

Annual Report and Action Plan

Company Name: **Coles Supermarkets Australia Pty Ltd**

Trading As: **Coles Supermarkets**

ABN: **45004189708**

About APCO

Australian Packaging Covenant Organisation (APCO) is a co-regulatory not-for-profit organisation leading the development of a circular economy for packaging in Australia. APCO's vision is a packaging value chain that collaborates to keep packaging materials out of landfill and retains the maximum value of the materials, energy and labour within the local economy.

Each year, APCO Brand Owner Members are required to submit an APCO Annual Report and an APCO Action Plan. This document is the Annual Report and Action Plan output for the organisation listed above. This document provides the overall performance level of the organisation, as well as any commitments they have made to work towards on their packaging sustainability journey. This document may also include additional information provided by the Member in their report.

Overall Performance **Leading**

The chart below indicates the overall performance level of this organisation listed above in the 2024 APCO Annual Report. The organisation's reporting period was **July, 2022 - June, 2023**



Understanding APCO Annual Reporting performance levels:

- 1 Getting Started:** You are at the start of your packaging sustainability journey.
- 2 Good Progress:** You have made some first steps on your packaging sustainability journey.
- 3 Advanced:** You have taken tangible action on your packaging sustainability journey.
- 4 Leading:** You have made significant progress on your packaging sustainability journey.
- 5 Beyond Best Practice:** You have received the highest performance level and have made significant progress on your packaging sustainability journey.

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Additional Information

The information below indicates additional information that the organisation included in their APCO Annual Report.

Describe initiatives, processes or practices that you have implemented during your chosen reporting period that have improved packaging sustainability

We are making progress on our journey to drive generational sustainability, supported by our dedicated team members, loyal customers and committed suppliers. Coles is working collaboratively with partners to better understand packaging recyclability and develop comprehensive action plans to drive sustainable packaging outcomes.

Coles Own Brand has a diverse product portfolio across fresh, ambient, non-food and liquor products. During FY23 our packaging team worked closely with our suppliers to implement changes across our broad range of product packaging, including:

- > Removing plastic shopping bags in-store and online. This will remove 230 million plastic bags from circulation in one year. Our stores will continue to sell other reusable options, including paper bags, that are FSC® certified and made from 100% recycled fibre that is able to be recycled kerbside at end of life.
- > Adding the ARL to all Own Brand product packaging artwork sold in Coles Supermarkets. Customers may continue to see some Coles Own Brand products without the ARL on the shelf, as updated artwork flows through the store network.
- > Reducing the plastic in our Own Brand 750ml and 2 Litre Oil bottles (35 Tonnes)
- > Redesigning our tote and chiller bags to remove the plastic swing tags and barcodes (4 Tonnes)
- > Launching the KOi Foaming Hand Wash Starter Kit and Refill Tablets (14 Tonne reduction in single use packaging)
- > Removing the plastic opening on our Own Brand tissue boxes (13 Tonnes)
- > Continuing to remove problematic packaging items across our produce department, including polystyrene bread tags, steel clips and PVC film (17 Tonnes)
- > During the reporting period we trialled the removal of milk seals from our Coles 2L and 3L fresh milk bottles. This change was implemented in October 2023, and will save approximately 10 tonnes of plastic from landfill each year. Coles uses a number of different sites across the country to supply milk. This change is going live in WA, SA, TAS and Far North QLD. In VIC and NSW, 2L and 3L milk bottles will continue to have the induction seals while we continue to work with those sites to make changes in the future. These bottles will display a roundel on front of pack alerting customers to the changes for a period of 3 months. We have also changed the Australian Recycling Label (ARL) to only list the 'Bottle' and 'Cap', removing 'Seal' on these bottles.
- > Driving increased recycled content including expanding the use of our 100% recycled content to our 500ml lightly sparkling spring water bottles resulting in a 250 Tonne reduction of virgin plastic, and transitioning our pre-packaged deli sliced meats to trays made from recycled plastic and renewable sources (52 Tonne reduction of virgin plastic).
- > Continuing our support of the Container Deposit Scheme (CDS) in QLD, NSW and NT by providing collection points in our supermarkets and car parks; Providing sustainable packaging training to team members and suppliers. More information on our packaging initiatives, processes and achievements can be found in our 2023 Sustainability Report (https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdhoohWJw/file/Sustainability_Report.pdf)
- > Continuing our use of reusable transport packaging. Over 83 million CHEP reusable timber pallets and plastic containers were used in FY23. This is estimated to have saved 193,000 tonnes of CO₂-e, 829,000 kiloLitres of water and 78,000 tonnes of waste. CHEP Reusable Plastic Crates (RPCs) are used primarily across our fresh produce and meat supply chains. In FY23, an additional 3.8M single-use cardboard cartons were converted to RPCs eliminating an estimated 54,000 tonnes of greenhouse gas emissions, 719 tonnes of waste and 40,100 kiloLitres of water used. Coles is actively involved in opportunities to scale RPCs beyond these traditional channels to segments including meal-ready solutions, food service and aquaculture as well as exploring conversion of bulk produce supply from single-use packaging to reusable foldable bins from farm to retail across the wide-ranging supply network.

Describe any opportunities or constraints that affected performance within your chosen reporting period

While there are many external factors that influence the achievement of the 2025 Targets and the ANZPAC Plastics Pact, such as infrastructure and market innovation to supply quality recycled raw material, Coles is committed to working with industry and government to support their delivery. In November 2022, the REDcycle program was suspended after it came to light that the company had been stockpiling collected soft plastics for an unknown period due to insufficient processing

capacity. We recognise this was extremely disappointing for our customers, given that for the vast majority of them, the main avenue to recycle soft plastics was through the REDcycle program. Since the collapse of the program and following approval from the Australian Competition and Consumer Commission (ACCC), Coles has been working as part of a Soft Plastics Taskforce with Government and industry, towards the reintroduction of soft plastics recycling for Australian consumers. The Taskforce has released a Roadmap to Restart, outlining the steps needed to launch a new supermarket soft plastics collection scheme. In February 2023, Coles took control of REDcycle's stockpile, together with Woolworths, and since then we have been focused on validating volumes and quality of the materials to determine how much of it can be recycled either domestically or overseas. It is estimated that less than 5% of consumer soft plastic was collected by the REDcycle program and it has been recognised by the Taskforce that Australia needs to develop a long-term national soft plastic recycling strategy. Coles recognises the challenges associated with this task, including availability and scalability of appropriate technologies and end use markets, and we are committed to working with industry and government towards a solution.

Based on our work to date and engagement with suppliers, below are opportunities for further collaboration across the packaging value chain: Availability of detailed packaging specifications; Recording of packaging data to enable accurate reporting; Changes to what is classified as recyclable in Australia; Solutions for packaging that is not currently recyclable, however fit for purpose to meet shelf life and customer expectations.

Please use the space below to provide examples or case studies of exemplary packaging sustainability conducted by your organisation.

During the year we implemented key packaging changes across our Own Brand products in our supermarkets

In our Supermarket stores:

- > Transitioned our pre-packaged deli sliced meats to trays made from recycled plastic and renewable sources (52 Tonnes)
- > Redesigned our tote and chiller bags to remove the plastic swing tags and barcodes (4 Tonnes)
- > Expanded the use of 100% recycled content to our 500ml lightly sparkling spring water bottles (250 Tonnes)
- > Launched the KOi Foaming Hand Wash Starter Kit and Refill Tablets (14 Tonne reduction in single use packaging)
- > Reduced the plastic in our Own Brand 750ml and 2 Litre Oil bottles (35 Tonnes)
- > Removed the plastic opening on our Own Brand tissue boxes (13 Tonnes)
- > We continued to remove problematic packaging items across our produce department, including polystyrene bread tags, steel clips and PVC film (17 Tonnes)
- > During the reporting period we trialed the removal of milk seals from our Coles 2L and 3L fresh milk bottles. This change was implemented in October 2023, and will save approximately 10 tonnes of plastic from landfill each year. Coles uses a number of different sites across the country to supply milk. This change is going live in WA, SA, TAS and Far North QLD. In VIC and NSW, 2L and 3L milk bottles will continue to have the induction seals while we continue to work with those sites to make changes in the future. These bottles will display a roundel on front of pack alerting customers to the changes for a period of 3 months. We have also changed the Australian Recycling Label (ARL) to only list the 'Bottle' and 'Cap', removing 'Seal' on these bottles.
- > In April 2023, we transitioned on of our 1L milk suppliers in SA to 50% post-consumer recycled HDPE. This transition will help to inform us of challenges and opportunities to expand PCR in our milk range. We are continuing to investigate opportunities to include more PCR across our milk and dairy range.
- > Coles is a strong supporter of reusable transport packaging. Over 83 million CHEP reusable timber pallets and plastic containers were used in FY23. This is estimated to have saved 193,000 tonnes of CO₂-e, 829,000 kiloLitres of water and 78,000 tonnes of waste. CHEP Reusable Plastic Crates (RPCs) are used primarily across our fresh produce and meat supply chains. In FY23, an additional 3.8M single-use cardboard cartons were converted to RPCs eliminating an estimated 54,000 tonnes of greenhouse gas emissions, 719 tonnes of waste and 40,100 kiloLitres of water used. Coles is actively involved in opportunities to scale RPCs beyond these traditional channels to segments including meal-ready solutions, food service and aquaculture as well as exploring conversion of bulk produce supply from single-use packaging to reusable foldable bins from farm to retail across the wide-ranging supply network.

In our Liquor stores:

- > switching the outer packaging on some cask wine ranges from non-recyclable shrink plastic wrap to recyclable cardboard packaging (19 Tonnes)
- > removal of all plastic bubble wrap across the liquor supply chain, saving (2 Tonnes)
- > transitioning from plastic packaging tape to water activated paper tape, saving 900km (2 Tonnes)

> light weighting of sparkling wine bottles (a reduction of 100g of glass per bottle) (116 Tonnes)

APCO Action Plan Commitments

For each of the Packaging Sustainability Framework criteria listed below, a description is provided along with the commitments made by the organisation in their APCO Action Plan.

Criteria 1:

Governance & Strategy:

This criteria considers actions to integrate packaging sustainability into business strategies.

- Develop a strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPGs) or equivalent.
- Include a commitment to achieving the 2025 National Packaging Targets in our strategy.
- Have our executive or board of directors review our strategy and have the strategy integrated within our business processes.
- Regularly communicate and promote packaging sustainability objectives and targets within our organisation.
- Regularly engage or communicate with our external stakeholders about the environmental impacts of our packaging.
- Actively participate in initiatives to promote packaging sustainability outside of our organisation.

Criteria 2:

Design & Procurement:

This criteria considers actions taken to ensure that sustainability principles are considered in the design or procurement of both new and existing packaging through use of the Sustainable Packaging Guidelines (SPGs).

- Review **100%** of our packaging against the Sustainable Packaging Guidelines (or equivalent).
- Improve the accuracy of our data regarding reviews of packaging using the Sustainable Packaging Guidelines (or equivalent).
- Incorporate the Sustainable Packaging Guidelines (or equivalent) into procurement processes.
- Consider the following Sustainable Packaging Principles in our packaging reviews:
 - Design for recovery
 - Optimise material efficiency
 - Design to reduce product waste
 - Eliminate hazardous materials
 - Use of renewable materials
 - Use recycled materials
 - Design to minimise litter
 - Design for transport efficiency
 - Design for accessibility
 - Provide consumer information on environmental sustainability
- **100%** of our packaging to be optimised for material efficiency.
- Improve the accuracy of our data regarding packaging material efficiency.

Criteria 3:

Recycled Content:

This criteria considers actions taken to increase or optimise the amount of recycled material used by your organisation.

- Develop a policy or procedure to buy products and/or packaging made from recycled materials.

- Use recycled content in:
 - Our products
 - Primary packaging that we use to sell our products
 - Secondary packaging that we use to sell our products
 - Tertiary packaging that we use to sell our products
 - Other items which we purchase (e.g. office stationary and suppliers etc.)
- 50% of our packaging to be made using some level of recycled material
- Improve the accuracy of our data regarding use of recycled materials.

Criteria 4:

Recoverability:

This criteria considers actions taken to improve the recovery of packaging at end-of-life and increase use of reusable packaging.

- 100% of our packaging to be designed to have all packaging components be recoverable at end-of-life.
- Improve the accuracy of our data regarding recoverability.
- Use PREP to assess the recyclability of our packaging through kerbside collection in Australia and/or New Zealand.
- Aim to have 100% of our compostable packaging certified to Australian standards.
- Investigate opportunities to use reusable packaging.
- Improve the accuracy of our data regarding reuse.
- Participate in a close-loop recovery program/alternative collection system.

Criteria 5:

Disposal Labelling:

This criteria considers the extent to which packaging has been labelled to help consumers determine what to do with packaging at end-of-life.

- 100% of our packaging to have on-pack labelling to inform correct disposal.
- Improve the accuracy of our data regarding labelling.

Criteria 6:

On-site Waste:

This criteria considers progress in increasing the amount of on-site solid waste being diverted from landfill.

- Have recycling programs for the following materials:
 - Paper/cardboard
 - Soft plastics
 - Rigid plastics
 - Timber
 - Metals
 - Battery recycling - In FY23, following analysis of in-store collection trials, an innovative, remotely managed collection bin has been selected which has the capability of notifying the operators when the bin is ready for collection. Final bin design is currently underway with a proposed roll-out planned for Coles Supermarkets in FY24.
CDS - Coles has 92 container collection points at or near our stores. Currently, all states and territories except Victoria and Tasmania have a container deposit scheme. Victoria has passed legislation and regulations, and is targeting a start date of 1 November 2023. Tasmania has not indicated a timeline, but is

progressing with legislation. In FY23, more than 200 million drink containers, cans, cartons and bottles were returned to Coles-linked sites. Since we started supporting the various state-based schemes in 2018, more than a billion containers have been returned.

Waste and recycling company Cleanaway services most of our sites around Australia, and since entering into a partnership with them in 2018 our waste diverted from landfill has increased. Together we are working on developing recycling services and bringing new waste technologies to market.

Note: on-site recycled programs for select materials are in select stores/states only.

- Aim for **85%** of our on-site waste to be diverted from landfill.
- Improve the accuracy of our data regarding on-site waste.

Criteria 7:

Problematic Materials:

This criteria considers the extent to which organisations are actively phasing out problematic and unnecessary single-use plastic packaging and preventing/reducing litter.

- Help reduce litter by:
 - Sponsoring a clean up day
 - In FY23 Coles Liquor continued its "Drop of Good" campaign for another year. The campaign supports Clean Up Australia in its mission to clean up, fix up and conserve the environment. A 50 cent donation is provided to Clean Up Australia from every sale of the Drop of Good wine range throughout the year. This is in addition to Liquor Land donating 25c from every sale in store and online to Clean Up Australia over the three day Love Your Land campaign. The funds raised will be used to provide thousands of free Clean Up kits to help volunteers clean up their local parks, beaches, rivers and outdoor spaces in their local communities. Coles also partnered with Unilever to support Clean Up Australia through purchases made in Coles Supermarkets and Coles Online. During May 2023, whenever shoppers purchased select Unilever products at Coles Supermarkets or Coles Online, 10c from each purchase was donated to Clean Up Australia.
- Coles has supported the Lids 4 Kids collection program in 11 stores across Victoria. This is a locally led campaign that collects and recycles plastic milk bottle lids into a range of products, including medical prosthetics, park benches, kitchen splashbacks and cubby house roof tiles.
- Phase-out the following problematic and unnecessary single-use plastic items:
 - Expanded polystyrene (EPS) packaging for food and beverage service or retail fresh produce
 - Rigid polyvinyl chloride (PVC) packaging
 - Rigid polystyrene (PS) packaging
 - Opaque polyethylene terephthalate (PET) bottles
 - Rigid plastic packaging with carbon black