFORMANCE - BASED 	CREATES LONG-TERM VALUE FOR SHAREHOLDERS 	FIT FOR PURPOSE 
Retail is a globally competitive industry. We need to be able to attract, motivate and retain high-calibre executives from both the local and global talent market.	A strong link to performance-based pay to support the achievement of strategy aligned with short-, medium- and long-term financial targets.	Ensuring there is a common interest between executives and shareholders by aligning reward with the achievement of sustainable shareholder returns.	Designed to be relevant to how the Group operates. It needs to be simple to articulate, drive the right behaviours and ensure we deliver on our strategy.

The People and Culture Committee determined the framework is appropriately aligned with our strategy and the interests of our shareholders. Specific performance conditions and outcomes for FY24 are included in section 4. Details of prior years' remuneration, including performance conditions and outcomes, are set out in the Remuneration Reports of prior Annual Reports, which are available at [colesgroup.com.au](https://www.colesgroup.com.au).

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Executive KMP remuneration is delivered through a simple three element structure using both fixed and variable (at-risk) components as outlined in the following graphic.

	Total Fixed Compensation (TFC)	Short Term Incentive (STI)	Long Term Incentive (LTI)
<div>&gt;</div> <b>Purpose</b>	Allows us to attract and retain key talent through competitive and fair fixed remuneration.	Incentivises strong individual and Company performance, based on strategically aligned deliverables, through variable, at-risk payments.	Aligns reward with creation of sustainable, long-term shareholder value.
<div>&gt;</div> <b>Delivery</b>	Cash	CashEquity (Shares)	Equity (Performance Rights)
<div>&gt;</div> <b>FY24 Structure</b>	TFC consists of base salary and superannuation.  Our target position is the 50th percentile of the ASX 10–40 Comparator Group (plus reference to local and international retailers, as required)	The STI is measured against an individual balanced scorecard consisting of: <ul style="list-style-type: none"><li>• 60% Financial measures</li><li>• 40% Strategic and Non-financial measures</li></ul> The STI scorecard includes a mixture of Group and functional strategic measures.	The LTI is measured against: <ul style="list-style-type: none"><li>• 50% Relative Total Shareholder Return (RTSR) (ASX 100 comparator group)</li><li>• 50% Cumulative Return on Capital (ROC)</li></ul> A dividend equivalent payment is made in shares upon vesting.
<div>&gt;</div> <b>Target &amp; Maximum Opportunity</b>	N/A	80% of TFC at target 120% of TFC at maximum	175% of TFC (MD & CEO) 150% of TFC (Other Executive KMP)
<div>&gt;</div> <b>MD &amp; CEO Time Horizons</b>	Performance 1 Year  Salary Paid	Performance 1 Year  Year 1: Cash 50%  Year 3: 50% deferred into Shares held in restriction for 2 years	Performance 3 Years  175% of TFC over 3-year vesting period
<div>&gt;</div> <b>Other Executive Time Horizons</b>	Performance 1 Year  Salary Paid	Performance 1 Year  Year 1: Cash 75%  Year 2: 25% deferred in Shares held in restriction for 1 year  Variable remuneration is subject to the Board’s ongoing discretion based on performance results, in-year adjustments, and clawbacks.	Performance 3 Years  150% of TFC over 3-year vesting period



### 3.2 FY24 target remuneration mix for Executive KMP

The FY24 total target remuneration mix for the Executive KMP is in Graph 1.

Graph 1 – Total target remuneration mix



### 3.3 Executive KMP employment agreements

Executive KMP employment terms are formalised in employment contracts that have no fixed term. Specific information relating to the terms of the Executive KMP's employment contracts is in Table 2.

Table 2: Executive KMP employment contracts

Name	Notice period <sup>1</sup>	Restraint of trade
Leah Weckert	12 months	12 months
SR (Charlie) Elias	12 months	12 months
Matthew Swindells	12 months	12 months
Anna Croft	12 months	12 months

<sup>1</sup> Executive KMP can be terminated without notice if they are found to have engaged in serious or willful misconduct, are seriously negligent in the performance of their duties, commit a serious or persistent breach of their employment contract, or commit an act, whether at work or otherwise, that would bring the Group into disrepute. The Group may also make a payment in lieu of notice.

### 3.4 Chief Commercial Officer remuneration arrangements

Anna Croft commenced as Chief Commercial Officer on 22 January 2024. Anna Croft has over 20 years' experience in global retail, specialising in strategic leadership, cultural and business transformation across the United Kingdom and Australia, with leading retailers WHSmith, Tesco, Coles, and MECCA Brands. The Board set Anna Croft's TFC taking into consideration her experience, capability and market positioning relative to the ASX10-40 (based on market capitalisation), as well as local and international retailers.

<b>Total Fixed Compensation (TFC)</b>	\$850,000 per annum (including superannuation)
<b>Short Term Incentive (STI)</b>	Target Opportunity – 80% of TFC Maximum Opportunity – 120% of TFC
<b>Long Term Incentive (LTI)</b>	Maximum Opportunity – 150% of TFC
<b>Other payments for incentives foregone</b>	<p>As part of Anna Croft's employment agreement, the Board agreed to compensate her for short and long-term incentives that were forfeited or forgone with her prior employer, as a result of her acceptance of the role with Coles. This has been structured to include 50% cash and 50% equity.</p> <p>A total of \$1,000,000 will be paid in cash to Anna Croft. This has been split into two tranches. The first tranche included a \$250,000 gross payment which was paid on commencement, and the second tranche will include a \$750,000 gross payment in September 2024. Both cash payments are subject to a 12-month clawback period and continued employment.</p> <p>A total of \$1,000,000 will be allocated in equity to Anna Croft on 2 December 2024. This will be delivered as FY24 STI Shares, which will be restricted until September 2025 under the normal terms of the STI deferred equity component. As a result, Anna Croft did not participate in the standard FY24 STI and will instead be provided with this allocation of STI Shares.</p>

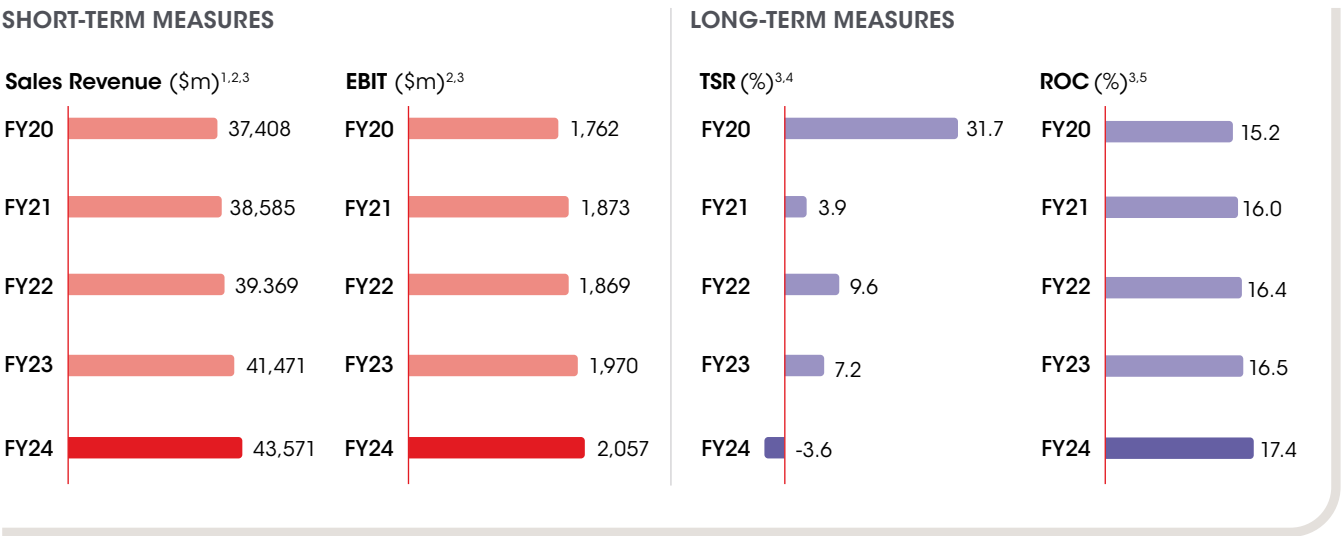
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## 4. FY24 Executive KMP remuneration

### 4.1 Company performance

The remuneration framework has been designed to reward Executive KMP for their contribution to the collective performance of the Company, and to support the alignment between the remuneration of Executive KMP and shareholder returns.

The following graphs and table represent the relationship between remuneration of Executive KMP and the Group's financial performance over the last five financial years (including FY24).



The Board reviewed Executive KMP TFC and total remuneration packages against the peer group during FY24. This review was informed by a detailed benchmarking exercise conducted by Mercer. No TFC increases were provided to any of the Executive KMP in FY24. Anna Croft commenced as Chief Commercial Officer during FY24, on 22 January 2024, and her remuneration package is detailed in section 3.4.

## 4.4 Short-term incentive (STI)

The table below outlines the key features of the FY24 STI plan for the Executive KMP.

<b>Purpose</b>	The STI rewards Executive KMP for the achievement of key Financial, Strategic and Non-financial measures relevant in the financial year to the Coles Group strategy.
<b>Eligibility</b>	All Executive KMP are eligible to participate.
<b>Opportunity</b>	The STI target opportunity for Executive KMP is 80% of TFC. Up to 120% of TFC can be achieved for maximum performance, which is equivalent to 150% of the target STI opportunity. Above target STI payments can only be achieved through outperformance on either Group EBIT or Group sales.
<b>Delivery and timing</b>	<p>The STI award is delivered in two parts, a cash component, and a deferred equity component.</p> <p>50% of the total STI award for the Managing Director and CEO is deferred into equity for two years, and 25% of the total STI award for the Other Executive KMP is deferred into equity for one year. The remainder of the STI award for all Executive KMP will be paid in cash in September 2024.</p> <p>The number of STI Shares that will be granted and subject to deferral was calculated by using the 10-day Volume Weighted Average Price (VWAP) up to and including the final day in the Performance Period (i.e. 30 June 2024). The deferred equity component of the STI award will be allocated following the 2024 AGM, where shareholder approval will be sought for the grant to the Managing Director and CEO.</p> <p>STI Shares are unable to be traded during the restricted period, being one year for the Other Executive KMP and two years for the Managing Director and CEO. Once the restricted period ends, the Executive KMP may trade these shares subject to Coles' Securities Dealing Policy.</p>
<b>Performance period</b>	26 June 2023 to 30 June 2024.
<b>Performance conditions</b>	<p>The individual balanced scorecard for each of the Executive KMP is weighted 60% (at target) for financial performance measures and weighted 40% (at target) for Strategic and Non-financial measures.</p> <p>All measures chosen for FY24 align with the Company's strategy and the commitments made to shareholders. With respect to Financial measures, Group EBIT focuses on delivering strong earnings through the business cycle and ensuring strong returns for shareholders. By also including a Group sales measure, it ensures a strong focus on our capability to deliver sustainable returns for shareholders in the long term.</p> <p>The Strategic and Non-financial measures chosen for the Managing Director and CEO represent a balanced set of priorities for the Company across Customer, People and Safety, Sustainability and Transformation. The Strategic and Non-financial measures for each of the Executive KMP balanced scorecards equally include measures across these broad categories which best reflect their direct accountability. These measures represent the highest strategic priorities in year for the organisation in support of sustainable value creation and the commitments made to shareholders aligned to our strategy.</p>
<b>Setting performance conditions and targets</b>	<p>When setting performance measures and targets for the STI, the Board considers;</p> <ul style="list-style-type: none"> <li>• Appropriate measures and targets aligned to our strategy, risk framework and commitments to shareholders;</li> <li>• Targets that represent strong earnings through the business cycle that are also sustainable for shareholders;</li> <li>• Macro economic conditions and forecast market growth, as well as our competitive environment and consumer and retail trends; and</li> <li>• Striking the right balance between achievability and an appropriate level of stretch.</li> </ul> <p>The Board procures a range of external benchmarks to inform target setting, including information from the Australian Bureau of Statistics, economists, investment banks, top tier international consulting firms, academics, and equity market research analysts.</p>
<b>Performance assessment</b>	Performance against the individual balanced scorecard measures were assessed by the Board based on the Company's annual audited financial statements and other data provided to the Board. The Board determined this method is the most appropriate way to assess the true performance of the Company and the Executive KMP's contribution for FY24 to determine remuneration outcomes.
<b>Quality and Behaviour overlay</b>	<p>The assessment also includes a 'Quality and Behaviour' overlay that considers:</p> <ul style="list-style-type: none"> <li>• how the Executive KMP achieved performance aligned to Coles' values and their contribution to driving an appropriate company culture;</li> <li>• risk, compliance, safety, sustainability and reputational considerations; and</li> <li>• the quality of earnings delivered in the year and impact on future earnings.</li> </ul>



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Leaver provisions	<p>In the event of resignation or dismissal for cause or significant underperformance prior to payment of the STI, an Executive KMP will not be eligible for any STI award, unless the Board determines otherwise.</p> <p>During the restricted period, if an Executive KMP leaves the organisation in the event of resignation or dismissal for cause or significant underperformance, all STI Shares will be forfeited unless the Board determines otherwise.</p> <p>In any other circumstances (including by reason of redundancy, permanent disability, death or ill health) the STI Shares will continue on foot until the relevant vesting date, unless the Board determines otherwise.</p>
Board discretion	<p>The Board retains discretion to suspend or terminate the program at any time and amend all or any elements of the program up until the date of payment. The Board consider the formulaic outcomes of the STI in the context of the Company's overall performance, wider customer and shareholder experience and non-financial considerations. Where appropriate the Board may use discretion to adjust the formulaic outcomes.</p>

Details of the performance measures for the Managing Director and CEO's calculated balanced scorecard for FY24 are set out in Table 3. All FY24 targets and outcomes in Table 3 reflect a 53-week retail calendar year.

Table 3: FY24 Performance measures for the Managing Director and CEO

Measures		Target weighting	Maximum weighting	Threshold	Target	Stretch	Outcome	Actual STI outcome
Financial Performance (60% weighting)	Group EBIT	40%	75%	\$1,925m	\$2,025m	\$2,066m	\$2,057 Between Target & Stretch	67.3%
	Group Sales	20%	35%	\$43,311m	\$43,748m	\$44,186m	\$43,571 Between Threshold & Target	16.0%
Strategic Performance (40% weighting)	Strategic Transformation Ocado Program	10%	10%	On time, budget & strategy		N/A	Target Achieved	10.0%
	Safety Index	10%	10%	Maintain	10% index improvement	N/A	13.7% index improvement Above Target	10.0%
	Sustainability – Customer Perception	10%	10%	2pp improvement	3pp improvement	N/A	2pp improvement At Threshold	5.0%
	Customer NPS	10%	10%	0.6 point improvement	1.1 point improvement	N/A	9.6 point decrease	0%
	5% Strategic			1.9 point improvement	2.7 point improvement		0.4 point improvement	
	5% Store						Below Threshold	
Overall Performance		100%	150%					108.3% (86.6% of TFC)

As FY24 is a 53-week year for reporting purposes consistent with the retail calendar, normalised growth rates remove the sales and earnings impact of the 53rd week to allow for comparability across reporting periods.

**Group EBIT:** Group EBIT for the purposes of the FY24 STI target and actual outcomes is based on continuing

operations. EBIT from continuing operations increased by 10.7% to \$2.1 billion which was a 5.7% increase on a normalised basis, underpinned by strong growth in Supermarkets earnings with Supermarkets EBIT up 14.3%, (normalised: 9.6%). EBIT growth was delivered despite major project implementation costs in relation to the ADCs and CFCs of \$107 million.

**Group Sales:** Group sales revenue from continuing operations increased by 7.6%, (normalised: 5.7%), with growth in Supermarkets sales revenue of 6.2% (normalised: 4.3%). Sales revenue growth was driven by a positive customer response to our 'Great Value, Hands Down' seasonal value campaigns, well executed trade events such as Christmas, Easter and Mother's Day,

#### 4.4 SHORT-TERM INCENTIVE (STI) (CONTINUED)

strong growth in eCommerce and loyalty programs and improvements in availability.

##### Strategic Transformation Ocado

**Program:** During the year both CFCs in NSW and Victoria were completed and both sites commenced operation in July FY25. These facilities will service next day home delivery orders across metropolitan Sydney and Melbourne and are expected to significantly improve customer experience. In addition, by reducing congestion and improving customer experience at some of Sydney and Melbourne's highest trading stores, they will also allow for in-store growth and create additional capacity for same day, immediacy and Click & Collect orders which will continue to be fulfilled from stores.

**Safety Index:** Team member safety as measured by the Group safety index improved by 13.7% across FY24. In addition, the safety gateway was met with TRIFR being below the FY23 result with an 8.8% improvement.

##### Sustainability – Customer Perception:

Coles' Sustainability perception measure is determined by the proportion of respondents who 'strongly agree' that Coles follows environmentally sustainable practices. The data is collected via the Market Experience Tracker (MET), which is conducted by an independent research agency with an annual sample of ~60,000 Australians. The survey question measures perception across Coles, Woolworths, Aldi, and IGA. In FY24, sustainability perception improved by 2pp achieving threshold. This improvement has been driven by a refreshed strategic direction for sustainability in Coles, by 'creating a more sustainable future'.

**Customer NPS:** Strategic NPS measures brand and omnichannel experiences over time and is also impacted by factors including customer perception of the brand, value and reputation. Coles Strategic NPS did not achieve threshold and was impacted by continued supply issues, inflation, and declining consumer

confidence. Store NPS is a localised measure of the customer experience and for FY24 achieved a 0.4 point improvement, however this was still below threshold.

Other Executive KMP shared the same financial measures as the Managing Director and CEO, except that:

- the Chief Financial Officer also had a Group cash realisation measure; and
- the Chief Operations and Sustainability Officer also had a Simplify and Save to Invest measure.

Strategic and Non-financial measures for Other Executive KMP are aligned to the Managing Director and CEO with variations relevant to each of their portfolios.

For FY24, achievement against the Financial, Strategic and Non-financial measures for Other Executive KMP ranged from not achieved to fully achieved. The outcomes are set out in Table 4 in section 4.4.1.

#### 4.4.1 FY24 STI award

The Board assessed performance against the calculated balanced scorecards of the Managing Director and CEO, and the Other Executive KMP, to determine any STI award payable. The Board also considered the appropriate application of the 'Quality and Behaviour' overlay and their overall discretion to determine the final Executive KMP STI outcomes for FY24 as detailed in Table 4.

After reviewing the operations and performance of the Managing Director and CEO, and the Other Executive KMP, the Board determined no adjustments were required based on the 'Quality and Behaviour' overlay or as part of its overall discretion.

**Table 4: FY24 Executive KMP STI outcomes**

Name	STI opportunity <sup>1</sup>				STI awarded		STI forfeited <sup>4</sup>
	Target 80%	Maximum 120%	\$	% of TFC	Cash <sup>2</sup>	Equity <sup>3</sup>	(%)
Leah Weckert	\$1,600,000	\$2,400,000	\$1,732,000	86.6%	\$866,000	\$866,000	27.8%
SR (Charlie) Elias	\$860,000	\$1,290,000	\$922,350	85.8%	\$691,763	\$230,587	28.5%
Matthew Swindells	\$800,000	\$1,200,000	\$914,000	91.4%	\$685,500	\$228,500	23.8%
Anna Croft <sup>5</sup>	N/A	N/A	\$1,000,000	N/A	-	\$1,000,000	N/A

1. The minimum STI opportunity was nil.

2. The FY24 cash component of the STI will be paid on or about 16 September 2024.

3. The FY24 equity component of the STI will be granted in STI Shares following the 2024 AGM, using a 10-day VWAP for the period up to, and including, 30 June 2024 of \$17.16. Shareholder approval will be sought for the grant of equity to the Managing Director and CEO at the 2024 AGM.

4. The STI forfeited is calculated as a percentage of maximum STI opportunity.

5. Anna Croft was awarded a grant of \$1 million delivered as STI shares to compensate her for incentives forgone on leaving her prior employer. The STI shares will be restricted until September 2025 under the normal terms of the STI deferred equity component.

#### 4.5 Long-term incentive (LTI)

The table below outlines the key features of the FY24 LTI plan for the Executive KMP.

<b>Purpose</b>	The LTI rewards Executive KMP for the achievement of long-term sustainable returns for shareholders.
<b>Eligibility</b>	All Executive KMP are eligible to participate.

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Opportunity	The maximum LTI opportunity is 175% of TFC for the Managing Director and CEO, and 150% of TFC for Other Executive KMP.																		
Delivery	<p>The LTI is delivered in Performance Rights. Each Performance Right entitles the Executive KMP to one ordinary share in the Company on vesting. The Board retains discretion to make a cash equivalent payment in lieu of an allocation of shares.</p> <p>Performance Rights vest subject to achievement of relevant performance conditions and were allocated at no cost to the Executive KMP, with no amount payable on vesting.</p> <p>The Performance Rights for Executive KMP under the FY24 LTI plan were allocated on 1 December 2023, following the 2023 AGM (at which the grant made to the Managing Director and CEO was approved for the purposes of ASX Listing Rule 10.14) details of which are published in this FY24 Remuneration Report.</p>																		
Number of Performance Rights	The number of Performance Rights allocated to the Executive KMP was determined by dividing each Executive KMP's maximum LTI opportunity by the VWAP of Coles shares trading on the ASX over the 10 trading days up to and including 25 June 2023, rounded up to the nearest whole number.																		
Performance Period	26 June 2023 to 28 June 2026 (FY24–FY26).																		
Summary of Performance Conditions	<p>Performance Rights will vest subject to the satisfaction of the following performance conditions measured over the Performance Period:</p> <ul style="list-style-type: none"><li>• 50% of Performance Rights are subject to a Cumulative return on capital (ROC) hurdle (ROC component)</li><li>• 50% of Performance Rights are subject to a relative total shareholder return (RTSR) performance hurdle. Coles' RTSR was compared to companies in the S&amp;P ASX100 (LTI Comparator Group) at 25 June 2023.</li></ul> <p>The Board chose these performance conditions as they provide a direct link between Executive KMP reward and sustainable shareholder returns.</p> <p><b>ROC COMPONENT</b></p> <p>Vesting of the Performance Rights in the ROC component is subject to achievement of at least 95% of the Cumulative ROC target over the Performance Period.</p> <p>Cumulative ROC measures the Company's average annual ROC 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.</p> <p>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 the results are appropriate.</p> <p>The number of Performance Rights in the ROC component that vest, if any, will then be based on the Group's Cumulative ROC performance determined over the Performance Period by reference to the following vesting schedule:</p> <table><tr><th>Group cumulative ROC over the performance period</th><th>% of Performance Rights that vest</th></tr><tr><td>Equal to or below 95% of the Cumulative ROC target is achieved</td><td>0%</td></tr><tr><td>Between 95% and 105% of the Cumulative ROC target is achieved</td><td>Straight-line pro rata vesting between 0% and 100%</td></tr><tr><td>Equal to 105% or above of the Cumulative ROC target is achieved</td><td>100%</td></tr></table> <p>The ROC targets are considered by Coles to be commercially sensitive. However, the Board will disclose the relevant vesting outcomes following the end of the Performance Period.</p> <p><b>RTSR COMPONENT</b></p> <p>The number of Performance Rights in the RTSR component that vest, if any, will be based on Coles' RTSR ranking within the LTI Comparator Group over the Performance Period, as set out in the following vesting schedule:</p> <table><tr><th>Coles RTSR rank in the LTI Comparator Group</th><th>Coles RTSR rank in the LTI Comparator Group</th></tr><tr><td>Below the 50<sup>th</sup> percentile</td><td>0%</td></tr><tr><td>Equal to the 50<sup>th</sup> percentile</td><td>50%</td></tr><tr><td>Between 50<sup>th</sup> percentile and 75<sup>th</sup> percentile</td><td>Straight-line pro rata vesting between 50% and 100%</td></tr><tr><td>Equal to the 75<sup>th</sup> percentile or above</td><td>100%</td></tr></table> <p>Following testing, any Performance Rights that do not vest will lapse. There is no re-testing of awards. The Board has discretion to adjust the LTI Comparator Group to take account of events such as takeovers, mergers and demergers.</p>	Group cumulative ROC over the performance period	% of Performance Rights that vest	Equal to or below 95% of the Cumulative ROC target is achieved	0%	Between 95% and 105% of the Cumulative ROC target is achieved	Straight-line pro rata vesting between 0% and 100%	Equal to 105% or above of the Cumulative ROC target is achieved	100%	Coles RTSR rank in the LTI Comparator Group	Coles RTSR rank in the LTI Comparator Group	Below the 50 <sup>th</sup> percentile	0%	Equal to the 50 <sup>th</sup> percentile	50%	Between 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	Straight-line pro rata vesting between 50% and 100%	Equal to the 75 <sup>th</sup> percentile or above	100%
Group cumulative ROC over the performance period	% of Performance Rights that vest																		
Equal to or below 95% of the Cumulative ROC target is achieved	0%																		
Between 95% and 105% of the Cumulative ROC target is achieved	Straight-line pro rata vesting between 0% and 100%																		
Equal to 105% or above of the Cumulative ROC target is achieved	100%																		
Coles RTSR rank in the LTI Comparator Group	Coles RTSR rank in the LTI Comparator Group																		
Below the 50 <sup>th</sup> percentile	0%																		
Equal to the 50 <sup>th</sup> percentile	50%																		
Between 50 <sup>th</sup> percentile and 75 <sup>th</sup> percentile	Straight-line pro rata vesting between 50% and 100%																		
Equal to the 75 <sup>th</sup> percentile or above	100%																		



## 4.5 LONG-TERM INCENTIVE (LTI) (CONTINUED)

<b>Setting performance conditions and targets</b>	<p>When setting performance measures and targets for the LTI, the Board considers:</p> <ul style="list-style-type: none"> <li>• Appropriate measures and targets aligned to our strategy (including projected impacts from known major capital projects), risk framework and commitments to shareholders;</li> <li>• Targets that represent strong sustainable returns for shareholders;</li> <li>• Macro economic conditions as well as our competitive environment and consumer and retail trends; and</li> <li>• Striking the right balance between achievability and an appropriate level of stretch.</li> </ul> <p>The Board procures a range of external benchmarks to inform target setting including information from the Australian Bureau of Statistics, economists, investment banks, top tier international consulting firms, academics, and equity market research analysts.</p>
<b>Performance assessment and vesting</b>	<p>RTSR performance is independently assessed over the Performance Period against the constituents of the LTI Comparator Group. ROC is calculated using Coles' audited financial results.</p> <p>These assessment methods are designed to safeguard the integrity of the performance assessment process and ensure the accuracy of underlying information.</p> <p>Following testing, the Board will determine the number of Performance Rights to vest, which is expected to occur in late August 2026. Details regarding the vesting of the Performance Rights will be included in the FY26 Remuneration Report. Any Performance Rights that do not vest will lapse. No re-testing of the performance conditions is permitted.</p> <p>If the anticipated vesting date falls within a Blackout Period (as defined within the Company's Securities Dealing Policy), vesting will be delayed until the end of that period.</p>
<b>Voting Rights</b>	Prior to vesting, Performance Rights do not entitle Executive KMP to voting rights.
<b>Dividends</b>	<p>Executive KMP do not have an entitlement to dividends prior to vesting.</p> <p>After testing against the performance conditions, Executive KMP will receive a dividend equivalent amount related to the vested Performance Rights only. The dividend equivalent amount will be delivered in additional shares, equal in value to that of dividends that would have been paid on the vested Performance Rights had the Executive KMP been the owner of Coles shares during the period from the Performance Rights grant date to the vesting date. There is no dividend payable on any Performance Rights that do not vest. The Board retains a discretion to settle the dividend equivalent amount in cash.</p>
<b>Restrictions on Dealing</b>	Executive KMP must not sell, transfer, encumber, hedge or otherwise deal with Performance Rights. Executive KMP will be free to deal with the shares allocated on vesting of the Performance Rights, subject to the requirements of Coles' Securities Dealing Policy.
<b>Change of Control</b>	<p>Under the Offer terms, the Board may determine in its absolute discretion that some or all the Executive KMP's Performance Rights will vest or cease to be subject to restrictions on a likely change of control.</p> <p>Where there is an actual change in control of the Company, unless the Board determines otherwise, unvested Performance Rights will vest on a pro rata basis (based on the proportion of the Performance Period that has elapsed).</p>
<b>Leaver Provisions</b>	<p>In the event of resignation or dismissal for cause or significant underperformance, all unvested Performance Rights will lapse, unless the Board determines otherwise.</p> <p>In any other circumstances (including by reason of redundancy, permanent disability, death or ill health), a pro rata number of Performance Rights (based on the proportion of the Performance Period that has been served) will remain on foot and subject to the original terms of offer, as though the Executive KMP had not ceased employment, unless the Board determines otherwise.</p>
<b>Board Discretion and Clawback</b>	<p>The Board has broad clawback powers to determine that any Performance Rights may lapse, any shares allocated on vesting are forfeited, or that the Executive KMP is required to pay as a debt the net proceeds of the sale of shares or dividends in certain circumstances. For example, circumstances include where the Executive KMP has acted fraudulently or dishonestly, has engaged in gross misconduct, brought the Group into disrepute, or breached their obligations to the Group.</p> <p>This protects Coles against the payment of benefits where participants have acted inappropriately.</p> <p>The Board also considers the formulaic outcomes of the LTI in the context of the Company's overall performance, wider customer and shareholder experience and non-financial considerations. Where appropriate the Board may use discretion to adjust the formulaic outcomes.</p>

## 4.5.1 FY24 LTI outcomes

Performance Rights granted under the FY24 LTI will be tested following the end of FY26 (the end of the Performance Period). Details of the number of Performance Rights granted under the FY24 LTI are included in section 4.8. Details of equity awards granted to Executive KMP in prior years (including applicable performance conditions and vesting dates) have been disclosed in previous Remuneration Reports and a summary of Performance Rights currently on foot are detailed in Table 7.2.

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### 4.5.2 FY22 LTI vesting outcome

On 15 December 2021, Executive KMP were granted Performance Rights relating to their FY22 LTI award. The Performance Period for the award was 28 June 2021 to 30 June 2024.

The Performance Rights were subject to two performance conditions (as well as a service condition):

- 50% of the Performance Rights were subject to the Group’s Cumulative ROC performance over the Performance Period (ROC Component); and
- the remaining 50% of the Performance Rights were subject to a relative TSR condition, measured over the Performance Period (TSR Component). The Company’s TSR was compared to a LTI Comparator Group of companies, comprising the ASX100 (LTI Comparator Group) as at 27 June 2021.

Table 5: Testing of performance hurdles

Based on testing of each performance hurdle, the following vesting will occur on 30 August 2024 in relation to the FY22 LTI award.

Measures	Weighting	Threshold 0% Vest	Target 50% Vest	Maximum 100% Vest	Result	% Vest
Cumulative ROC	50%	95%	100% of Target	105% of Target	104.8%	48.9%
RTSR	50%	n/a	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile	52.2 <sup>nd</sup> percentile	27.2%
Overall outcome						76.1%

As a result of the overall vesting outcome, the following number of shares will be allocated to each of the Executive KMP on 30 August 2024. The total number of shares includes both the conversion of Performance Rights to shares, and shares allocated in consideration of the dividend equivalent amount.

Name <sup>1</sup>	Number of shares
Leah Weckert	74,776
SR (Charlie) Elias	69,516
Matthew Swindells	67,073

1. Anna Croft was not eligible for the FY22 LTI Plan.

Further details regarding each performance hurdle in Table 5 is provided as follows:

**Cumulative ROC:** ROC performance was between the target and maximum set by the Board on a cumulative basis over the three-year Performance Period resulting in 97.8% (48.9% out of a possible 50%) of this component of the FY22 LTI vesting as shown below:

ROC	FY22	FY23	FY24	Cumulative performance
% of target achieved	100.9%	104.5%	109.3%	104.8%

ROC targets are set by the Board across the three-year Performance Period reflective of the incremental capital investments required to grow long term shareholder value. Such investments, which include new stores, ADCs and CFCs, will not always generate benefits within the same three-year period given the time required for implementation and ramp up. Consequently, ROC targets do not always follow a linear progression. The ROC result excluded the Coles Express sale and transaction impacts, and was adjusted for changes in phasing of capital investments related to major projects (ADCs and CFCs), which reduced the final vesting outcome.



#### 4.5 LONG-TERM INCENTIVE (LTI) (CONTINUED)

**RTSR:** The company performed at 52.2 percentile against the LTI Comparator Group which resulted in 54.4% (27.2% out of a possible 50%) of this component of the LTI vesting. Over the three-year performance period this represented absolute TSR performance of 16.0% as shown in the graph.

#### 4.6 Other Executive KMP remuneration

As outlined in Coles' 2023 Remuneration Report, Matthew Swindells is participating in a Medium Term Incentive (MTI). This provides him with the opportunity to earn a cash payment of up to \$1 million depending on the achievement of performance hurdles related to the successful build and go-live for Coles' CFCs in NSW and Victoria and the successful integration of Coles' milk processing plants across FY24 and FY25. Payments are also contingent on continued employment.

Aligned to the new CFCs commencing operations, the Board determined that Matthew Swindells met the performance conditions relating to both the first tranche, and the portion relating to the CFCs in the second tranche of his MTI. A total payment of \$800,000 (being 80% of the total MTI opportunity) will therefore be made to Matthew in September 2024. The final 20% of the MTI relating to the successful integration of Coles' milk processing plants will be considered for payment by the Board during FY25.

#### 4.7 Summary of remuneration received by Executive KMP (statutory remuneration)

Table 6 details the nature and amount of each element of remuneration of the Executive KMP. There were no transactions or loans between Executive KMP and the Company or any of its subsidiaries during FY24.

**Table 6: Executive KMP remuneration**

Name	Year	Base salary \$	Other benefits <sup>1</sup> \$	Short-term		Long-term		Post-employment		Value of share-based payments <sup>2</sup>		Total compensation \$
				Cash STI \$		Accrued leave benefits \$		Super-annuation benefits \$		Performance Rights \$	Shares \$	
Leah Weckert <sup>3</sup>	2024	1,972,601	1,144	866,000		69,351		27,399		1,339,651	416,523	4,692,669
	2023	1,157,624	1,146	473,658		251,840		25,292		1,109,275	283,744	3,302,579
SR (Charlie) Elias	2024	1,047,601	452	691,763		(8,487)		27,399		863,538	202,949	2,825,215
	2023	946,291	373	648,120		75,575		25,292		699,877	158,965	2,554,493
Matthew Swindells <sup>4</sup>	2024	972,601	802,129	685,500		79,528		27,399		920,797	204,689	3,692,643
	2023	905,833	1,725	570,366		85,835		25,292		994,294	201,917	2,785,262
Anna Croft <sup>5</sup>	2024	349,006	304,324	-		31,761		13,699		106,204	252,211	1,057,205
<b>Former</b>												
Steven Cain <sup>6</sup>	2023	1,766,374	1,795,227	667,031		(24,031)		25,292		4,225,605	1,785,894	10,241,392
<b>Total</b>	<b>2024</b>	<b>4,341,809</b>	<b>1,108,049</b>	<b>2,243,263</b>		<b>172,153</b>		<b>95,896</b>		<b>3,230,190</b>	<b>1,076,372</b>	<b>12,267,732</b>
<b>Total</b>	<b>2023<sup>4</sup></b>	<b>4,776,122</b>	<b>1,798,471</b>	<b>2,359,175</b>		<b>389,219</b>		<b>101,168</b>		<b>7,029,051</b>	<b>2,430,520</b>	<b>18,883,726</b>

1. Other benefits include costs associated with employment (including any applicable fringe benefits tax).

2. The amounts represent the accounting fair value of the grants of Performance Rights and STI Shares. If the performance conditions are not met, the Executive KMP will not be entitled to the shares. Refer to sections 4.6 and 4.4 for further details for the grants, their performance conditions and Performance Periods.

3. Leah Weckert commenced as Managing Director and CEO on 1 May 2023 having previously held the position of Chief Executive, Commercial and Express.

4. Short term other benefits for Matthew Swindells includes the first tranche and part of the second tranche of the MTI cash award. Refer section 4.6.

5. Anna Croft commenced as Chief Commercial Officer on 22 January 2024. Short term other benefits include an amount for the compensation of incentives foregone from her prior employer. As required by the accounting standards, this compensation is recognised from her commencement up until the end of the 12-month clawback period on each payment. As outlined in section 3.4, the first tranche of \$250,000 was paid to Anna Croft during FY24.

6. Steven Cain ceased being a KMP from 30 April 2023.



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4.8 Summary of Executive KMP shareholding and Performance Rights

Tables 7.1 and 7.2 show the movements of STI Shares and Performance Rights, held beneficially, by each Executive KMP during FY24. No other shares were acquired as remuneration during the year. STI Shares are time-based only. Details of Executive KMP holdings of ordinary shares are provided in Table 11.

Table 7.1: STI Shares

Name	Balance of shares held at 25 June 2023	Movements during the financial period				Additional information
		Granted during the year	Vested/ released during the year	Lapsed during the year	Closing balance at 30 June 2024 <sup>1</sup>	Accounting fair value of grant yet to vest (\$) <sup>2</sup>
Leah Weckert <sup>3</sup>	12,994	26,054	(12,994)	-	26,054	402,534
SR (Charlie) Elias	7,096	11,884	(7,096)	-	11,884	181,469
Matthew Swindells	11,580	10,458	(11,580)	-	10,458	159,694
Anna Croft	-	-	-	-	-	-

1. STI Shares are time-based only. No STI Shares were held nominally by Executive KMP or their related parties as at 30 June 2024.

2. The fair value of STI Shares was \$15.45 per share at the grant date of 3 November 2023 for Leah Weckert. For Other Executive KMP, the fair value of STI Shares was \$15.27 per share at the grant date of 24 November 2023. The fair value of STI Shares is an estimate of the total maximum value of grants in future financial years. STI Shares are subject to the satisfaction of conditions and, therefore, the minimum total value of the awards for future financial years is nil.

3. Approval from shareholders for the issue of the STI Shares to Leah Weckert during the year was obtained for the purpose of ASX Listing Rule 10.14 at the 2023 AGM.

Table 7.2: Performance Rights

Name	Balance of shares held at 25 June 2023	Movements during the financial period				Additional information
		Rights allocated as remuneration	Rights vested during the year	Rights forfeited/ lapsed during the year	Closing balance at 30 June 2024	Accounting fair value of grant yet to vest (\$) <sup>1</sup>
Leah Weckert <sup>2</sup>	266,039	192,520	(43,261)	(43,260)	372,038	4,050,245
SR (Charlie) Elias <sup>3</sup>	167,279	88,697	-	-	255,976	2,882,722
Matthew Swindells <sup>3</sup>	238,798	82,509	(38,707)	(38,707)	243,893	2,786,559
Anna Croft <sup>4</sup>	-	70,133	-	-	70,133	620,682

1. The fair value of Performance Rights is an estimate of the total maximum value of grants in future financial years. The Performance Rights are subject to the satisfaction of conditions and, therefore, the minimum total value of the awards for future financial years is nil.

2. The fair value of FY24 Performance Rights for Leah Weckert at the grant date of 3 November 2023 was \$5.47 for the RTSR component and \$13.73 for the ROC component. Approval from shareholders for the issue of the Performance Rights to Leah Weckert during the year was obtained for the purpose of ASX Listing Rule 10.14 at the 2023 AGM.

3. The fair value of FY24 Performance Rights for Charlie Elias and Matthew Swindells at the grant date of 24 November 2023 was \$5.13 for the RTSR component and \$13.61 for the ROC component.

4. The fair value of FY24 Performance Rights for Anna Croft at the grant date of 25 January 2024 was \$3.72 for the RTSR component and \$13.98 for the ROC component.

## 5. FY24 Non-executive Director remuneration

### 5.1 Non-executive Director remuneration framework

Non-executive Director remuneration is designed to ensure the Company can attract and retain suitably qualified and experienced Non-executive Directors.

Non-executive Directors receive a base fee for their service as a Director of the Company and, other than the Chairman, an additional fee for membership of, or for chairing a Board committee. Non-executive Directors do not receive shares or any performance-related incentives as part of their remuneration from the Company. A minimum shareholding policy applies to Non-executive Directors (see section 2.2.2).

Non-executive Directors are reimbursed for travel and other expenses reasonably incurred when attending meetings of the Board or conducting the business of the Company.

The People and Culture Committee reviews and makes recommendations to the Board with respect to Non-executive Directors' fees and Board committee fees.

### 5.2 Current Non-executive Director remuneration policy

The Non-executive Director Remuneration Policy enables the Company to attract and retain high-quality Non-executive Directors with relevant experience. This policy is reviewed annually by the People and Culture Committee. Non-executive Director fees are set after consideration of fees paid by companies of comparable size, complexity, industry and geography. They reflect the qualifications and experience necessary to discharge the Board's responsibilities.

The maximum aggregate fee limit is \$3.6 million. This was approved by the shareholders of the Company at the 2018 AGM, prior to listing. The Board benchmarks fees annually against the ASX 10-40 (based on market capitalisation). Having regard to the benchmarking undertaken, the Board determined to increase the Board and Committee fees ranging from 3.6% to 5.0% with effect 1 January 2024 noting that there would not be an increase to the Board Chair fee. This is the first increase to Director fees since Coles was listed on the ASX in 2018. Table 8 sets out the Board and Committee Fees (inclusive of superannuation) for FY24.

**Table 8: Board and Committee Fees (inclusive of superannuation) for FY24**

Board and committee fees	To 31 December 2023		From 1 January 2024	
	Chair	Member	Chair	Member
Board	\$695,000 <sup>1</sup>	\$220,000	\$695,000 <sup>1</sup>	\$231,000
Audit and Risk Committee	\$55,000	\$27,000	\$57,000	\$28,000
People and Culture Committee	\$55,000	\$27,000	\$57,000	\$28,000
Nomination Committee	No fee	No fee	No fee	No fee

<sup>1</sup> The Chairman of the Board does not receive Committee fees in addition to his Board fee.

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5.3 FY24 Non-executive Director remuneration

Table 9 outlines the remuneration for the Non-executive Directors of Coles during FY24. There were no transactions or loans between Non-executive Directors and the Company, or any of its subsidiaries during FY24.

Table 9: FY24 Non-executive Director remuneration

Name	Financial year	Base and committee fees (excluding superannuation) \$	Other benefits <sup>1</sup> \$	Superannuation benefits \$	Total compensation \$
Current					
James Graham	2024	667,601	619	27,399	695,619
	2023	669,708	242	25,292	695,242
Terry Bowen <sup>2</sup>	2024	227,928	680	25,072	253,680
	2023	167,647	212	17,603	185,462
Jacqueline Chow	2024	227,928	680	25,072	253,680
	2023	223,529	582	23,471	247,582
Abi Cleland <sup>3</sup>	2024	246,881	464	6,119	253,464
	2023	241,132	895	5,868	247,895
Richard Freudenstein <sup>3</sup>	2024	274,687	-	6,813	281,500
	2023	275,000	-	-	275,000
Andrew Penn <sup>4</sup>	2024	150,946	-	15,970	166,916
Scott Price <sup>2,5</sup>	2024	237,871	-	15,129	253,000
	2023	185,250	-	-	185,250
Wendy Stops	2024	227,928	1,644	25,072	254,644
	2023	223,529	678	23,471	247,678
Former					
Paul O'Malley <sup>6</sup>	2024	82,583	-	9,084	91,667
	2023	249,708	-	25,292	275,000
David Cheesewright <sup>7</sup>	2023	246,639	-	361	247,000
Total	2024	2,344,353	4,087	155,730	2,504,170
Total	2023	2,482,142	2,609	121,358	2,606,109

1. Other benefits include costs associated with directorships (including any applicable fringe benefits tax).

2. Terry Bowen and Scott Price were appointed to the Board on 1 October 2022.

3. Approval was obtained from the ATO by individual Non-executive Directors to be exempt from making superannuation contributions due to superannuation obligations being met by other employers.

4. Andrew Penn was appointed to the Board on 1 December 2023.

5. As Scott Price resided in the US during FY23, no superannuation contributions were payable. During FY24 Scott Price moved to Hong Kong. The superannuation contributions in FY24 relate to the proportion of meetings he attended in Australia.

6. Paul O'Malley retired as Non-executive Director on 31 October 2023.

7. David Cheesewright retired as a Non-executive Director on 15 June 2023.



## 6. Ordinary shareholdings

### 6.1 Non-executive Director Ordinary Shareholdings

Table 10 shows the shareholdings and movements in shares held directly, or indirectly, by each Non-executive Director, including their related parties during FY24. No shares held by any Non-executive Directors were held nominally.

Table 10: Non-executive Director Ordinary Shareholdings

Name	Balance of shares held at 25 June 2023	Shares acquired	Shares disposed	Closing balance as at 30 June 2024	Minimum shareholding requirement achieved <sup>1</sup>
<b>Current</b>					
James Graham	500,188	-	-	500,188	Yes
Terry Bowen	16,545	-	-	16,545	Yes
Jacqueline Chow	20,000	-	-	20,000	Yes
Abi Cleland	19,816	-	-	19,816	Yes
Richard Freudenstein	25,000	-	-	25,000	Yes
Andrew Penn	-	25,000	-	25,000	Yes
Scott Price	1,000	20,000	-	21,000	Yes
Wendy Stops	35,000	-	-	35,000	Yes
<b>Former</b>					
Paul O'Malley <sup>2</sup>	3,809	-	-	3,809	Yes
<b>Total</b>	<b>621,358</b>	<b>45,000</b>	<b>-</b>	<b>666,358</b>	

1. All current Non-executive Directors have achieved the minimum shareholding requirement for the relevant six-month and five-year period.

2. The closing balance is reflective of the balance at the date Paul O'Malley retired as a Non-executive Director on 31 October 2023.

### 6.2 Executive KMP Ordinary Shareholdings

Table 11 shows the shareholdings and movements in shares held directly, or indirectly, by each KMP, including their related parties during FY24. No shares held by any Executive KMP were held nominally.

Table 11: Executive KMP Ordinary Shareholdings

Name	Balance of shares held at 25 June 2023	Shares acquired	Shares disposed	Closing balance as at 30 June 2024	Minimum shareholding requirement achieved
Leah Weckert	257,829	60,063	-	317,892	Yes
SR (Charlie) Elias <sup>1</sup>	8,633	13,246	-	21,879	In progress
Matthew Swindells	142,210	53,694	(60,000)	135,904	Yes
Anna Croft <sup>1</sup>	-	-	-	-	In progress
<b>Total</b>	<b>408,672</b>	<b>127,003</b>	<b>(60,000)</b>	<b>475,675</b>	

1. Executive KMP are required to meet the minimum shareholding requirement of 100% of TFC by no later than five years from their date of commencement. This will be by 1 December 2026 for Charlie Elias and 22 January 2029 for Anna Croft.



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## Auditor’s independence declaration to the Directors of Coles Group Limited

As lead auditor for the audit of the financial report of Coles Group Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coles Group Limited and the entities it controlled during the financial year.

Ernst & Young

David Shewring  
Partner  
27 August 2024

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# Income Statement

For the 53 weeks ended 30 June 2024

	Notes	2024 53 weeks \$m	2023 52 weeks \$m
<strong>CONTINUING OPERATIONS</strong>			
Sales revenue	1.3	43,571	40,483
Other operating revenue		113	108
<strong>Total operating revenue</strong>		<strong>43,684</strong>	<strong>40,591</strong>
Cost of sales		(32,299)	(30,034)
<strong>Gross profit</strong>		<strong>11,385</strong>	<strong>10,557</strong>
Other income		165	163
Administration expenses	1.4	(9,475)	(8,848)
Share of net loss from equity accounted investments	5.1	(18)	(13)
<strong>Earnings before interest and tax (EBIT)</strong>		<strong>2,057</strong>	<strong>1,859</strong>
Financing costs	1.5	(442)	(394)
<strong>Profit before income tax</strong>		<strong>1,615</strong>	<strong>1,465</strong>
Income tax expense	1.6	(487)	(423)
<strong>Profit for the period from continuing operations</strong>		<strong>1,128</strong>	<strong>1,042</strong>
<strong>DISCONTINUED OPERATIONS</strong>			
(Loss)/profit for the period from discontinued operations, after tax	5.3	(10)	56
<strong>Profit for the period</strong>		<strong>1,118</strong>	<strong>1,098</strong>
<strong>Profit attributable to:</strong>			
Equity holders of the parent entity		1,118	1,098
<strong>Earnings per share (EPS) attributable to equity holders of the Company:</strong>			
Basic EPS (cents)	1.2	83.8	82.3
Diluted EPS (cents)	1.2	83.5	82.1
<strong>EPS attributable to equity holders of the Company from continuing operations:</strong>			
Basic EPS (cents)	1.2	84.6	78.1
Diluted EPS (cents)	1.2	84.3	77.9
<strong>Other comprehensive income</strong>			
Items that may be reclassified to profit or loss:			
Net movement in the fair value of cash flow hedges		(4)	14
Income tax effect	1.6	1	(4)
<strong>Other comprehensive income which may be reclassified to profit or loss in subsequent periods</strong>		<strong>(3)</strong>	<strong>10</strong>
<strong>Total comprehensive income attributable to:</strong>			
Equity holders of the parent entity		1,115	1,108

The accompanying notes form part of the consolidated financial statements.

# Balance Sheet

As at 30 June 2024

		2024	2023
	Notes	\$m	\$m
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2.1	675	597
Trade and other receivables	2.2	496	605
Inventories	2.4	2,703	2,323
Income tax receivable		-	4
Assets held for sale	5.2	3	127
Other assets	2.3	109	96
<b>Total current assets</b>		<b>3,986</b>	<b>3,752</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2.5	5,619	4,985
Right-of-use assets	2.7	7,048	6,507
Intangible assets	2.6	2,203	2,035
Deferred tax assets	1.6	717	740
Equity accounted investments	5.1	225	220
Other assets	2.3	72	53
<b>Total non-current assets</b>		<b>15,884</b>	<b>14,540</b>
<b>Total assets</b>		<b>19,870</b>	<b>18,292</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	2.8	4,584	4,434
Income tax payable		73	-
Provisions	2.9	943	905
Lease liabilities	2.7	911	820
Other		260	249
<b>Total current liabilities</b>		<b>6,771</b>	<b>6,408</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	3.1	1,652	1,118
Provisions	2.9	323	376
Lease liabilities	2.7	7,506	7,029
Other		1	5
<b>Total non-current liabilities</b>		<b>9,482</b>	<b>8,528</b>
<b>Total liabilities</b>		<b>16,253</b>	<b>14,936</b>
<b>Net assets</b>		<b>3,617</b>	<b>3,356</b>
<b>EQUITY</b>			
Contributed equity	3.2	1,672	1,644
Reserves		103	104
Retained earnings		1,842	1,608
<b>Total equity</b>		<b>3,617</b>	<b>3,356</b>

The accompanying notes form part of the consolidated financial statements.

# Statement of Changes in Equity

For the 53 weeks ended 30 June 2024

	Share capital	Shares held in trust	Share-based payments reserve	Cash flow hedge reserve	Retained earnings	Total
	\$m	\$m	\$m	\$m	\$m	\$m
2024						
Balance at beginning of period	1,733	(89)	91	13	1,608	3,356
Profit for the period	-	-	-	-	1,118	1,118
Other comprehensive income	-	-	-	(3)	-	(3)
Total comprehensive income for the period	-	-	-	(3)	1,118	1,115
Dividends paid	-	-	-	-	(884)	(884)
Issue of shares to satisfy the dividend reinvestment plan	17	-	-	-	-	17
Transfer of shares to employees under the employee equity incentive plan	-	26	(26)	-	-	-
Transfer of shares to employees under the employee share purchase plan	-	11	-	-	-	11
Purchase of shares to satisfy the employee equity incentive plan	-	(24)	-	-	-	(24)
Purchase of shares to satisfy the employee share purchase plan	-	(2)	-	-	-	(2)
Share-based payments expense	-	-	28	-	-	28
Balance at end of period	1,750	(78)	93	10	1,842	3,617
2023						
Balance at beginning of period	1,695	(59)	92	3	1,393	3,124
Profit for the period	-	-	-	-	1,098	1,098
Other comprehensive income	-	-	-	10	-	10
Total comprehensive income for the period	-	-	-	10	1,098	1,108
Dividends paid	-	-	-	-	(883)	(883)
Issue of shares to satisfy the dividend reinvestment plan	18	-	-	-	-	18
Issue of shares to Trust	18	(18)	-	-	-	-
Issue of shares to satisfy the employee share purchase plan	2	-	-	-	-	2
Transfer of shares to employees under the employee equity incentive plan	-	38	(38)	-	-	-
Purchase of shares to satisfy the employee equity incentive plan	-	(50)	-	-	-	(50)
Share-based payments expense	-	-	37	-	-	37
Balance at end of period	1,733	(89)	91	13	1,608	3,356

The accompanying notes form part of the consolidated financial statements.



# Cash Flow Statement

For the 53 weeks ended 30 June 2024

		2024 53 weeks	2023 52 weeks
	Notes	\$m	\$m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		46,145	44,043
Payments to suppliers and employees		(42,556)	(40,439)
Interest paid		(57)	(57)
Interest component of lease payments		(363)	(372)
Interest received		6	2
Income tax paid		(382)	(370)
<b>Net cash flows from operating activities</b>	2.1	<b>2,793</b>	<b>2,807</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and intangibles		(1,671)	(1,514)
Proceeds from sale of property, plant and equipment		255	248
Proceeds from the sale of a business net of transaction costs		-	280
Net investments in joint venture and associate	5.1	(23)	(14)
Payments for acquisition of businesses, net of cash acquired <sup>1</sup>		(74)	-
<b>Net cash flows used in investing activities</b>		<b>(1,513)</b>	<b>(1,000)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Proceeds from borrowings		600	-
Net (repayments of)/proceeds from revolving facilities		(75)	23
Payment of principal component of lease payments		(834)	(907)
Dividends paid		(853)	(844)
Purchase of shares to satisfy the dividend reinvestment plan		(14)	(21)
Purchase of shares to satisfy the employee equity incentive plan		(26)	(50)
<b>Net cash flows used in financing activities</b>		<b>(1,202)</b>	<b>(1,799)</b>
<b>Net increase in cash and cash equivalents</b>		<b>78</b>	<b>8</b>
Cash at beginning of period		597	589
<b>Cash at end of the period</b>	2.1	<b>675</b>	<b>597</b>

The Consolidated Statement of Cash Flows includes both continuing and discontinued operations.  
The accompanying notes form part of the consolidated financial statements.

1. Acquisition of businesses includes two automated milk processing facilities acquired from Saputo Dairy Australia and liquor business acquisitions made during the year.

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# Notes to the Consolidated Financial Statements

The Financial Report of Coles Group Limited ('the Company') in respect of the Company and the entities it controlled at the reporting date or during the 53-week period ended 30 June 2024 (collectively, 'Coles' or 'the Group') was authorised for issue in accordance with a resolution of the Directors on 27 August 2024. The comparative period is for the 52-week period ended 25 June 2023.

## Reporting entity

The Company is a for-profit company limited by shares which is incorporated and domiciled in Australia and listed on the Australian Securities Exchange ('ASX').

The nature of the operations and principal activities of the Group are described in Note 1.1 Segment Reporting.

## Basis of preparation and accounting policies

The Financial Report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* (Cth). The Financial Report also complies with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value as explained in the notes to the consolidated financial statements ('the Notes').

The accounting policies adopted are consistent with those of the previous period. Refer to Note 7.4 New accounting standards and interpretations.

This Financial Report presents reclassified comparative information where required for consistency with the current year's presentation.

## Key judgements, estimates and assumptions

The preparation of the financial statements requires judgement and the use of estimates and assumptions in applying the Group's accounting policies, which affect amounts reported for assets, liabilities, income and expenses.

Judgements, estimates and assumptions are continuously evaluated and are based on the following:

- historical experience
- current market conditions
- reasonable expectations of future events

Actual results may differ from these judgements, estimates and assumptions. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities in future periods.

The key areas involving judgement or significant estimates and assumptions are set out below:

NOTE	JUDGEMENTS
<b>Note 2.7</b> Leases	Determining the lease term
<b>Note 5.1</b> Equity accounted investments	Control and significant influence

NOTE	ESTIMATES AND ASSUMPTIONS
<b>Note 2.4</b> Inventories	Net realisable value, Commercial income
<b>Note 2.7</b> Leases	Incremental borrowing rate
<b>Note 2.9</b> Provisions	Employee benefits, Self-insurance, Restructuring
<b>Note 4.1</b> Impairment of non-financial assets	Assessment of recoverable amount
<b>Note 6.2</b> Contingencies	Contingent liabilities
<b>Note 7.2</b> Employee share plans	Valuation of share-based payments

Detailed information about each of these judgements, estimates and assumptions is included in the Notes together with information about the basis of calculation for each affected line item in the financial statements.

## BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

## The Notes

The Notes include information which is required to understand the consolidated financial statements and is material and relevant to the operations, financial performance and position of the Group.

Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature
- it is important for understanding the results of the Group
- it helps to explain the impact of significant changes in the Group's business
- it relates to an aspect of the Group's operations that is important to its future performance

The Notes are organised into the following sections:

**1. Performance:** this section provides information on the performance of the Group, including segment results, earnings per share and income tax.

**2. Assets and Liabilities:** this section details the assets used in the Group's operations and the liabilities incurred as a result.

**3. Capital:** this section provides information relating to the Group's capital structure and financing.

**4. Financial Risk:** this section details the Group's exposure to various financial risks, explains how these risks may impact the Group's financial performance or position, and details the Group's approach to managing these risks.

**5. Group Structure:** this section provides information relating to subsidiaries and other material investments and divestments of the Group.

**6. Unrecognised Items:** this section provides information about items that are not recognised in the consolidated financial statements but could potentially have a significant impact on the Group's financial performance or position in the future.

**7. Other Disclosures:** this section provides other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group's financial performance or position.

## Basis of consolidation

In preparing these consolidated financial statements, subsidiaries are consolidated from the date the Group gains control until the date on which control ceases. The Group's share of results of its equity accounted investments is included in the consolidated financial statements from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. All intercompany transactions are eliminated.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

## Foreign currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group. Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

## Accounting policies

Accounting policies that summarise the classification, recognition and measurement basis of financial statement line items and that are relevant to the understanding of the consolidated financial statements are provided throughout the Notes.

## Rounding of amounts

The amounts contained in the Financial Report have been rounded to the nearest million dollars (unless specifically stated to be otherwise) under the option available to the Company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The Company is an entity to which this legislative instrument applies.

# 1. Performance

This section provides information on the performance of the Group, including segment results, earnings per share and income tax.

## 1.1 Segment reporting

The Group has identified its operating segments based on internal reporting to the Managing Director and Chief Executive Officer (the chief operating decision-maker). The Managing Director and Chief Executive Officer regularly reviews the Group’s internal reporting to assess performance and allocate resources across the operating segments. The segments identified offer different products and services and are managed separately. The Group’s reportable segments from continuing operations are set out below:

REPORTABLE SEGMENT	DESCRIPTION
Supermarkets	Fresh food, groceries and general merchandise retailing (includes Coles Online, Coles Financial Services and Coles 360 retail media services)
Liquor	Liquor retailing, including online services

Other comprises Property, Coles’ share of the Flybuys loyalty program and a product supply arrangement that are not separately reportable, as well as costs associated with enterprise functions which include Insurance and Treasury.

There are varying levels of integration between operating segments. This includes the common usage of property, services and administration functions. Financing costs and income tax are managed on a Group basis and are not allocated to operating segments.

EBIT is the key measure by which management monitors the performance of the segments.

The Group does not have operations in other geographic areas or economic exposure to any individual customer that is in excess of 10% of sales revenue.

	Supermarkets	Liquor	Other	Total continuing operations
	\$m	\$m	\$m	\$m
2024 (53 WEEKS)				
Sales revenue	39,042	3,692	837	43,571
EBITDA	3,487	261	(89)	3,659
Depreciation and amortisation	(1,469)	(128)	(5)	(1,602)
Segment EBIT	2,018	133	(94)	2,057
Financing costs				(442)
Profit before income tax				1,615
Income tax expense				(487)
Profit for the period from continuing operations				1,128
Share of net loss from equity accounted investments included in EBIT				(18)
2023 (52 WEEKS)				
Sales revenue	36,746	3,610	127	40,483
EBITDA	3,157	279	(54)	3,382
Depreciation and amortisation	(1,392)	(122)	(9)	(1,523)
Segment EBIT	1,765	157	(63)	1,859
Financing costs				(394)
Profit before income tax				1,465
Income tax expense				(423)
Profit for the period from continuing operations				1,042
Share of net loss from equity accounted investments included in EBIT				(13)

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## 1.2 Earnings Per Share ('EPS')

	2024 53 weeks	2023 52 weeks
<b>EPS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
Basic EPS (cents)	83.8	82.3
Diluted EPS (cents)	83.5	82.1
<b>EPS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY FROM CONTINUING OPERATIONS</b>		
Basic EPS (cents)	84.6	78.1
Diluted EPS (cents)	84.3	77.9
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		
Continuing operations (\$m)	1,128	1,042
Discontinued operations (\$m)	(10)	56
<b>Total</b>	<b>1,118</b>	<b>1,098</b>
Weighted average number of ordinary shares for basic EPS (shares, million)	1,334	1,334
Weighted average number of ordinary shares for diluted EPS (shares, million)	1,338	1,338

### Calculation methodology

EPS is profit for the period attributable to ordinary equity holders of the Company, divided by the weighted average number of ordinary shares on issue, adjusted to exclude shares held in trust during the period.

Diluted EPS is calculated on the same basis except it includes the impact of any potential commitments the Group has to issue shares in the future.

Between the reporting date and the issue date of the Financial Report, there have been no transactions involving ordinary shares or potential ordinary shares that would impact the calculation of EPS disclosed in the table above.

## 1.3 Sales revenue

### Sale of goods

The Group operates a network of supermarkets, retail liquor stores and convenience stores (prior to the divestment of the Express business on 1 May 2023, refer note 5.3 Discontinued operations), as well as online platforms. Revenue is recognised by the Group when it is the principal in the sales transaction. Revenue from the sale of goods is recognised when control of the goods has transferred to the customer. For goods purchased in-store, control of the goods transfers to the customer at the point of sale. For goods purchased online, control of the goods transfers to the customer upon delivery, or when collected by the customer.

Revenue comprises the fair value of consideration received or receivable for the sale of goods and is recorded net of discounts and goods and services tax ("GST").

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1.4 Administration expenses

	2024 53 weeks	2023 52 weeks
	\$m	\$m
Employee benefits expense	5,512	5,118
Occupancy and overheads	882	774
Depreciation and amortisation <sup>1</sup>	1,517	1,461
Marketing expenses	233	234
Net impairment expense/(reversal)	55	(11)
Other store expenses	655	668
Other administration expenses	621	604
<b>Total administration expenses</b>	<b>9,475</b>	<b>8,848</b>

1. Total depreciation and amortisation from continuing operations is \$1,602 million (2023: \$1,523 million from continuing operations), the remaining depreciation and amortisation is included within cost of sales.

Employee benefits expense is comprised of:

	2024 53 weeks	2023 52 weeks
	\$m	\$m
Remuneration, bonuses and on-costs	5,499	5,180
Superannuation expense	506	437
Share-based payments expense	28	37
<b>Total employee benefits expense</b>	<b>6,033</b>	<b>5,654</b>
<b>Employee benefits expense included in:</b>		
Cost of sales	521	536
Administration expenses	5,512	5,118

Employee benefits expense

The Group’s accounting policy for liabilities associated with employee benefits is set out in Note 2.9 Provisions. The policy relating to share-based payments is set out in Note 7.2 Employee share plans. All employee benefits expense is included in administration expense with the exception of logistics which is contained in cost of sales.

Retirement benefit obligations

The Group contributes to a number of superannuation funds on behalf of its employees, and the Group’s legal or constructive obligation is limited to these contributions. Contributions payable by the Group are recognised as an expense in the Income Statement when incurred.

1.5 Financing costs

	2024 53 weeks	2023 52 weeks
	\$m	\$m
Interest on debt and borrowings	48	28
Interest on lease liabilities	363	343
Other finance related costs	31	23
<b>Total financing costs</b>	<b>442</b>	<b>394</b>

Financing costs

Financing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes more than 12 months to get ready for its intended use or sale, are capitalised as part of the cost of the asset. All other financing costs are expensed in the period in which they are incurred.

## 1.6 Income tax

The major components of income tax expense in the Income Statement are set out below:

		2024 53 weeks	2023 52 weeks
	Note	\$m	\$m
Current income tax expense		471	443
Adjustment in respect of current income tax of previous periods		(12)	(34)
Deferred income tax relating to origination and reversal of temporary differences		18	17
Adjustment in respect of deferred income tax of previous periods		6	25
		<b>483</b>	<b>451</b>
<b>Income tax expense is attributable to:</b>			
Profit from continuing operations		487	423
(Loss)/profit from discontinued operations	5.3	(4)	28
		<b>483</b>	<b>451</b>

The components of income tax expense recognised in Other Comprehensive Income ('OCI') are set out below:

		2024 53 weeks	2023 52 weeks
		\$m	\$m
Deferred tax related to items recognised in OCI during the period:			
Net profit/(loss) on revaluation of cash flow hedges		1	(4)
<b>Deferred income tax charged to OCI</b>		<b>1</b>	<b>(4)</b>

The tax expense included in the Income Statement consists of current and deferred income tax.

### CURRENT INCOME TAX IS:

- the expected tax payable on taxable income for the period
- calculated using tax rates enacted or substantively enacted at the reporting date
- inclusive of any adjustment to income tax payable or recoverable in respect of previous periods

### DEFERRED INCOME TAX IS:

- recognised using the liability method
- based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes
- calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on the tax rates that have been enacted or substantively enacted by the reporting date

Both current and deferred income tax are charged or credited to the Income Statement. However, when it relates to items charged or credited directly to the Statement of Changes in Equity or Other Comprehensive Income, the tax is recognised in equity, or OCI, respectively.

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Reconciliation of the Group’s applicable tax rate to the effective tax rate

	2024 53 weeks	2023 52 weeks
	\$m	\$m
Profit before tax from continuing operations	1,615	1,465
(Loss)/profit before tax from discontinued operations	(14)	84
<b>Profit before income tax</b>	<b>1,601</b>	<b>1,549</b>
At Australia’s corporate tax rate of 30.0% (2023: 30.0%)	480	465
Adjustments in respect of income tax of previous periods	(6)	(9)
Share of results of joint venture	6	4
Non-deductible expenses for income tax purposes	9	6
Non-assessable income for income tax purposes	-	(13)
Utilisation of previously unrecognised capital losses	(6)	(8)
Taxable gain on sale of Express business	-	6
<b>Income tax expense reported in the Income Statement<sup>1</sup></b>	<b>483</b>	<b>451</b>

1. At an effective income tax rate of 30.2% (2023: 29.1%).

Tax consolidation

The Company and its 100% owned Australian resident subsidiaries formed an income tax consolidated group with effect from 31 December 2018.

The Company is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement which operates to manage joint and several liability for group tax liabilities amongst group members as well as enable group members to leave the group clear of future group tax liabilities. Members of the group have also entered into a taxation funding agreement which provides that each member of the tax consolidated group pay a tax equivalent amount to or from the parent in accordance with their notional current tax liability or current tax asset. Such amounts are reflected in amounts receivable from or payable to the parent company in their accounts and are settled as soon as practicable after lodgement of the consolidated tax return and payment of the tax liability.

Global minimum tax

Coles Group Limited expects to be subject to the Organization for Economic Cooperation and Development (“OECD”) Pillar Two model rules (“Pillar Two rules”). Pillar Two draft legislation is currently in Parliament and is expected to be effective for the Group’s financial year beginning 1 July 2024 (“the 2025 financial year”). Rules have not yet been enacted in foreign jurisdictions where Coles has a presence, namely China, Singapore and Hong Kong. Pillar Two rules impose a minimum 15% effective tax rate applicable in each jurisdiction in which the Group has a presence. The Pillar Two rules are not expected to have a material impact on the Group’s income tax expense.



## 1.6 INCOME TAX (CONTINUED)

## Deferred income tax balances recognised in the Balance Sheet

	Opening balance	Charged to profit or loss	Credited to OCI	Other	Closing balance
2024	\$m	\$m	\$m	\$m	\$m
Provisions	78	(12)	-	-	66
Employee benefits	225	15	-	-	240
Trade and other payables	34	14	-	-	48
Inventories	52	8	-	-	60
Property, plant and equipment	180	13	-	-	193
Lease Liabilities	2,355	(251)	-	421	2,525
Other individually insignificant balances	10	(5)	-	-	5
<b>Deferred tax assets</b>	<b>2,934</b>	<b>(218)</b>	<b>-</b>	<b>421</b>	<b>3,137</b>
Accelerated depreciation for tax purposes	130	28	-	-	158
Intangible assets	37	39	-	-	76
Right-of-use assets	1,952	(259)	-	421	2,114
Other assets	7	-	-	-	7
Cash flow hedges	5	-	(1)	-	4
Other individually insignificant balances	63	(2)	-	-	61
<b>Deferred tax liabilities</b>	<b>2,194</b>	<b>(194)</b>	<b>(1)</b>	<b>421</b>	<b>2,420</b>
<b>Net deferred tax assets</b>	<b>740</b>	<b>(24)</b>	<b>1</b>	<b>-</b>	<b>717</b>

	Opening balance	Charged to profit or loss	Credited to OCI	Acquisitions / (disposals)	Other	Closing balance
2023	\$m	\$m	\$m	\$m	\$m	\$m
Provisions	67	11	-	-	-	78
Employee benefits	230	3	-	(8)	-	225
Trade and other payables	28	6	-	-	-	34
Inventories	53	-	-	(1)	-	52
Property, plant and equipment	171	16	-	(7)	-	180
Lease Liabilities	2,604	(273)	-	(218)	242	2,355
Other individually insignificant balances	6	5	-	(1)	-	10
<b>Deferred tax assets</b>	<b>3,159</b>	<b>(232)</b>	<b>-</b>	<b>(235)</b>	<b>242</b>	<b>2,934</b>
Accelerated depreciation for tax purposes	125	5	-	-	-	130
Intangible assets	-	44	-	(7)	-	37
Right-of-use assets	2,160	(258)	-	(192)	242	1,952
Other assets	8	(1)	-	-	-	7
Cash flow hedges	1	-	4	-	-	5
Other individually insignificant balances	43	20	-	-	-	63
<b>Deferred tax liabilities</b>	<b>2,337</b>	<b>(190)</b>	<b>4</b>	<b>(199)</b>	<b>242</b>	<b>2,194</b>
<b>Net deferred tax assets</b>	<b>822</b>	<b>(42)</b>	<b>(4)</b>	<b>(36)</b>	<b>-</b>	<b>740</b>

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## Tax assets and liabilities

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are offset against each other when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

The Group has unrecognised deferred tax assets relating to temporary differences arising from its investments in Loyalty Pacific Pty Ltd (operator of the Flybuys loyalty program) and Queensland Venue Co. Pty Ltd ('QVC'), and capital losses from disposal of capital gains tax assets. Deferred tax assets have not been recognised in relation to these amounts as the Group has determined that at the reporting date, it is not probable that capital gains will be available against which the Group can utilise these benefits. The unrecognised deferred tax asset is \$163 million (2023: \$169 million).

An uncertain tax treatment is any tax treatment applied by the Group where there is uncertainty over whether it will be accepted by the relevant tax authority. If it is not probable that the treatment will be accepted, the effect of the uncertainty is reflected in the period in which that determination is made (for example, by recognising an additional tax liability). The Group measures the impact of the uncertainty using the method that best predicts the resolution of the uncertainty: either the most likely amount method or the expected value method. The judgements and estimates made to recognise and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgements.

The Group determined, based on its tax compliance, that it is probable that its tax treatments applied at 30 June 2024 will be accepted by the taxation authorities.

## Goods and Services Tax ('GST')

Revenue, expenses and assets are recognised net of GST, except:

- when the GST incurred on the sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset; or
- when receivables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the Balance Sheet. Commitments and contingencies are disclosed net of the amount of GST recoverable from or payable to the taxation authority.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities where recoverable or payable to the taxation authority is classified as part of operating cash flows.

## 2. Assets and Liabilities

This section details the assets used in the Group's operations and the liabilities incurred as a result.



### 2.1 Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2024	2023
	\$m	\$m
Cash in transit	353	347
Cash on hand	171	164
Cash at bank and on deposit	151	86
<b>Total cash and cash equivalents</b>	<b>675</b>	<b>597</b>

All receivables from EFT, credit card and debit card point of sale transactions during the period are classified as cash equivalents.

For the purpose of the Cash Flow Statement, cash and cash equivalents includes cash on hand and in transit, at bank and on deposit, net of outstanding bank overdrafts which are repayable on demand.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits earn interest at the respective short-term deposit rates.

#### Reconciliation of profit for the period to net cash flows from operating activities

	2024	2023
	\$m	\$m
<b>Profit for the period</b>	<b>1,118</b>	<b>1,098</b>
<i>Adjustments for:</i>		
Depreciation and amortisation	1,602	1,558
Net impairment expense/(reversal)	55	(11)
Net gain on disposal of non-current assets	(12)	-
Net loss on disposal of business	-	16
Share of net loss of equity accounted investments	18	13
Share-based payments expense	28	37
Other	10	1
<i>Changes in assets and liabilities net of the effects of acquisitions and disposals of businesses:</i>		
(Increase)/decrease in inventories	(372)	39
Decrease/(increase) in trade and other receivables	119	(135)
(Increase)/decrease in prepayments	(18)	11
Decrease in other assets	2	33
Decrease in deferred tax assets	24	46
Decrease in income tax receivable	76	38
Increase in trade and other payables	162	102
(Decrease)/increase in provisions	(29)	30
Increase/(decrease) in other liabilities	10	(69)
<b>Net cash flows from operating activities</b>	<b>2,793</b>	<b>2,807</b>

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2.2 Trade and other receivables

Trade and other receivables are comprised of the following:

	2024	2023
	\$m	\$m
Trade receivables <sup>1</sup>	384	470
Other receivables	136	154
	520	624
Allowance for expected credit losses	(24)	(19)
<b>Total trade and other receivables</b>	<b>496</b>	<b>605</b>

1. Includes commercial income due from suppliers of \$132 million (2023: \$149 million).

Trade receivables and other receivables are classified as financial assets held at amortised cost.

Trade receivables

Trade receivables are initially recognised at the amount due and subsequently at amortised cost using the effective interest method, less an allowance for expected credit losses (impairment provision). The carrying value of trade and other receivables, less impairment provisions, is considered to approximate fair value, due to the short-term nature of the receivables.

Impairment of trade receivables

The collectability of trade and other receivables is reviewed on an ongoing basis. Individual debts which are known to be uncollectable are written off when identified.

The Group recognises an impairment provision based upon anticipated lifetime losses of trade receivables. The anticipated lifetime losses are determined with reference to historical experience and are regularly reviewed and updated.

The amount of the impairment loss is recognised in the Income Statement within 'Administration expenses'.

2.3 Other assets

Other assets are comprised of the following:

	2024	2023
	\$m	\$m
Prepayments	102	82
Other assets	7	14
<b>Total other current assets</b>	<b>109</b>	<b>96</b>
Prepayments	25	3
Other assets	47	50
<b>Total other non-current assets</b>	<b>72</b>	<b>53</b>

2.4 Inventories

Inventories comprise goods held for resale and are valued at the lower of cost and net realisable value, which is the estimated selling price less estimated costs to sell.

The cost of inventory is based on purchase cost, after deducting certain types of commercial income and including logistics and store remuneration incurred in bringing inventories to their present location and condition.

Volume-related supplier rebates, and supplier promotional rebates where they exceed spend on promotional activities, are accounted for as a reduction in the cost of inventory and recognised in the Income Statement when the inventory is sold.

KEY ESTIMATE: NET REALISABLE VALUE

An inventory provision is recognised where the realisable value from sale of inventory is estimated to be lower than the inventory's carrying value. Inventory provisions for different product categories are estimated based on various factors, including expected sales profile, prevailing sales prices, seasonality and expected losses associated with slow-moving inventory items.



## 2.4 INVENTORIES (CONTINUED)

## Commercial income

Commercial income represents various discounts or rebates provided by suppliers. These include:

- settlement discounts for the purchase of inventory
- discounts based on purchase or sales volumes
- contributions towards promotional activity for a supplier's product

Depending on the type of arrangement with the supplier, commercial income will either be deducted from the cost of inventory (where it relates to the purchase of inventory) or recognised as a reduction in related expenses (where it relates to the sale of goods).

Amounts due from suppliers are recognised within trade receivables, except in cases where the Group has the legal right and the intention to offset, in which case only the net amount receivable or payable is presented. Refer to Note 4.3 Financial instruments for details of amounts offset in the Balance Sheet.

**KEY ESTIMATE: COMMERCIAL INCOME**

The recognition of certain types of commercial income requires the following estimates:

- the volume of inventory purchases that will be made during a specific period
- the amount of the related product that will be sold
- the balance remaining in inventory at the reporting date

Estimates are based on historical and forecast sales and inventory turnover levels.

## 2.5 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any recognised impairment. Cost comprises expenditure that is directly attributable to the acquisition of the item and subsequent costs incurred that are eligible for capitalisation. Repairs and maintenance costs are charged to the Income Statement during the period in which they are incurred. Property, plant and equipment is depreciated on a straight-line basis to its residual value over its expected useful life.

	Land	Buildings	Plant & equipment	Leasehold improvements	Total
	\$m	\$m	\$m	\$m	\$m
<i>Useful life (range)</i>	<i>Not applicable</i>	<i>20 – 40 years</i>	<i>3 – 20 years</i>	<i>Term of lease</i>	
<b>2024</b>					
Cost	731	151	9,276	1,272	11,430
Accumulated depreciation and impairment	(114)	(4)	(4,956)	(737)	(5,811)
<b>Carrying amount at end of period</b>	<b>617</b>	<b>147</b>	<b>4,320</b>	<b>535</b>	<b>5,619</b>
Carrying amount at beginning of period	447	159	3,874	505	4,985
Additions	223	48	1,009	103	1,383
Transfer to assets held for sale	(3)	-	-	-	(3)
Depreciation	-	(2)	(528)	(71)	(601)
Impairment	(27)	-	(4)	-	(31)
Disposals and write-offs <sup>1</sup>	(23)	(58)	(29)	(2)	(112)
Transfers	-	-	(2)	-	(2)
<b>Carrying amount at end of period</b>	<b>617</b>	<b>147</b>	<b>4,320</b>	<b>535</b>	<b>5,619</b>
Construction work in progress included above	-	71	797	139	1,007



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	Land	Buildings	Plant & equipment	Leasehold improvements	Total
	\$m	\$m	\$m	\$m	\$m
Useful life (range)	Not applicable	20 – 40 years	3 – 20 years	Term of lease	
2023					
Cost	534	164	8,437	1,184	10,319
Accumulated depreciation and impairment	(87)	(5)	(4,563)	(679)	(5,334)
Carrying amount at end of period	447	159	3,874	505	4,985
Carrying amount at beginning of period	419	258	3,576	554	4,807
Additions	136	10	960	46	1,152
Transfer to assets held for sale	(53)	(36)	(38)	-	(127)
Depreciation	-	(4)	(507)	(68)	(579)
(Impairment)/Reversal	14	-	(3)	-	11
Sale of Business	-	(2)	(90)	(25)	(117)
Disposals and write-offs <sup>1</sup>	(69)	(67)	(24)	(2)	(162)
Carrying amount at end of period	447	159	3,874	505	4,985
Construction work in progress included above	-	49	795	138	982

1. Net gain on disposal of property, plant and equipment during the period was \$18 million (2023: \$2 million net loss).

2.6 Intangible assets

The Group’s intangible assets comprise licences, software and goodwill.

Licences and software

Licences and software are measured initially at acquisition cost or costs incurred to develop the asset. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives are not amortised. Instead, they are tested for impairment annually or more frequently if events or changes in circumstances indicate they may be impaired.

Licences have been assessed as having indefinite lives on the basis that the licences are expected to be renewed in line with business continuity requirements.

For internally generated software, research costs are expensed as incurred. Development expenditure is capitalised when management has the intention to develop the asset, it is probable that future economic benefits will flow to the Group and the cost can be reliably measured.

In respect to cloud computing arrangements, the Group assesses whether the arrangement contains a lease and if not, whether the arrangement provides the Group with a resource that it can control. Costs associated with implementation are then assessed as to whether they can be capitalised in accordance with relevant accounting standards.

Goodwill

Goodwill recognised by the Group has arisen as a result of business combinations and represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised.

Goodwill is initially measured as the amount the Group has paid in acquiring a business over and above the fair value of the individual assets and liabilities acquired. Goodwill is considered to have an indefinite useful economic life. It is therefore not amortised but is instead tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less any accumulated impairment losses and, for the purpose of impairment testing, is allocated to cash generating units.

Refer to Note 4.1 Impairment of non-financial assets for further details on impairment testing.

## 2.6 INTANGIBLE ASSETS (CONTINUED)

	Goodwill	Software	Licences	Total
	\$m	\$m	\$m	\$m
<i>Useful life (range)</i>	<i>Indefinite</i>	<i>5 - 15 years</i>	<i>Indefinite</i>	
<b>2024</b>				
Cost	1,151	2,391	34	3,576
Accumulated amortisation and impairment	-	(1,373)	-	(1,373)
<b>Carrying amount at end of the period</b>	<b>1,151</b>	<b>1,018</b>	<b>34</b>	<b>2,203</b>
Carrying amount at beginning of the period	1,115	889	31	2,035
Additions	36	307	3	346
Transfers	-	2	-	2
Disposals and write-offs	-	(6)	-	(6)
Impairment	-	(3)	-	(3)
Amortisation	-	(171)	-	(171)
<b>Carrying amount at end of the period</b>	<b>1,151</b>	<b>1,018</b>	<b>34</b>	<b>2,203</b>
Development work in progress included above	-	387	-	387
<b>2023</b>				
Cost	1,115	2,093	31	3,239
Accumulated amortisation and impairment	-	(1,204)	-	(1,204)
<b>Carrying amount at end of period</b>	<b>1,115</b>	<b>889</b>	<b>31</b>	<b>2,035</b>
Carrying amount at beginning of period	1,160	675	29	1,864
Additions	-	373	2	375
Sale of business	(45)	(27)	-	(72)
Amortisation	-	(132)	-	(132)
<b>Carrying amount at end of period</b>	<b>1,115</b>	<b>889</b>	<b>31</b>	<b>2,035</b>
Development work in progress included above	-	435	-	435

## 2.7 Leases

The Group has lease agreements for properties and various items of machinery, vehicles and other equipment used in its operations. Set out below are the carrying amounts of recognised right-of-use assets and movements during the period:

	2024			2023		
	Property leases	Non-property leases	Total	Property lease	Non-property leases	Total
	\$m	\$m	\$m	\$m	\$m	\$m
<b>At beginning of period</b>	<b>6,409</b>	<b>98</b>	<b>6,507</b>	<b>7,096</b>	<b>103</b>	<b>7,199</b>
Additions	746	342	1,088	388	47	435
Other remeasurements <sup>1</sup>						
Continuing operations	304	-	304	344	-	344
Discontinued operations	-	-	-	16	-	16
Depreciation expense						
Continuing operations	(786)	(44)	(830)	(767)	(52)	(819)
Discontinued operations	-	-	-	(28)	-	(28)
Impairment expense						
Continuing operations	(21)	-	(21)	-	-	-
Sale of business	-	-	-	(640)	-	(640)
<b>At end of period</b>	<b>6,652</b>	<b>396</b>	<b>7,048</b>	<b>6,409</b>	<b>98</b>	<b>6,507</b>

1. Includes reasonably certain options and remeasurements, net of leases terminated.

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Set out below are the carrying amounts of recognised lease liabilities and movements during the period:

	2024	2023
	\$m	\$m
At beginning of period	7,849	8,681
Additions	1,087	435
Other remeasurements <sup>1</sup>		
Continuing operations	315	352
Discontinued operations	-	16
Accretion of interest		
Continuing operations	363	343
Discontinued operations	-	29
Payments		
Continuing operations	(1,197)	(1,146)
Discontinued operations	-	(133)
Sale of business	-	(728)
At end of period	8,417	7,849
Current	911	820
Non-current	7,506	7,029

1. Includes reasonably certain options and remeasurements, net of leases terminated.

The maturity analysis of lease liabilities is disclosed in Note 4.2 Financial risk management.

Variable lease payments based on sales

A number of the Group’s retail property lease agreements contain variable payment terms that are linked to sales. These lease payments are based on a percentage of sales recorded by a particular store. The specific percentage rent adjustment mechanism varies by individual lease agreement. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payments occurs and are generally payable for future periods in the lease term.

The following provides information on the Group’s variable lease payments, including the magnitude in relation to fixed payments:

	2024			2023		
	Fixed payments	Variable payments	Total	Fixed payments	Variable payments	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Leases with lease payments based on sales	728	88	816	614	70	684

Extension options

Extension options are included in the majority of property leases across the Group. Where practicable, the Group seeks to include extension options when negotiating leases to provide flexibility and align with business needs. Leases may contain multiple extension options and are exercisable only by the Group and not by the lessors.

Extension options are only reflected in the lease liability when it is reasonably certain they will be exercised. When assessing if an option is reasonably certain to be exercised, a number of factors are considered including the option expiry date, whether formal approval to extend the lease has been obtained, store trading performance and the strategic importance of the site. Where a lease contains multiple extension options, only the next option is considered in the assessment. Option periods range from 1 to 15 years.

Of the Group’s lease portfolio, 92% of leases have extension options (2023: 92%). Of those leases, 27%<sup>1</sup> have an extension option included in the calculation of the lease liability at 30 June 2024 (2023: 26%).

1. 75% of these leases contain one or more future extension options not included in the lease liability (2023:75%).



## 2.7 LEASES (CONTINUED)

The following amounts have been recognised in the Income Statement relating to continuing operations:

	2024	2023
	\$m	\$m
Depreciation of right-of-use assets	830	819
Interest expense on lease liabilities	363	343
Expenses relating to short-term leases (included in administration expenses)	2	5
Variable lease payments based on sales (included in administration expenses)	88	70
Other variable lease payments (included in administration expenses)	-	6
<b>Total amount recognised in the Income Statement</b>	<b>1,283</b>	<b>1,243</b>

The Group recognised a total gain of \$31 million relating to six sale and leaseback transactions during the period (2023: \$25 million from five transactions).

### Group as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (leases with a term of 12 months or less) and leases of low-value assets. The Group recognises lease liabilities to make future lease payments and right-of-use assets representing the right to use the underlying assets from the date the leased asset is available for use by the Group.

Each lease payment is apportioned between the liability and financing costs. Financing costs are recognised in the Income Statement over the lease term so as to produce a constant periodic rate of interest on the remaining liability.

The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term (which includes options that are considered 'reasonably certain'). Payments associated with short-term leases and leases of low-value assets are expensed when incurred in the Income Statement.

Cash payments for the principal portion of the lease liability are presented within financing activities in the Cash Flow Statement, while payments relating to short-term leases, low-value assets and variable lease components not included in the measurement of the lease liability are presented within cash flows from operating activities.

Lease liabilities are initially measured at net present value and comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives
- variable lease payments based on an index or rate, using the index or rate at the commencement date
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payment of termination penalties if the lessee is reasonably certain to terminate the lease and incur penalties.

If the interest rate implicit in the lease cannot be readily determined, the lease payments are discounted using the lessee's incremental borrowing rate at the lease commencement date.

Right-of-use assets are measured at cost and comprise the following:

- the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs
- any restoration costs

Right-of-use assets are also subject to impairment testing. Refer to the accounting policies in Note 4.1 Impairment of non-financial assets.

### KEY JUDGEMENT: DETERMINING THE LEASE TERM

Extension options are included in the majority of property leases across the Group. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option are considered. Extension options are only included in the lease term if the lease is reasonably certain to be exercised. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and is within the control of the Group.

Changes in the assessment of the lease term are accounted for as a reassessment of the lease liability at the date of the change.

### KEY ESTIMATE: INCREMENTAL BORROWING RATE

If the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate ('IBR') to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The IBR requires estimation when no observable rates are available or when adjustments need to be made to reflect the terms and conditions of the lease. The Group estimates the IBR using observable market inputs when available and is required to make certain estimates specific to the Group (such as credit risk).

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Group as lessor

The Group leases out some of its freehold properties and sub-leases some of its right-of-use assets. The Group has classified these leases as operating leases because they do not transfer all of the risks and rewards incidental to ownership of the assets.

The undiscounted lease payments to be received are set out below:

	2024	2023
	\$m	\$m
Within one year	13	18
Between one and five years	32	46
More than five years	25	35
<b>Total</b>	<b>70</b>	<b>99</b>

Rental income is accounted for on a straight-line basis over the lease term and is included in 'Other operating revenue' in the Income Statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Variable lease income not dependent on an index or rate is recognised as revenue in the period in which it is earned. The Group recognised income of \$17 million for the period with respect to subleasing of its right-of-use assets (2023: \$20 million).

2.8 Trade and other payables

Trade and other payables are comprised of the following:

	2024	2023
	\$m	\$m
Trade payables	3,414	3,281
Other payables	1,170	1,153
<b>Total trade and other payables</b>	<b>4,584</b>	<b>4,434</b>

Trade payables are non-interest-bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Provisions

	2024	2023
	\$m	\$m
<b>CURRENT</b>		
Employee benefits	757	736
Restructuring provision	68	37
Self-insurance liabilities	104	110
Other	14	22
<b>Total current provisions</b>	<b>943</b>	<b>905</b>
<b>NON-CURRENT</b>		
Employee benefits	71	65
Restructuring provision	-	52
Self-insurance liabilities	252	259
<b>Total non-current provisions</b>	<b>323</b>	<b>376</b>

## 2.9 PROVISIONS (CONTINUED)

## Movements in restructuring, self-insurance, and other provisions

	Restructuring	Self-insurance	Other	Total
	\$m	\$m	\$m	\$m
<b>At beginning of period</b>	<b>89</b>	<b>369</b>	<b>22</b>	<b>480</b>
Arising during the period	18	120	5	143
Utilised	(34)	(109)	(11)	(154)
Unused amounts reversed	(1)	(32)	(2)	(35)
Unwind / changes in discount rate	(4)	8	-	4
<b>At end of period</b>	<b>68</b>	<b>356</b>	<b>14</b>	<b>438</b>
Current	68	104	14	186
Non-current	-	252	-	252

Provisions are:

- recognised when the Group has a legal or constructive obligation as a result of a past event, it is probable that cash will be required to settle the obligation and the amount can be reliably estimated;
- measured at the present value of the estimated cash outflow required to settle the obligation.

Where a provision is non-current, and the effect is material, the nominal amount is discounted. The discount is recognised as a financing cost in the Income Statement.

## PROVISION

## KEY ESTIMATES

## Employee benefits

Provisions for employee entitlements to annual leave, long service leave and employee incentives (where the Group does not have an unconditional right to defer payment for at least twelve months after the reporting date) are recognised within the current provision for employee benefits and represent the amount which the Group has a present obligation to pay, resulting from employees' services up to the reporting date.

All other short-term employee benefit obligations are presented as payables.

Liabilities for long service leave where the Group has an unconditional right to defer payment for at least twelve months after the reporting date are recognised within the non-current provision for employee benefits.

Employee benefits provisions are based on a number of estimates including, but not limited to:

- expected future wages and salaries
- attrition (applicable to long service leave provisions only)
- discount rates
- expected salary related payments, interest and on-costs following a review of the pay arrangements for award-covered salaried team members

## Self-insurance

The Group is self-insured for workers compensation and certain general liability risks. The Group seeks external actuarial advice in determining self-insurance provisions. Provisions are discounted and are based on claims reported and an estimate of claims incurred but not reported.

These estimates are reviewed bi-annually, and any reassessment of these estimates will impact self-insurance expense.

Self-insurance provisions are based on a number of estimates including, but not limited to:

- discount rates
- future inflation
- average claim size
- claims development
- risk margin

## Restructuring

Restructuring provisions are recognised when restructuring has either commenced or has raised a valid expectation in those affected, and the Group has a detailed formal plan identifying:

- the business or part of the business impacted
- the location and approximate number of employees impacted
- an estimate of the associated costs
- the timeframe for restructuring activities

Restructuring provisions are based on a number of estimates including, but not limited to:

- number of employees impacted
- employee tenure and costs
- restructure timeframes
- discount rates

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### 3. Capital

This section provides information relating to the Group’s capital structure and financing.



The Group’s capital management strategy aims to ensure the Group has continued access to funding for current and future business activities by maintaining a mix of equity and debt financing, while maximising returns to shareholders.

The Group’s objective is to maintain investment grade credit metrics to optimise the weighted average cost of capital over the long term, enable access to long term debt capital markets and build investor confidence.

The Directors consider the capital structure at least twice a year and provide oversight of the Group’s capital management. Capital is managed through the following:

- repaying or raising debt in line with ongoing business requirements and growth opportunities aligned with the Group’s strategic objectives
- amount of ordinary dividends paid to shareholders
- raising and returning capital.

#### 3.1 Interest-bearing liabilities

	2024	2023
	\$m	\$m
<b>NON-CURRENT</b>		
Bank debt	-	72
Capital market debt	1,652	1,046
<b>Total non-current interest-bearing liabilities</b>	<b>1,652</b>	<b>1,118</b>

Capital market debt consists of:

		2024	2023
Medium term notes	Maturity	\$m	\$m
\$150m	Aug-25	150	150
\$300m	Nov-26	299	299
\$300m	Nov-29	299	299
\$300m	Aug-30	299	298
\$350m	Jul-31	352	-
\$250m	Nov-33	253	-
<b>Total capital market debt</b>		<b>1,652</b>	<b>1,046</b>

Interest-bearing loans and borrowings are initially recorded at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised.

The carrying values of liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. Fair value gains and losses are recognised in financing costs in the Income Statement.



## 3.2 Contributed equity and reserves

### Contributed equity

Contributed equity represents the number of ordinary shares on issue less shares held in trust by the Group. Ordinary shares on issue are fully paid and carry one vote per share and the right to dividends. Shares held in trust are ordinary shares that have been repurchased by the Group and are being held to satisfy employee equity incentive plans.

Incremental costs directly attributable to the issue of new shares are recognised as a deduction from equity, net of any related income tax benefit.

The following reconciliation shows the total number of ordinary shares on issue less the shares held in trust:

	2024		2023	
	m	\$m	m	\$m
<b>Share Capital</b>				
<b>At beginning of period</b>	<b>1,338.4</b>	<b>1,733</b>	<b>1,336.1</b>	<b>1,695</b>
Issue of shares to satisfy the dividend reinvestment plan	1.0	17	1.1	18
Issue of shares to satisfy the employee equity incentive plans	-	-	1.0	18
Issue of shares to satisfy the employee share purchase plan	-	-	0.2	2
<b>At end of period</b>	<b>1,339.4</b>	<b>1,750</b>	<b>1,338.4</b>	<b>1,733</b>
	2024		2023	
	m	\$m	m	\$m
<b>Shares held in trust</b>				
<b>At beginning of period</b>	<b>(5.0)</b>	<b>(89)</b>	<b>(3.5)</b>	<b>(59)</b>
Issue of shares to satisfy the employee equity incentive plans	-	-	(1.0)	(18)
Purchase of shares to satisfy the employee equity incentive plans	(1.5)	(24)	(2.8)	(50)
Transfer of shares to employees under the employee equity incentive plan	1.3	26	2.3	38
Purchase of shares to satisfy the employee share purchase plan	(0.1)	(2)	-	-
Transfer of shares to employees under the employee share purchase plan	0.7	11	-	-
<b>At end of period</b>	<b>(4.6)</b>	<b>(78)</b>	<b>(5.0)</b>	<b>(89)</b>
<b>Total contributed equity</b>	<b>1,334.8</b>	<b>1,672</b>	<b>1,333.4</b>	<b>1,644</b>

### Cash flow hedge reserve

The hedging reserve records the portion of the gain or loss on a cash flow hedging instrument that is determined to be in an effective hedge relationship. The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income within the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement.

### Share-based payments reserve

The share-based payments reserve reflects the fair value of awards recognised as an expense in the Income Statement.

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3.3 Dividends paid and proposed

The Company considers current earnings, future cash flow requirements, targeted credit metrics and availability of franking credits in determining the amount of dividends to be paid.

Dividends are recognised as a liability in the Balance Sheet in the period in which they are determined by the Board.

	Cents per share		Total \$m	
	2024	2023	2024	2023
Fully franked dividends determined and paid during the period				
Paid final dividend	30.0	30.0	402	401
Paid interim dividend	36.0	36.0	482	482
	66.0	66.0	884	883
Fully franked dividends proposed and unrecognised at reporting date				
Final dividend proposed	32.0	30.0	429 <sup>1</sup>	402
	32.0	30.0	429	402

1. Estimated final dividend payable, subject to variations in the number of shares up to the record date.

The Company operates a Dividend Reinvestment Plan ("DRP") under which eligible holders of ordinary shares are able to reinvest all or part of their dividend payments into additional fully paid Coles Group Limited shares.

Franking account

	2024	2023
	\$m	\$m
Total franking credits available for subsequent periods based on a tax rate of 30% (2023: 30%)	553	549

## 4. Financial Risk

This section details the Group's exposure to various financial risks, explains how these risks may impact the Group's financial performance or position, and details the Group's approach to managing these risks.



### 4.1 Impairment of non-financial assets

The Group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried above their recoverable amounts:

- at least annually for goodwill
- where there is an indication that assets may be impaired (which is assessed at least at each reporting date).

These tests are performed by assessing the recoverable amount of each individual asset or, if this is not possible, the recoverable amount of the cash generating unit ('CGU') to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash inflows. The recoverable amount, measured at the asset or CGU level, is the higher of fair value less costs of disposal ('FVLCD'), or value in use ('VIU'). A discounted cash flow model is used to determine the recoverable amount under both FVLCD and VIU. FVLCD is based on a market participant approach and is estimated using assumptions that a market participant would use when pricing the asset or CGU. VIU is determined by discounting the future cash flows expected to be generated from the continuing use of an asset or CGU.

#### KEY ESTIMATE: ASSESSMENT OF RECOVERABLE AMOUNT

FVLCD valuations are considered Level 3 in the fair value hierarchy due to the use of unobservable inputs in the calculation. The assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources. VIU calculation represent management's best estimate of the economic conditions that will exist over the remaining useful life of the asset or CGU in its current condition.

Both FVLCD and VIU calculations use judgements and estimates. In particular, significant judgements and estimates are made in relation to the following:

##### Forecast future cash flows

Forecast future cash flows are based on the Group's latest Board approved internal five-year forecasts and reflect management's best estimate of income, expenses, capital expenditure and cash flows for each asset or CGU. Internal forecasts have considered the ongoing impacts of the cost of living on income and expenses. Changes in selling prices and direct costs are based on past experience and management's expectation of future changes in the markets in which the Group operates.

Climate-related risks were considered in assessing the potential financial impacts of climate change on the Group's CGU impairment testing through the inclusion of committed initiatives. This review did not indicate any impairment due to the available headroom in each of the Group's CGUs and scenario analysis. Management will continue to monitor and assess the financial impact of climate-related risk.

When calculating the FVLCD of an asset or CGU, future forecast cash flows also incorporate reasonably available market participant assumptions such as enhancement capital expenditure.

##### Discount rates

Estimated future cash flows are discounted to their present value using discount rates that reflect the Group's weighted average cost of capital, adjusted for risks specific to the asset or CGU. The rates have been calculated in conjunction with independent valuation experts.

##### Expected long-term growth rates

Cash flows beyond the five-year period are extrapolated using estimated long-term growth rates. The growth rates are based on historical performance as well as expected long-term market operating conditions specific to each asset or CGU and with reference to long-term average industry growth rates. Growth rates have been calculated with the assistance of independent valuation experts.

The judgements and estimates used in assessing impairment are best estimates based on current and forecast market conditions and are subject to change in the event of shifting economic and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes to impairment recognised in future periods.

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Net (impairment)/reversal for the current and prior period is included in 'Administration expenses' in the Income Statement as it relates to the day-to-day management of the Group's freehold property portfolio and other non-financial assets.

	2024			2023		
	Property	Other non-financial assets	Total	Property	Other non-financial assets	Total
	\$m	\$m	\$m	\$m	\$m	\$m
Impairment	(34)	(28)	(62)	(32)	(3)	(35)
Reversal	7	-	7	46	-	46
Net (impairment)/reversal	(27)	(28)	(55)	14	(3)	11

Recognised impairment

An impairment loss is recognised in the Income Statement if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU.

Reversal of impairment

Where there is an indication that previously recognised impairment losses may no longer exist or may have decreased, the asset is re-tested for impairment. The impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment been recognised. Impairments recognised for goodwill are not reversed.

Goodwill impairment testing

For the purpose of impairment testing, goodwill is allocated to CGUs or groups of CGUs according to the level at which management monitors goodwill. The FVLCOB valuation methodology was applied to determine the recoverable amount of CGUs.

The following table presents a summary of the goodwill allocation and the key assumptions used in determining the recoverable amount of each CGU:

	2024		2023	
	Supermarkets	Liquor	Supermarkets	Liquor
Goodwill allocation (\$m)	986	165	986	129
Indefinite life intangible assets (\$m)	-	33	-	31
Post-tax discount rate (%)	7.5%	7.5%	7.5%	7.5%
Terminal growth rate (%)	2.0%	2.0%	2.0%	2.0%

Sensitivity analysis is performed to determine the point at which the recoverable amount is equal to the carrying amount for each CGU. For the Group's CGUs, based on current economic conditions and CGU performance, no reasonably possible change in a key assumption used in the determination of the recoverable value is expected to result in a material impairment.

4.2 Financial risk management

The following note outlines the Group's exposure to and management of financial risks. These arise from the Group's requirement to access financing (bank debt, capital market debt and overdrafts), from the Group's operational activities (cash, trade receivables and payables) and from instruments held as part of the Group's risk management activities (derivative financial instruments).

The Group's financial risk management is carried out by the Group Treasury function and governed by the Board-approved Treasury Policy ('the Policy'). The Policy strictly prohibits speculative positions to be taken.

Management of financial risks is undertaken by the Group in line with its risk management principles and includes the following key steps: risk identification, risk measurement, setting risk tolerances and hedging objectives, strategy design and strategy implementation.



## 4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Policy requires periodic reporting of financial risks to the Board, and its application is subject to oversight from the Chief Financial Officer and the Chairman of the Audit and Risk Committee.

The Policy allows the use of various derivatives to hedge financial risks and provides guidance in relation to volume and tenor of these instruments.

In the normal course of business, the Group is exposed to various risks as set out below:

RISK	EXPOSURE	MANAGEMENT
<b>Market risks</b>		
Interest rate risk	The Group's exposure to interest rate risk relates primarily to interest-bearing liabilities where interest is charged at variable rates.	The Group manages interest rate risk by having access to both fixed and variable debt facilities. In line with the Policy, this risk is further managed by hedging a portion of the interest rate debt exposures with derivative financial instruments to convert interest rate debt obligations to either fixed or floating rate obligations.
Foreign exchange risk	The Group has exposure to foreign exchange risk principally arising from purchases of inventory and capital equipment denominated in foreign currencies.	To manage foreign currency transaction risk, the Group hedges material foreign currency denominated expenditure at the time of the commitment and hedges a proportion of foreign currency denominated forecast exposures (mainly relating to the purchase of inventory) through the use of forward foreign exchange contracts and foreign currency options.
Commodity price risk	The Group is exposed to changes in commodity prices in respect to the price of electricity.	To mitigate the variability of wholesale electricity prices, the Group utilises Power Purchase Arrangements ('PPAs') and electricity swaps.
<b>Liquidity risk</b>	<p>The Group is exposed to liquidity and funding risk from operations and external borrowings.</p> <p>Liquidity risk is the risk that unforeseen events cause pressure on, or curtail, the Group's cash flows.</p> <p>Funding risk is the risk that sufficient funds will not be available to meet the Group's financial commitments in a timely manner.</p>	<p>Liquidity risk is measured under both normal market operating conditions and under a crisis situation which curtails cash flows for an extended period. This approach is designed to ensure that the Group's funding framework is sufficiently flexible to ensure liquidity under a wide range of market conditions.</p> <p>The Group regularly reviews its short, medium and long-term funding requirements. The Policy requires that sufficient committed funds are available to meet medium term requirements, with flexibility and headroom in the event a strategic opportunity should arise. The Group maintains a liquidity reserve in the form of undrawn facilities of at least \$1 billion.</p>
<b>Credit risk</b>	<p>The Group is exposed to credit risk from its financing activities, including deposits with financial institutions and other financial instruments.</p> <p>With respect to credit risk arising from cash and cash equivalents, trade and other receivables and certain derivative instruments, the Group's exposure arises from default of the counterparty.</p> <p>Credit risk for the Group also arises from various financial guarantees in which members of the Group act as guarantor.</p>	<p>The majority of the Group's sales are on a cash basis, and the Group's exposure to credit risk from customer sales is minimal.</p> <p>The Group's trade and other receivables relate largely to commercial income due from suppliers and other receivables from creditworthy third parties.</p> <p>Counterparty limits, credit ratings and exposures are actively managed in accordance with the Policy. The Group's exposure to bad debts is not significant, and default rates have historically been very low. The credit quality of trade and other receivables neither past due nor impaired has been assessed as high on the basis of credit ratings (where available) or historical information about counterparty default.</p> <p>Since the Group trades only with recognised creditworthy third parties, there is no requirement for collateral by either party.</p> <p>The carrying amount of trade and other receivables and other financial assets in the Balance Sheet represents the Group's maximum exposure to credit risk.</p> <p>There is also exposure to credit risk where members of the Group have entered into guarantees, however the probability of being required to make payments under these guarantees is considered remote.</p>

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Foreign exchange risk

The Group is primarily exposed to foreign exchange risk in relation to the United States dollar (USD), the Euro (EUR) and the British Pound (GBP). The Group considers its exposure to USD, EUR and GBP arising from purchases to be a long-term and ongoing exposure that is highly probable.

The table below sets out the total forward exchange contracts at the reporting date and the carrying value of the derivative asset / (liability) positions:

Buy / sell	Notional value		Carrying value		Weighted average hedge rate	
	2024	2023	2024	2023	2024	2023
	\$m	\$m	\$m	\$m		
USD / AUD	98	103	-	2	0.66	0.68
EUR / AUD	167	197	(3)	5	0.61	0.62
GBP / AUD	43	38	-	1	0.53	0.54
AUD / USD	(1)	(8)	-	-	0.66	0.67

At the reporting date, the Group has the following exposures to USD, EUR and GBP:

	USD \$m		EUR €m		GBP £m	
	2024	2023	2024	2023	2024	2023
<b>FINANCIAL ASSETS</b>						
Cash and cash equivalents	6	5	2	-	-	-
Trade receivables	17	10	-	-	-	-
Forward exchange contracts	65	71	102 <sup>1</sup>	123	23	21
<b>FINANCIAL LIABILITIES</b>						
Trade and other payables	(63)	(68)	(40)	(28)	(5)	(3)
Forward exchange contracts	-	(6)	-	-	-	-
<b>Net exposure</b>	<b>25</b>	<b>12</b>	<b>64</b>	<b>95</b>	<b>18</b>	<b>18</b>

1. EUR forward exchange contracts of \$7 million (2023: \$56 million) relate to capital commitments. The remaining contracts hedge current and future trade payables denominated in EUR.

Foreign exchange rate sensitivity

At the reporting date, had the Australian dollar moved against the USD, EUR and GBP (with all other variables held constant), the Group's post-tax profit and OCI would have been affected by the change in value of its financial assets and financial liabilities.

The following sensitivities are based on the foreign exchange risk exposures in existence at the reporting date and the determination of reasonably possible movements based on management's assessment of reasonable fluctuations:

Rate	Change	Post-tax profit increase/(decrease):		Post-tax OCI increase/(decrease):	
		2024	2023	2024	2023
		\$m	\$m	\$m	\$m
AUD / USD	+10%	-	1	(3)	(2)
	-10%	(1)	(1)	3	3
AUD / EUR	+10%	-	-	(6)	(10)
	-10%	-	-	8	12
AUD / GBP	+10%	-	-	(2)	(2)
	-10%	-	-	3	3

## 4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

## Interest rate risk

At the reporting date, the Group has the following financial assets and liabilities exposed to variable interest rate risk that, with the exception of interest rate swaps, are not designated as cash flow hedges:

	2024		2023	
	Exposure	Weighted average interest rate	Exposure	Weighted average interest rate
	\$m	%	\$m	%
<b>FINANCIAL ASSETS</b>				
Cash at bank and on deposit	151	3.9	86	3.4
<b>FINANCIAL LIABILITIES</b>				
Bank debt	-	-	(75)	(5.5)
Capital market debt	(150)	(5.3)	(150)	(4.9)
Less: interest rate swaps receive floating (notional principal amount)	150	2.5	150	(2.0)
Interest rate swaps pay floating (notional principal amount)	(600)	(5.8)	-	-
<b>Net exposure to cash flow interest rate risk</b>	<b>(449)</b>		<b>11</b>	

## Interest rate sensitivity

A 100 basis point increase represents management's assessment of the reasonably possible change in interest rates. Based on the variable interest rate exposures in existence at the reporting date, if interest rates increased by 100 basis points, with all other variables held constant, the impact would be:

	Post-tax profit increase/(decrease):		Post-tax OCI increase/(decrease):	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>IMPACTS OF REASONABLY POSSIBLE MOVEMENTS:</b>				
+1.0% (100 basis points)	(3)	-	1	2
-1.0% (100 basis points)	3	-	(1)	(2)

## Liquidity risk

The Group aims to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank debt with a variety of counterparties.

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The committed facilities of the Group are set out below:

	2024	2023
	\$m	\$m
<b>FINANCING FACILITIES AVAILABLE:</b>		
Bank overdrafts	13	13
Revolving multi-option facilities	2,715	2,715
	<b>2,728</b>	<b>2,728</b>
<b>FINANCING FACILITIES UTILISED:</b>		
Revolving multi-option facilities	-	75
Guarantees issued <sup>1</sup>	350	350
	<b>350</b>	<b>425</b>
<b>FINANCING NOT UTILISED:</b>		
Bank overdrafts	13	13
Revolving multi-option facilities <sup>1</sup>	2,365	2,290
	<b>2,378</b>	<b>2,303</b>

1. As at 30 June 2024, bank guarantees totalling \$350 million (2023: \$350 million) have been issued on behalf of the Group through the revolving multi-option facilities. While the Company has entered into these guarantees, the probability of having to make payments under these guarantees is considered remote.

The Group holds \$675 million cash and cash equivalents at the reporting date (2023: \$597 million).

Maturity analysis

The table below sets out the Group’s financial liabilities across the relevant maturity periods based on their contractual maturity date. At the reporting date, the remaining undiscounted contractual maturities of the Group’s financial liabilities and their carrying amounts are as follows:

	< 12 Months	1-2 Years	2-5 Years	> 5 Years	Total contractual cash flows	Carrying amount
	\$m	\$m	\$m	\$m	\$m	\$m
<b>2024</b>						
Trade and other payables (less accrued interest)	4,568	-	-	-	4,568	4,568
Capital market debt (principal and interest)	65	209	454	1,334	2,062	1,668
Lease liabilities	1,293	1,247	3,398	4,927	10,865	8,417
Forward exchange contracts	3	-	-	-	3	3
Power Purchase Arrangement	4	-	-	-	4	5
<b>Total</b>	<b>5,933</b>	<b>1,456</b>	<b>3,852</b>	<b>6,261</b>	<b>17,502</b>	<b>14,661</b>
<b>2023</b>						
Trade and other payables (less accrued interest)	4,427	-	-	-	4,427	4,427
Bank debt (principal and interest)	16	16	93	-	125	74
Capital market debt (principal and interest)	28	28	504	628	1,188	1,050
Lease liabilities	1,175	1,178	3,299	5,326	10,978	7,849
Power Purchase Arrangement	6	5	-	-	11	10
<b>Total</b>	<b>5,652</b>	<b>1,227</b>	<b>3,896</b>	<b>5,954</b>	<b>16,729</b>	<b>13,410</b>

For variable rate instruments, the amount disclosed is determined by reference to the interest rate at the last re-pricing date. Contractual cash flows are undiscounted and as such will not necessarily agree with their carrying amounts.



## 4.2 FINANCIAL RISK MANAGEMENT (CONTINUED)

## Changes in liabilities arising from financing activities

	Note	At beginning of period \$m	Cash flows \$m	Changes in fair value \$m	Leases recognised \$m	Other \$m	At end of period \$m
<b>2024</b>							
Bank debt	3.1	72	(78)	-	-	6	-
Capital market debt	3.1	1,046	596	9	-	1	1,652
Lease liabilities	2.7	7,849	(1,197)	-	1,402	363	8,417
Derivatives	4.3	11	-	(2)	-	-	9
<b>Total liabilities from financing activities</b>		<b>8,978</b>	<b>(679)</b>	<b>7</b>	<b>1,402</b>	<b>370</b>	<b>10,078</b>
<b>2023</b>							
Bank debt	3.1	50	23	-	-	(1)	72
Capital market debt	3.1	1,045	-	-	-	1	1,046
Lease liabilities	2.7	8,681	(1,279)	-	793	(346)	7,849
Derivatives	4.3	62	-	(51)	-	-	11
<b>Total liabilities from financing activities</b>		<b>9,838</b>	<b>(1,256)</b>	<b>(51)</b>	<b>793</b>	<b>(346)</b>	<b>8,978</b>

## 4.3 Financial instruments

## Financial assets and liabilities measured at fair value

The following table sets out the fair value measurement hierarchy and fair value of the Group's derivative financial instruments:

		2024		2023	
		Asset	Liability	Asset	Liability
Fair value hierarchy		\$m	\$m	\$m	\$m
<b>CASH FLOW HEDGES</b>					
Forward exchange contracts	Level 2	1	(4)	8	(1)
Interest rates swaps	Level 2	3	-	7	-
Electricity swaps	Level 2	1	-	-	-
Power Purchase Arrangement	Level 3	15	(5)	21	(10)
<b>FAIR VALUE HEDGES</b>					
Interest rates swaps	Level 2	9	-	-	-
<b>Total</b>		<b>29</b>	<b>(9)</b>	<b>36</b>	<b>(11)</b>

The Group measures certain financial instruments, such as derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.



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Level 1	Fair value is calculated using quoted prices in active markets for identical assets or liabilities
Level 2	Fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3	Fair value is estimated using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For financial instruments that are carried at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Derivatives

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts, foreign currency options, interest rate swap contracts, electricity swap contracts and power purchase agreements are valued using forward pricing techniques. This includes the use of market observable inputs, such as foreign exchange spot, forward rates and volatilities, yield curves of the respective currencies, interest rate curves and electricity futures. In addition, the valuation of the power purchase arrangement includes an unobservable input relating to forward electricity price assumptions.

Carrying amounts versus fair values

The carrying amount and fair value of financial assets and liabilities recognised in the financial statements are materially the same unless stated below:

	Carrying amount		Fair value	
	2024	2023	2024	2023
	\$m	\$m	\$m	\$m
<b>FINANCIAL LIABILITIES</b>				
Capital market debt	1,652	1,046	1,547	913

Offsetting of financial assets and liabilities

The Group presents its financial assets and liabilities on a gross basis except where there is an enforceable legal right to offset and there is an intention to settle on a net basis.

Commercial income due from suppliers is recognised within trade receivables, except in cases where the Group has a legally enforceable right of set-off and the intention to settle on a net basis, in which case only the net amount receivable or payable is recognised.

The following table sets out the Group's financial assets and financial liabilities which have been offset in the Balance Sheet at the reporting date:

	Gross financial assets / (liabilities)	Gross financial (liabilities) / assets set-off	Net financial assets / (liabilities) presented in the balance sheet
	\$m	\$m	\$m
<b>2024</b>			
Trade and other receivables	648	(152)	496
Trade and other payables	(4,736)	152	(4,584)
<b>2023</b>			
Trade and other receivables	740	(135)	605
Trade and other payables	(4,569)	135	(4,434)

## 4.3 FINANCIAL INSTRUMENTS (CONTINUED)

## Hedge accounting

Where the Group undertakes a hedge transaction it documents at the inception of the transaction the type of hedge, the relationship between hedging instruments and hedged items and its risk management objective and strategy for undertaking the hedge. The documentation also demonstrates, both at hedge inception and on an ongoing basis, that the hedge has been, and is expected to continue to be, highly effective.

The Group uses derivative financial instruments for cash flow and fair value hedging purposes and designates them as such.

<b>Cash flow hedge</b>	<p>Derivatives or other financial instruments that hedge the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or forecast transaction.</p> <p>The Group uses cash flow hedges to mitigate the risk of variability of:</p> <ul style="list-style-type: none"> <li>• future cash flows attributable to foreign currency fluctuations over the hedging period where the Group has highly probable purchase or settlement commitments denominated in foreign currencies;</li> <li>• interest rate fluctuations over the hedging period where the Group has variable rate debt obligations; and</li> <li>• energy commodity price fluctuations over the hedging period.</li> </ul>
Recognition date	The date the hedging instrument is entered into.
Measurement	Fair value.
Changes in fair value	Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in OCI and accumulated in equity in the hedging reserve to the extent that the hedge is highly effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the Income Statement.
<b>Fair value hedge</b>	<p>Derivatives or other financial instruments that hedge the exposure to changes in fair value of a recognised asset, liability or an unrecognised firm commitment.</p> <p>The Group uses fair value hedges to mitigate the risk of fair value fluctuations over the hedging period.</p>
Recognition date	The date the hedging instrument is entered into.
Measurement	Fair value.
Changes in fair value	The carrying values of liabilities that are the hedged items in fair value hedge relationships, which are otherwise carried at amortised cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged. Fair value gains and losses are recognised in the Income Statement.

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## 5. Group Structure

This section provides information relating to subsidiaries and other material investments of the Group.

### 5.1 Equity accounted investments

Name of company	Principal activity	Place of incorporation	Type	Ownership interest	
				2024	2023
Loyalty Pacific Pty Ltd	Operator of the Flybuys loyalty program	Australia	Joint Venture	50%	50%
Queensland Venue Co. Pty Ltd ('QVC')	Operator of Spirit Hotels and Queensland retail liquor business	Australia	Associate	50%	50%

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. An associate is an entity that is not controlled or jointly controlled by the Group, but over which the Group has significant influence.

The Group accounts for its investments in joint ventures and associates using the equity method of accounting. Under the equity method, the investment in a joint venture or associate is initially recognised at cost. Thereafter, the carrying amount of the investment is adjusted to recognise the Group's share of profit after tax of the joint venture or associate, which is recognised in profit or loss. The Group's share of OCI is recognised within Other Comprehensive Income. Dividends received from a joint venture or associate reduce the carrying amount of the investment.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss for its investment in a joint venture or associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value. Any impairment loss will be recognised within 'share of net profit of equity accounted investments' in the Income Statement.

#### KEY JUDGEMENT: CONTROL AND SIGNIFICANT INFLUENCE

The Group has a number of management agreements relating to its joint venture and associate investments which it considers when determining whether it has control, joint control or significant influence. The Group assesses whether it has the power to direct the relevant activities of the investee by considering the rights it holds to appoint or remove key management and the decision-making rights and scope of powers specified in the agreements.

#### Loyalty Pacific Pty Ltd

A reconciliation of the carrying amount of the Group's investment in Loyalty Pacific Pty Ltd is set out below:

	2024	2023
	\$m	\$m
At beginning of period	19	18
Additions	23	14
Loss for the period	(18)	(13)
At end of period	24	19



## 5.1 EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

## Queensland Venue Co. Pty Ltd

In FY19, the Company entered into an incorporated joint venture with Australian Venue Co. ('AVC') for the operation of Spirit Hotels (the 'Hotel business') and the retail liquor stores linked to Spirit Hotels venues (collectively the 'Retail Liquor business'). An incorporated joint venture company, QVC was established. Under the joint venture documents, the Company holds all R-shares in QVC and operates the Retail Liquor business through its wholly-owned subsidiary, Liquorland (Australia) Pty. Ltd. ('LLA').

For accounting purposes, LLA is considered the principal in relation to retail liquor sales due to its exposure to the economic risks and benefits associated with the Retail Liquor business. Accordingly, LLA recognises revenue from retail liquor sales by QVC directly in its Income Statement. Revenue recognised by QVC relates solely to Spirit Hotels.

Furthermore, due to the application of service fees and cost recoveries between the Company and QVC, net profit relating to the Retail Liquor business as recognised by QVC is nominal.

A reconciliation of the carrying amount of the Group's investment in QVC is set out below:

	2024	2023
	\$m	\$m
At beginning of period	201	201
Additions	-	-
Profit for the period	-	-
At end of period	201	201

## 5.2 Assets held for sale

At 30 June 2024, one of the Group's properties with a total carrying value of \$3 million has been classified as held for sale (2023: four of the Group's properties with a total carrying value of \$127 million).

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. A sale is considered highly probable when actions required to complete the sale indicate that it is unlikely significant changes to the sale will be made or that the decision to sell will be withdrawn, and where management is committed to a plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

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5.3 Discontinued operations

The Group presents as discontinued operations any component of the Group that has either been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business, or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Express discontinued operation

On 1 May 2023, the Group completed the sale of its fuel and convenience retailing business to Viva Energy Group Limited for \$319 million (proceeds of \$300 million and working capital adjustment of \$19 million), resulting in a loss on sale after tax of \$16 million. In FY24 additional costs of \$10 million net of income tax were recorded relating to transaction costs.

Analysis of profit from discontinued operations

The profit/loss from discontinued operations for the prior period to 1 May 2023 are set out below:

	2023
	\$m
Sales revenue	988
Other operating revenue	246
<b>Total operating revenue</b>	<b>1,234</b>
Expenses	(1,070)
Depreciation and Amortisation	(35)
<b>Earnings before interest and tax (EBIT) before sale of business</b>	<b>129</b>
Loss on sale of Express business	(18)
<b>Earnings before interest and tax (EBIT)</b>	<b>111</b>
Financing costs	(27)
<b>Profit before income tax</b>	<b>84</b>
Income tax expense	(28)
<b>Profit for the period from discontinued operations</b>	<b>56</b>
<b>EPS attributable to equity holders of the Company from discontinued operations:</b>	
Basic EPS (cents)	4.2
Diluted EPS (cents)	4.2

Cash flows from/(used in) discontinued operations

The condensed cash flows from/(used in) discontinued operations for the prior period to 1 May 2023 are set out below:

	2023
	\$m
Net cash inflow from operating activities	113
Net cash inflow from investing activities	267 <sup>1</sup>
Net cash outflow from financing activities	(104)
<b>Net increase in cash and cash equivalents from discontinued operations</b>	<b>276</b>

1. Includes \$319 million consideration for the sale of the Express business.

## 5.4 Subsidiaries

The ultimate parent of the Group is Coles Group Limited, a company incorporated in Australia. Subsidiaries are consolidated from the date of acquisition, being the date Coles Group Limited obtains control, and continue to be consolidated until the date control ceases. Control exists where the Group has the power to govern the financial and operating policies of the entity in order to obtain benefits from its activities.

Set out below are the subsidiaries of the Group. All entities were incorporated in Australia and wholly-owned unless stated otherwise.

Andearp Pty Ltd	Coles Group Property Developments Ltd *
Australian Liquor Group Ltd *	Coles Supply Services Pty Ltd*
BetaElementCo Pty Ltd	Coles Group Superannuation Fund Pty Ltd
Bi-Lo Pty. Limited *	Coles Group Supply Chain Pty Ltd *
CGBV1 Pty Ltd	Coles Group Treasury Pty Ltd *
Charlie Carter (Norwest) Pty Ltd	Coles Online Pty Ltd *
Chef Fresh Pty Ltd *	Coles Property Management Pty Ltd
CMPQ (CML) Pty Ltd	Coles Supermarkets Australia Pty Ltd *
CNSCE Pty Ltd	Coles Trading (Shanghai) Co. Limited (incorporated in China)
CNSCV Pty Ltd	Coles WFS Pty Ltd
Coles Ansett Travel Pty Ltd (97.5%)	Eureka Operations Pty Ltd *
Coles Captive Insurance Pte. Ltd. (incorporated in Singapore)	GBPL Pty Ltd
Coles Environmental Services Pty Ltd	Grocery Holdings Pty Ltd *
Coles Export Asia Limited (incorporated in Hong Kong)	Katies Fashions (Aust) Pty Limited
Coles Export Australia Pty Ltd*	Liquorland (Australia) Pty. Ltd *
Coles Financial Services Pty Ltd	Newmart Pty Ltd
Coles Fresh Milk Co. Pty Ltd	Procurement Online Pty Ltd
Coles FS Holding Company Pty Ltd	Property Structures Pty Ltd
Coles Group Business Ventures Pty Ltd	Retail Ready Operations Australia Pty. Ltd *
Coles Group Deposit Services Pty Ltd	Tickoth Pty Ltd
Coles Group Finance Limited *	WFPL Funding Co Pty Ltd
Coles Group Properties Holdings Ltd *	WFPL SPV Pty Ltd

\* These entities are parties to the Deed of Cross Guarantee (DOCG) and are members of the Closed Group as at 30 June 2024.

## Deed of Cross Guarantee

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* ('ASIC Instrument') the wholly-owned subsidiaries denoted by (\*) listed above are relieved from the *Corporations Act 2001* (Cth) requirements for preparation, audit and lodgement of financial reports, and Directors' Reports. Together with Coles Group Limited, the entities represent a 'Closed Group' for the purposes of the ASIC Instrument.

As a condition of the ASIC Instrument, the Company and these subsidiaries have entered into a Deed of Cross Guarantee ('the Deed'). The effect of the Deed is that the Company guarantees to pay any deficiency in the event of winding up any controlled entity in the Closed Group, or if they do not meet their obligations under the terms of any overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities in the Closed Group have also given a similar guarantee in the event that the Company is wound up or if it does not meet its obligations under the terms of any overdrafts, loans, leases or other liabilities subject to the guarantee.

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An Income Statement, retained earnings and a Balance Sheet, comprising the Company and controlled entities which are a party to the Deed at the reporting date, after eliminating all transactions between the parties to the Deed, for the period are set out below:

Income Statement and retained earnings

	Closed Group	
	2024	2023
	53 weeks	52 weeks
	\$m	\$m
<b>CONTINUING OPERATIONS</b>		
Sales revenue	43,571	40,483
Other operating revenue	113	108
<b>Total operating revenue</b>	<b>43,684</b>	<b>40,591</b>
Cost of sales	(32,299)	(30,034)
<b>Gross profit</b>	<b>11,385</b>	<b>10,557</b>
Other income	165	163
Administration expenses	(9,445)	(8,839)
Share of net loss from equity accounted investments	(18)	(13)
<b>Earnings before interest and tax</b>	<b>2,087</b>	<b>1,868</b>
Financing costs	(441)	(394)
<b>Profit before income tax</b>	<b>1,646</b>	<b>1,474</b>
Income tax expense	(494)	(425)
<b>Profit for the period from continuing operations</b>	<b>1,152</b>	<b>1,049</b>
<b>DISCONTINUED OPERATIONS</b>		
(Loss)/profit for the period from discontinued operations, after tax	(10)	56
<b>Profit for the period</b>	<b>1,142</b>	<b>1,105</b>
<i>Items that may be reclassified to profit or loss:</i>		
Net movement in the fair value of cash flow hedges	(4)	14
Income tax effect	1	(4)
<b>Other comprehensive income/ (loss) which may be reclassified to profit or loss in subsequent periods</b>	<b>(3)</b>	<b>10</b>
<b>Total comprehensive income for the period</b>	<b>1,139</b>	<b>1,115</b>
<b>RETAINED EARNINGS</b>		
Retained earnings at beginning of period	1,690	1,468
Profit for the period	1,142	1,105
Dividends paid	(884)	(883)
<b>Retained earnings at end of period</b>	<b>1,948</b>	<b>1,690</b>



## 5.4 SUBSIDIARIES (CONTINUED)

## Balance Sheet

	Closed Group	
	2024	2023
	\$m	\$m
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	669	592
Trade and other receivables	495	616
Inventories	2,694	2,323
Income tax receivable	-	4
Assets held for sale	3	127
Other assets	109	96
<b>Total current assets</b>	<b>3,970</b>	<b>3,758</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	5,586	4,980
Right-of-use assets	7,048	6,507
Intangible assets	2,203	2,035
Deferred tax assets	713	737
Investment in subsidiaries	190	190
Investment in joint venture	225	220
Other assets	71	52
<b>Total non-current assets</b>	<b>16,036</b>	<b>14,721</b>
<b>Total assets</b>	<b>20,006</b>	<b>18,479</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4,619	4,542
Income tax payable	73	-
Provisions	940	903
Lease liabilities	911	820
Other	260	249
<b>Total current liabilities</b>	<b>6,803</b>	<b>6,514</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	1,652	1,118
Provisions	321	375
Lease liabilities	7,506	7,029
Other	1	5
<b>Total non-current liabilities</b>	<b>9,480</b>	<b>8,527</b>
<b>Total liabilities</b>	<b>16,283</b>	<b>15,041</b>
<b>Net assets</b>	<b>3,723</b>	<b>3,438</b>
<b>EQUITY</b>		
Contributed equity	1,672	1,644
Reserves	103	104
Retained earnings	1,948	1,690
<b>Total equity</b>	<b>3,723</b>	<b>3,438</b>

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## 5.5 Parent entity information

Summary financial information for the Company is set out below:

	2024 53 weeks	2023 52 weeks
	\$m	\$m
Profit for the period	325	316
Dividends received	-	-
Profit for the period (after dividends)	325	316
Other comprehensive income	-	-
Total comprehensive income for the period	325	316
	2024	2023
	\$m	\$m
ASSETS		
Current assets	1,224	2,371
Non-current assets	5,101	5,057
Total assets	6,325	7,428
LIABILITIES		
Current liabilities	530	937
Non-current liabilities	2,602	2,769
Total liabilities	3,132	3,706
EQUITY		
Contributed equity	1,672	1,644
Reserves	102	100
Retained earnings	1,419	1,978
Total equity	3,193	3,722

As at 30 June 2024, the Company has no guarantees in relation to the debts of its subsidiaries (2023: \$nil).

As at 30 June 2024, the Company has no contingent liabilities (2023: \$nil). As at 30 June 2024, the Company has bank guarantees totalling \$346 million (2023: \$346 million).

As at 30 June 2024, the Company has contractual commitments for the acquisition of property, plant and equipment totalling \$39 million (2023: \$162 million).

## 6. Unrecognised Items

This section provides information about items that are not recognised in the consolidated financial statements nor disclosed elsewhere in this report but could potentially have a significant impact on the Group's financial performance or position in the future.



### 6.1 Commitments

A commitment represents a contractual obligation to make a payment in the future. The Group's commitments relate to capital expenditure and certain operating leases not recognised. Commitments are not recognised in the Balance Sheet but are disclosed.

Capital expenditure commitments of the Group at the reporting date are set out below:

	2024	2023
	\$m	\$m
Within one year	195	268
Between one and five years	5	52
More than five years	64	2
<b>Total capital commitments for expenditure</b>	<b>264</b>	<b>322</b>

The commitment amounts disclosed above represent the maximum amounts that the Group is obliged to pay.

At 30 June 2024, the Group also has commitments relating to lease agreements that have not yet commenced. The commitments relate to lease agreements associated with new stores and online fulfilment centres. The future lease payments (undiscounted) for non-cancellable periods are set out below:

	2024	2023
	\$m	\$m
Within one year	26	57
Between one and five years	241	469
More than five years	487	1,259
<b>Total commitments for lease agreements not yet commenced (undiscounted)</b>	<b>754</b>	<b>1,785</b>

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6.2 Contingencies

In February 2020, Coles announced it was conducting a review into the pay arrangements for all team members who received a salary and were covered by the General Retail Industry Award 2010 (GRIA). The review assessed the remuneration paid to 15,011 team members against the GRIA. Coles conducted a remediation program, and has paid \$31 million of remediation costs to date. In addition, at 30 June 2024, a provision of \$19 million (25 June 2023: \$37 million) is reflected in the financial statements.

Following the announcement in February 2020, the Fair Work Ombudsman (FWO) commenced an investigation into Coles' pay arrangements for a group of the affected salaried team members covered by the GRIA.

In December 2021, the FWO filed proceedings in the Federal Court of Australia which include issues relating to the interpretation and application of various provisions of the GRIA. FWO alleges that Coles is obligated to pay a further \$108 million in remediation payments to 7,687 team members for the period 1 January 2017 to 31 March 2020. This group is a subset of the award covered salaried employees which were assessed as part of the 2020 review by Coles. Additionally, the period of time covered in the proceedings is a lesser period than the period covered in Coles' remediation.

Following further consideration of the issues as they have evolved, Coles announced on 2 June 2023 that it intended to conduct a further remediation relating to the reconciliation of available records of the days and hours of work of salaried supermarket managers. A provision of \$25 million was subsequently recognised increasing the provision reflected in the financial statements at 25 June 2023 to \$37 million. During the current year remediation payments of \$18 million were made against the provision. The FWO matter was heard in a seven week trial from 5 June 2023 and judgment is pending. As such, the potential outcome, extent to which further remediation may be necessary, and costs associated with this matter remain uncertain as at the date of this report.

In May 2020, a class action proceeding was filed in the Federal Court of Australia in relation to payment of Coles managers employed in supermarkets. This matter was heard in conjunction with the FWO proceedings and judgment has also been reserved. The potential outcome and total costs associated with this matter remain uncertain as at the date of this report.

From time to time, entities within the Group are party to various legal actions as well as inquiries from regulators and government bodies that have arisen in the ordinary course of business. Consideration has been given to such matters and it is expected that the resolution of these contingencies will not have a material impact on the financial position of the Group, or are not at a stage to support a reasonable evaluation of the likely outcome.

KEY ESTIMATE: CONTINGENCIES

Contingent liabilities are possible obligations whose existence will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the Group's control, or present obligations that are not recognised because it is not probable that a settlement will be required or the value of such a payment cannot be reliably estimated.



## 7. Other Disclosures

This section provides other disclosures required by Australian Accounting Standards that are considered relevant to understanding the Group's financial performance or position.



### 7.1 Related party disclosures

	2024	2023
	\$m	\$m
<b>JOINT VENTURES AND ASSOCIATES</b>		
<b>LOYALTY PACIFIC PTY LTD</b>		
Sale of goods to members of Flybuys	384	268
Payments for loyalty program to Loyalty Pacific Pty Ltd	392	378
Amounts owing to Loyalty Pacific Pty Ltd	189	240
<b>QUEENSLAND VENUE CO. PTY LTD</b>		
Service fees paid to QVC	60	55
Amounts receivable from QVC	43	29

### Transactions with Key Management Personnel (KMP)

#### Compensation of KMP of the Group:

	2024	2023
	\$	\$
Short-term employee benefits	10,041,561	11,418,519
Post-employment benefits	251,626	222,526
Other long-term benefits	172,153	389,219
Share-based payments	4,306,562	9,459,571
<b>Total compensation paid to key management personnel</b>	<b>14,771,902</b>	<b>21,489,835</b>

### Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the reporting date are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Group has not recognised a provision for expected credit losses relating to amounts owed by related parties (2023: \$nil).

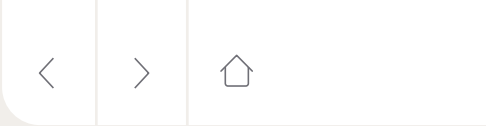
### 7.2 Employee share plans

The Group operates an Equity Incentive Plan (the 'Plan') which provides equity instruments to employees as a component of their remuneration.

#### Long Term Incentive (LTI) program

Refer to the Remuneration Report for the terms and conditions of the LTI program.

The fair value of Performance Rights under each performance measure is determined at grant date by an independent valuation expert and takes into account the terms and conditions upon which they were granted. The fair value is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.



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For the relative total shareholder return ('RTSR') measure, the fair value is recognised as an expense irrespective of whether the Performance Rights vest to the holder, and a reversal of the expense is only recognised in the event the instruments lapse due to cessation of employment within the vesting period. For the return on capital ('ROC') measure, the amount expensed is based on the expected number of Performance Rights vesting, with the ultimate expense reflecting the actual Performance Rights that vest.

Short Term Incentive (STI) program

For Executives, 25% of their STI is deferred into Restricted Shares (50% for the Managing Director and Chief Executive Officer) and are subject to a one-year service condition (two years for the Managing Director and Chief Executive Officer). The cost of the deferred STI is based on the market price at grant date and is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

Further explanation of the deferred STI is disclosed in the Remuneration Report.

Restricted share offer

Restricted Shares are subject to a continued service condition, a three-year trading restriction period and cessation of employment provisions. During the trading restriction period, Restricted Shares are held in trust by the Trustee on behalf of the employee. The number of Restricted Shares to be granted is determined based on the currency value of the achieved Restricted Share offer divided by the volume weighted average price (VWAP) at which the Company's shares are traded on the Australian Stock Exchange over the period outlined in the offer letter. The value of Restricted Shares granted is recognised as an employee expense (with a corresponding increase in equity) over the vesting period.

Restricted Shares carry the same dividend and voting rights as other fully paid Ordinary Shares in the Company.

Performance rights (number)

Movements in Performance Rights granted under the LTI program that existed during the current or prior period are:

Grant date	Balance at 25 June 2023	Granted	Forfeited	Vested	Balance at 30 June 2024	Exercisable at 30 June 2024
<b>2024</b>						
Nov 2019	81,082	-	-	-	81,082	-
Nov 2020	223,133	-	(111,566)	(111,567)	-	-
Nov 2020	711,110	-	(355,552)	(355,558)	-	-
Nov 2021	199,016	-	-	-	199,016	-
Dec 2021	734,382	-	-	-	734,382	-
Nov 2022	120,204	-	-	-	120,204	-
Nov 2022	584,647	-	-	-	584,647	-
Nov 2023	-	192,520	-	-	192,520	-
Nov 2023	-	557,884	-	-	557,884	-
Jan 2024	-	70,133	-	-	70,133	-
	2,653,574	820,537	(467,118)	(467,125)	2,539,868	-

Grant date	Balance at 26 June 2022	Granted	Forfeited	Vested	Balance at 25 June 2023	Exercisable at 25 June 2023
<b>2023</b>						
Nov 2019	955,866	-	-	(874,784)	81,082	-
May 2020	89,528	-	-	(89,528)	-	-
Nov 2020	223,133	-	-	-	223,133	-
Nov 2020	716,279	-	(5,169)	-	711,110	-
Nov 2021	225,976	-	(26,960)	-	199,016	-
Dec 2021	797,696	-	(63,314)	-	734,382	-
Nov 2022	-	218,878	(98,674)	-	120,204	-
Nov 2022	-	667,283	(82,636)	-	584,647	-
	3,008,478	886,161	(276,753)	(964,312)	2,653,574	-

## 7.2 EMPLOYEE SHARE PLANS (CONTINUED)

## Fair value of equity instruments

The assumptions underlying the fair value measurement of the performance rights are:

Grant date	Expiry date	Share price at grant date	Expected volatility in share price <sup>1</sup>	Expected dividend yield	Risk free interest rate <sup>2</sup>	Fair value per instrument
		\$	%	%	%	\$
Nov 2019	Aug 2022	16.26	25.0	3.90	0.65	12.58
Nov 2020	Aug 2023	18.26	25.0	3.68	0.10	13.52
Nov 2020	Aug 2023	17.95	25.0	3.68	0.11	12.67
Nov 2021	Aug 2024	17.63	20.0	3.56	0.89	12.61
Dec 2021	Aug 2024	17.85	20.0	3.53	0.95	13.04
Nov 2022	Aug 2025	16.48	20.0	3.92	3.35	11.00
Nov 2022	Aug 2025	17.15	20.0	3.92	3.22	11.50
Nov 2023	Aug 2026	15.45	17.5	4.25	4.28	9.60
Nov 2023	Aug 2026	15.27	17.5	4.25	4.20	9.37
Jan 2024	Aug 2026	15.58	16.5	4.16	3.73	8.85

1. Reflects the assumption that the historical volatility is indicative of future trends.

2. Represents the zero coupon interest rate derived from government bond market interest rates on the valuation date and vary according to each maturity date.

## Additional Information on Award Schemes

Details of grants made under the Plan during the period are set out in the Remuneration Report.

**KEY ESTIMATE: SHARE-BASED PAYMENTS**

The fair value of share-based payment transactions has been determined by an independent valuation expert.

Estimating the fair value of share-based payment transactions requires the determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. Assumptions regarding the most appropriate inputs to the valuation model must be made. This includes, but is not limited to, share price volatility, discount rate and dividend yield.

In measuring the fair value of awards issued under the Long-Term Incentive ('LTI') plan subject to the relative total shareholder return ('RTSR') vesting condition, an adjusted form of the Black-Scholes Model that includes a Monte Carlo Simulation Model has been utilised. The Monte Carlo Simulation Model has been modified to incorporate an estimate of the probability of achieving the RTSR hurdle. In measuring the fair value of awards subject to non-market based vesting conditions, the Black-Scholes Model has been utilised.

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7.3 Auditor’s remuneration

	2024	2023
	\$000	\$000
<b>FEES TO ERNST &amp; YOUNG (AUSTRALIA):</b>		
<b>AUDIT SERVICES:</b>		
Audit or review of the Financial Report of the Group	3,116	2,899
Assurance related	851	1,084
<b>NON-AUDIT SERVICES:</b>		
Tax compliance services	125	120
Other compliance services	-	80
<b>Total fees to Ernst &amp; Young (Australia)</b>	<b>4,092</b>	<b>4,183</b>
<b>FEES TO OVERSEAS MEMBER FIRMS OF ERNST &amp; YOUNG:</b>		
<b>AUDIT SERVICES:</b>		
Audit or review of the Financial Report of any controlled entities	108	55
<b>Total fees to overseas member firms of Ernst &amp; Young</b>	<b>108</b>	<b>55</b>
<b>Total auditor’s remuneration</b>	<b>4,200</b>	<b>4,238</b>

The auditor of the Group is Ernst & Young (‘EY’). Fees charged by EY for ‘Assurance related’ services are for services that are reasonably related to the performance of the audit or review of financial reports, for other assurance engagements (such as assurance over the Group’s Sustainability Report) and for other assurance related engagements which are appropriate for our external auditor to perform.

The total fees for non-audit services of \$125,000 represent 3.0% (2023: \$200,000 or 4.7%) of the total fees paid or payable to EY and related practices for the period.

7.4 New accounting standards and interpretations

There are amendments, interpretations and standards that apply for the first time in this period. These did not have a material impact on the consolidated financial statements of the Group.

New and revised Australian accounting standards and interpretations on issue but not yet effective

AASB 18 *Presentation and Disclosure in Financial Statements* was released in June 2024 and is effective for annual reporting periods beginning on or after 1 January 2027. AASB 18 replaces AASB 101 *Presentation of Financial Statements*. The Group is assessing the impact of the standard, which is expected to result in a change in presentation of the Income Statement and associated Notes to the Financial Statements.

There are no other standards issued but are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods.

7.5 Events after the reporting period

Other than events disclosed elsewhere in this report, the Group is not aware of any matter or circumstance that has occurred since the reporting date that has significantly affected or may significantly affect the Group’s operations, the results of those operations or the Group’s state of affairs in subsequent reporting periods.



# Consolidated Entity Disclosure Statement

Coles Group Limited as at 30 June 2024

Below is a list of all subsidiaries of Coles Group Limited which are included in these consolidated financial statements.

Entity name	Entity type	Place incorporated	% share capital held	Tax residency	Foreign jurisdiction
Coles Group Limited ('the Company')	Body Corporate	Australia	100%	Australian	N/A
Andearp Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Australian Liquor Group Ltd	Body Corporate	Australia	100%	Australian	N/A
BetaElementCo Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Bi-Lo Pty. Limited	Body Corporate	Australia	100%	Australian	N/A
CGBVI Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Charlie Carter (Norwest) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Chef Fresh Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CMPQ (CML) Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CNSCE Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
CNSCV Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Ansett Travel Pty Ltd	Body Corporate	Australia	97.5%	Australian	N/A
Coles Captive Insurance Pte. Ltd.	Body Corporate	Singapore	100%	Foreign	Singapore
Coles Environmental Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Export Asia Limited	Body Corporate	Hong Kong	100%	Foreign	Hong Kong
Coles Export Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Financial Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Fresh Milk Co. Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles FS Holding Company Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Business Ventures Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Deposit Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Finance Limited	Body Corporate	Australia	100%	Australian	N/A
Coles Group Properties Holdings Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Property Developments Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Superannuation Fund Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Supply Chain Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Group Treasury Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Online Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Property Management Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Supermarkets Australia Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Supply Services Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Coles Trading (Shanghai) Co. Limited	Body Corporate	China	100%	Foreign	China
Coles WFS Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Eureka Operations Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
GBPL Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Grocery Holdings Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Katies Fashions (AUST) Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Liquorland (Australia) Pty. Ltd	Body Corporate	Australia	100%	Australian	N/A
Newmart Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Procurement Online Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Property Structures Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Retail Ready Operations Australia Pty. Ltd	Body Corporate	Australia	100%	Australian	N/A
Tickoth Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
WFPL Funding Co Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
WFPL SPV Pty Ltd	Body Corporate	Australia	100%	Australian	N/A

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# Directors' Declaration

1. The directors of Coles Group Limited ('the Company') declare that, in the directors' opinion:
- (a) the financial statements and the Notes are in accordance with the *Corporations Act 2001* (Cth), including:
    - (i) complying with the accounting standards and *Corporations Regulations 2001*; and
    - (ii) giving a true and fair view of the financial position and performance of the Company and consolidated entity;
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
  - (c) the Consolidated Entity Disclosure Statement is true and correct as at 30 June 2024 for the year then ended.
2. A statement of compliance with the International Financial Reporting Standards is included in the Basis of Preparation and Accounting Policies in the Notes to the consolidated financial statements.
3. The directors have been given the declaration required by section 295A of the *Corporations Act 2001* (Cth) from the Managing Director and Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2024.
4. As at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 5.4 Subsidiaries to the financial statements will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 5.4 Subsidiaries.

Signed in accordance with a resolution of the directors.



**James Graham AM**

Chairman

27 August 2024



**Leah Weckert**

Managing Director and Chief Executive Officer

27 August 2024



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## **Independent auditor's report to the members of Coles Group Limited**

### **Report on the audit of the Financial Report**

#### **Opinion**

We have audited the Financial Report of Coles Group Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated Balance Sheet as at 30 June 2024, the consolidated Income Statement, consolidated Statement of Changes in Equity and consolidated Cash Flow Statement for the year then ended, notes to the financial statements, including material accounting policy information, the Consolidated Entity Disclosure Statement and the Directors' Declaration.

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current year. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Financial Report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Financial Report.



1. Accounting for Supplier Rebates ('Commercial Income')

Why significant	How our audit addressed the key audit matter
<p>Supplier rebates (also referred to in the retail industry as 'commercial income') comprises discounts and rebates received by the Group from its suppliers.</p> <p>Determining the value and timing of when commercial income is recognised through the Consolidated Income Statement requires judgement and the consideration of a number of factors including:</p> <ul style="list-style-type: none"><li>▶ The commercial terms of each individual rebate agreement;</li><li>▶ The nature and substance of the rebate arrangement to determine whether the amount reflects a reduction in the purchase price of inventory, requiring the rebate to be applied against the carrying value of inventory, or can be otherwise recognised in the Consolidated Income Statement; and</li><li>▶ The accurate recognition and measurement of rebates in accordance with Australian Accounting Standards and the Group's processes and controls related to these arrangements.</li></ul> <p>Disclosures relating to the measurement and recognition of commercial income can be found in <i>Note 2.4 Inventories</i>.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>▶ We gained an understanding of the nature of each significant type of commercial income and assessed a sample of agreements in place to determine whether the terms of each agreement were appropriately reflected in the accounting treatment;</li><li>▶ We assessed the design and operating effectiveness of the Group's controls in place relating to the recognition and measurement of amounts related to these agreements;</li><li>▶ We performed comparisons of the various arrangements against the prior year, including analysis of ageing profiles and where material variances were identified, we obtained supporting evidence;</li><li>▶ We selected a sample of supplier rebate transactions and assessed whether the agreements or other documentation appropriately supported the recognition and measurement of the rebates recorded in the Financial Report, including an assessment of amounts recorded before and after the balance date;</li><li>▶ We enquired of the Group including business category managers, supply chain managers, legal counsel and procurement managers as to the existence of any non-standard agreements or side arrangements; and</li><li>▶ We considered the adequacy of the associated Financial Report disclosures.</li></ul>

2. Impairment of non-current assets including intangible assets

Why significant	How our audit addressed the key audit matter
<p>The determination of the recoverable amount of non-current assets including property, plant and equipment, right of use assets, goodwill and other intangible assets is complex and requires significant judgement by the Group.</p> <p>The impairment assessment completed by the Group includes numerous assumptions and estimates that will be impacted by future performance and market conditions.</p> <p>Key assumptions, judgements and estimates applied in the Group's impairment assessment are set out in <i>Note 4.1 Impairment of non-financial assets</i>.</p> <p>Based upon the disclosed sensitivity analysis, for the Group's cash generating units, no reasonably possible change in a key assumption used in the determination of the recoverable value is expected to result in a material impairment.</p> <p>Given the value of non-current assets including intangible assets and the judgements and estimation involved in impairment testing, this was a key audit matter.</p>	<p>Our audit procedures included an evaluation of the following assumptions and inputs utilised in the Group's impairment assessment:</p> <ul style="list-style-type: none"><li>▶ Determination of cash generating units;</li><li>▶ Forecast cash flows, which were based on the Group's Board approved five-year forecasts;</li><li>▶ Long term inflation and growth rates;</li><li>▶ Discount rates; and</li><li>▶ Other market evidence, including economic and industry growth rates.</li></ul> <p>In performing our procedures, we assessed whether the Group's impairment models were in accordance with Australian Accounting Standards and tested the mathematical accuracy of the calculations.</p> <p>We considered the adequacy of the Financial Report disclosures regarding the impairment testing approach, key assumptions, results and sensitivity analysis.</p> <p>Where appropriate, we involved our valuation specialists in performing these procedures.</p>

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### 3. Reliance on automated processes and controls

Why significant	How our audit addressed the key audit matter
<p>A significant part of the Group's financial processes are heavily reliant on IT systems with automated processes and controls over the capture, valuation and recording of transactions. We considered this to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> <li>▶ Complex IT environment supporting diverse business processes, with varying levels of integration between them;</li> <li>▶ Mix of manual and automated controls;</li> <li>▶ Multiple internal and outsourced support arrangements; and</li> <li>▶ Continuing enhancements to the Group's IT systems.</li> </ul>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ We involved our IT specialists to perform procedures to understand the IT environment, including procedures to identify the Group's manual and automated controls relevant to financial report; and</li> <li>▶ We tested the effectiveness of the key IT controls relevant to the financial reporting systems of the Group. This included assessing the key IT controls over changes made to the material financial reporting systems and controls over appropriate access to these systems and related data.</li> </ul> <p>When testing IT controls was not considered an appropriate or efficient testing approach, alternative audit procedures were performed on the financial information produced by those systems.</p>

### 4. Inventory existence

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2024, the Group held inventories of \$2,703 million. Being one of the Group's most significant assets, its inventory existence verification process is extensive and occurs routinely throughout the financial year.</p> <p>Inventories are held at geographically diverse locations around Australia at various retail stores and distribution centres, some of which are managed by third parties.</p> <p>The Group's accounting policy in respect of inventories is disclosed in <i>Note 2.4 Inventories</i> of the Financial Report.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ We selected a sample of stores and observed and assessed the Group's stocktake processes and controls throughout the year;</li> <li>▶ For the stocktakes we observed, we assessed whether the required adjustment to inventory determined by the stocktake was accurate and processed correctly;</li> <li>▶ We observed a sample of daily cycle counts at distribution centres during the year;</li> <li>▶ For a sample of stocktakes and cycle counts observed during the year, we analysed movements in inventory from count dates through to 30 June 2024; and</li> <li>▶ For a select number of distribution centres and production facilities managed by third parties, we obtained confirmation of inventories held by those third parties at year end.</li> </ul>

### Information other than the Financial Report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 Annual Report, but does not include the Financial Report and our auditor's report thereon.

Our opinion on the Financial Report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the Financial Report (other than the Consolidated Entity Disclosure Statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the Consolidated Entity Disclosure Statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the Financial Report (other than the Consolidated Entity Disclosure Statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the Consolidated Entity Disclosure Statement that is true and correct and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Financial Report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the Financial Report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Coles Group Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

David Shewring  
Partner  
Melbourne  
27 August 2024

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# Shareholder information

## Listing information

Coles Group Limited is listed, and our issued shares are quoted on the Australian Securities Exchange (ASX) under the code: COL.

## Substantial shareholdings in Coles Group Limited as at 22 July 2024

The number of shares to which each substantial holder and the substantial holders' associates have a relevant interest, as disclosed in substantial holding notices given to Coles, are as follows:

Holder	Number of fully paid shares
Vanguard Group	66,814,399
Blackrock Group	83,226,846
State Street Corporation	82,239,108

## Twenty largest ordinary fully paid shareholders as at 22 July 2024

Coles Group Limited	Number of fully paid shares	% of issued capital
1 HSBC Custody Nominees (Australia) Limited	383,138,669	28.60
2 J P Morgan Nominees Australia Pty Limited	197,084,213	14.71
3 Citicorp Nominees Pty Limited	137,327,521	10.25
4 BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	40,569,510	3.03
5 National Nominees Limited	30,329,133	2.26
6 BNP Paribas Noms Pty Ltd	14,544,442	1.09
7 HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	9,695,824	0.72
8 Australian Foundation Investment Company Limited	8,677,500	0.65
9 Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	5,903,520	0.44
10 Argo Investments Limited	5,290,027	0.39
11 Netwealth Investments Limited <Wrap Services A/C>	5,044,269	0.38
12 BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	4,301,026	0.32
13 IOOF Investment Services Limited <IPS Superfund A/C>	3,250,298	0.24
14 Mutual Trust Pty Ltd	2,852,220	0.21
15 IOOF Investment Services Limited <IOOF IDPS A/C>	2,207,338	0.16
16 HSBC Custody Nominees (Australia) Limited – A/C 2	2,080,025	0.16
17 HSBC Custody Nominees (Australia) Limited	1,875,433	0.14
18 BNP Paribas Noms (NZ) Ltd	1,729,925	0.13
19 Mr Peter Alexander Brown	1,555,000	0.12
20 Netwealth Investments Limited <Super Services A/C>	1,541,790	0.12

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Distribution of shareholders and shareholdings as at 22 July 2024

Size of holding	Number of shareholders	Number of shares	% of issued capital
1 – 1,000	333,615	100,333,008	7.49
1,001 – 5,000	80,937	175,245,441	13.08
5,001 – 10,000	10,544	73,619,195	5.50
10,001 – 100,000	5,075	101,756,160	7.60
100,001 and over	127	888,465,602	66.33
Total	430,298	1,339,419,406	100.00

There were 25,159 shareholders holding less than a marketable parcel (\$500).

Voting rights

Votes of shareholders are governed by the Company's Constitution. In broad summary, but without prejudice to the provisions of these rules, the Constitution provides for votes to be cast:

- (a) on a show of hands, one vote for each shareholder; and
- (b) on a poll, one vote for each fully paid share.

Unquoted equity securities

As at 22 July 2024, 2,543,233 performance rights with 16 holders were on issue pursuant to Coles' equity incentive plan.

On-market share acquisitions

During FY24, 1,653,278 Coles ordinary shares were purchased on market at an average price of \$15.53 per share for the purposes of various Coles employee incentive schemes.

There is no current on-market buy-back of the Company's shares.

Corporate Governance Statement

A copy of the Corporate Governance Statement can be found on our website at [colesgroup.com.au/corporategovernance](https://colesgroup.com.au/corporategovernance).

# Glossary of terms

**ADC:** Automated Distribution Centre

**bps:** Basis points. One basis point is equivalent to 0.01%

**Cash realisation:** Calculated as operating cash flow excluding interest and tax, divided by EBITDA

**CFC:** Customer Fulfilment Centre

**CGU:** Cash-generating unit

**CODB:** Costs of doing business. These are expenses which relate to the operation of the business below gross profit and above EBIT

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

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

**Comparable sales:** A measure which excludes stores that have been opened or closed in the last 12 months and excludes demonstrable impact on existing stores from store disruption because of store refurbishment or new store openings

**DRP:** Dividend reinvestment plan

**EBIT:** Earnings before interest and tax

**EBITDA:** Earnings before interest, tax, depreciation, and amortisation

**EPS:** Earnings per share

**Exclusive brands:** refers to the portfolio of product brands consisting of Exclusive to Coles in Coles supermarkets and Exclusive Liquor Brands in Coles Liquor stores

**Exclusive Liquor Brands (ELB):** refers to the portfolio of product brands exclusively available in Coles Liquor stores, including Coles Liquor Own Brand liquor products and brands that are owned by or licensed to suppliers and exclusive to Coles Liquor (e.g. Coal Pit, Abbey Vale)

**Exclusive to Coles:** refers to the portfolio of product brands exclusively available in Coles supermarkets, and consists of Coles Own Brand and Exclusive Proprietary Brand products

**Exclusive Proprietary Brands:** refers to the portfolio of product brands owned by or licensed to suppliers and exclusively available in Coles supermarkets (e.g. La Espanola, Great Ocean Road)

**GNFR:** Goods not for resale

**Gross margin:** The residual income remaining after deducting cost of goods sold, total loss and logistics from sales, divided by sales revenue

**IFRS:** International Financial Reporting Standards

**Leverage ratio:** Calculated as gross debt less cash at bank and on deposit add lease liabilities divided by EBITDA

**MAT:** Moving annual total

**NPAT:** Net profit after tax

**Sales density:** Calculated as sales divided by net selling area. Both sales and net selling area are on a MAT basis, calculated on a rolling 52-week basis

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

- emissions from the use of refrigerants in air conditioning units
- emissions from fuels used in transport.

Scope 1 emissions are also referred to as direct emissions.

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

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

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

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

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

**TRIFR:** Total Recordable Injury Frequency Rate. The number of lost-time injuries, medically treated injuries and restricted duties injuries per million hours worked, calculated on a rolling 12-month basis. TRIFR includes all injury types including musculoskeletal injuries



# Corporate directory

## Registered Office

800–838 Toorak Road  
Hawthorn East  
VIC 3123 Australia

**Telephone**  
+61 3 9829 5111

**Website**  
colesgroup.com.au

## Chairman

Mr James Graham AM

## Managing Director and Chief Executive Officer

Ms Leah Weckert

## Non-executive Directors

- Mr James Graham AM
- Mr Terry Bowen
- Ms Jacqueline Chow
- Ms Abi Cleland
- Mr Richard Freudenstein
- Mr Andrew Penn AO
- Mr Scott Price
- Ms Wendy Stops

## Group Company Secretary

Ms Daniella Pereira

## Auditor

Ernst & Young  
8 Exhibition Street  
Melbourne  
VIC 3000 Australia

## Coles Share Registry

Computershare Investor  
Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford  
VIC 3067 Australia

### Postal address

GPO Box 2975  
Melbourne  
VIC 3001 Australia

### Telephone

1300 171 785 (within Australia)  
+61 3 9415 4078 (outside Australia)

### Online

www.investorcentre.com/contact

### Website

www.computershare.com

## Shareholder Calendar\*

EVENT	DATE
Record date for final dividend	4 September 2024
Final dividend payment date	25 September 2024
Coles Group Limited Annual General Meeting	12 November 2024
Half-year end	5 January 2025
Year end	29 June 2025

\* Timing of events is subject to change.

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colesgroup

**Coles Group Limited**

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