

# 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 2023 APCO Annual Report. The organisation's reporting period was **July, 2021 - June, 2022**



### 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.

### Contact

A: Suite 1102, Level 11, 55 Clarence Street, Sydney, NSW, 2000  
E: [apco@apco.org.au](mailto:apco@apco.org.au)

## 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 great 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. Initiatives include: Rolling out the ARL on over 4,400 Own Brand products (as at June 2022); Embedding the ARL into the product development process to drive an increase in products that carry the ARL; Reviewing packaging in PREP early in the development process to drive transition to more recyclable formats and reduce problematic packaging where possible; Driving increased recycled content (e.g. fresh produce bags now made with 50% recycled content, Better Bags made with 80% recycled content, Coles spring water bottles made with 100% recycled content, a national rollout of new reusable fresh produce bags made with 90% recycled material for our customers to purchase providing an alternative to single-use bags); Supporting 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 2022 Sustainability Report pages 31-33 (<https://www.colesgroup.com.au/sustainability/?page=sustainability-report>).

Following an audit on our packaging data in Fusion during December 2019 and into January 2020, we engaged an external consultancy, MSAC Solutions, to establish a project in collaboration with PREP and APCO, to gather up-to-date packaging specification information from Own Brand suppliers for assessment in the PREP tool. During the reporting period, we built upon the work completed in 2019 and 2020 and gathered detailed packaging specification information from our supplier base on the recyclability of our secondary and tertiary packaging, and on the use of recycled materials across all packaging levels. The outcomes of this survey will help to form our baseline of our recycled content targets and understand where opportunities exist to increase our use of recycled materials.

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

We are committed to improving the recyclability of Own Brand packaging while also acknowledging that packaging, including plastic packaging, plays a key role in protecting products during transport, extending product life, keeping food safe and reducing food waste as it travels through our supply chain to stores. As part of our strategy and to help drive continuous improvement, we conducted a packaging review to identify opportunities to improve packaging data collection, assessment of its recyclability, use of recycled materials, and reporting.

Following an audit on our packaging data in Fusion during December 2019 and into January 2020, we engaged an external consultancy, MSAC Solutions, to establish a project in collaboration with PREP and APCO, to gather up-to-date packaging specification information from Own Brand suppliers for assessment in the PREP tool. Following learnings from the Project, we have developed and updated tools for Own Brand suppliers to further drive understanding of recyclable materials, including: A Supplier Materials Guide; a revised Packaging Specification Template, and facilitating three supplier development webinars on

sustainable packaging. Building on this work, during FY22, we gathered detailed packaging specification information from our supplier base on the recyclability of our secondary and tertiary packaging, and on the use of recycled materials across all packaging levels. The outcomes of this survey provided a reportable baseline, bolstering our ability to understand where opportunities exist to increase our use of recycled materials and the recyclability of our secondary and tertiary packaging. At Coles, we acknowledge the importance of data and the power it has to drive change across our business and with our supplier base, building capability and knowledge sharing. We will continue to look at opportunities to further improve the integrity of our data and share learning's with industry.

During the reporting period we also implemented a dedicated project team to fast track the application of the ARL across our Coles Own Brand Supermarket products. Our dedicated project team engaged our suppliers and over 100 internal team members to drive the roll out of the ARL's.

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.

Increase the use of recycled materials:

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

a national rollout of single-use fresh produce bags made with 50% recycled plastic (commenced January 2022). This removed approximately 130 tonnes of virgin plastic from production and by replacing its inner core with cardboard, we also removed approximately 87 tonnes of virgin plastic from landfill;

a national rollout of new reusable fresh produce bags made with 90% recycled material for our customers to purchase providing an alternative to single use bags;

the launch of our reusable marine waste shopping bag made with 80% recycled plastic, including 20% marine waste plastic recovered from ocean-feeding waterways and inland areas primarily in Malaysia;

the launch of reusable paper shopping bags, FSC® Certified, made from 100% recycled content (both post-consumer and/or pre-consumer reclaimed materials) and able to be recycled kerbside at end of life; and the introduction of recycled polyethylene terephthalate (rPET) across our in-store rigid bakery packaging, removing the equivalent of 2,600 tonnes of virgin plastic, impacting approximately 50 million pieces of packaging.

Reduce Unnecessary Packaging:

We have committed to no longer giving away plastic or recycled plastic collectable toys. The move, announced in July 2021, followed a review of the sustainability of our marketing campaigns. During the reporting period we launched our Magical Builders Collectable Campaign featuring Wizarding World characters and play kits that are plastic free and recyclable. We worked closely with our product developers and suppliers to ensure each item is recyclable and has adequate recycling instructions inside the play kit.

Redesign for Recyclability, Reusability or Compostability:

At the end of FY22, 94.6% of Coles Own Brand and Coles Own Liquor Brand primary packaging was classified as recyclable or conditionally recyclable utilising the PREP tool;

By the end of FY22, we had transitioned 5,417 tonnes of non-recyclable packaging – a 55% reduction against our FY21 baseline;

At end FY22, the ARL, which helps explain how, and where, packaging can be recycled, was displayed on more than 4,400 Coles Own Brand and Coles Liquor Own Brand products, up from more than 3,500 at end FY21;

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

During FY22, we transitioned to cardboard bread tags across our Coles Own Brand bread, removing approximately 79 tonnes of problematic polystyrene plastic. and we began removing plastic scoops from Coles Own Brand laundry powders, taking out approximately 3 tonnes of plastic from the supply chain; and

We also support container deposit schemes (CDS) by providing collection points in Coles supermarkets and supermarket car parks. Coles has 75 container collection points at, or near, our supermarkets and Coles Express stores. In FY22, customers returned more than 200 million drink containers, cans, cartons and bottles. Since we started supporting the scheme in 2018, customers have returned more than 800 million containers. We are working with government and industry to support the implementation of container deposit schemes in Victoria and Tasmania in 2023.

## 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
  - Coles recycles organic waste in all Supermarkets. We also recycle some e-waste in Vic and SA stores.
- 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
  - Delivering a litter education campaign
- Phase-out the following problematic and unnecessary single-use plastic items:
  - Fragmentable (e.g. oxo-degradable) plastics
  - Expanded polystyrene (EPS) packaging for food and beverage service or retail fresh produce
  - EPS loose fill packaging
  - Moulded EPS packaging for white/brown goods or electronics
  - Rigid polyvinyl chloride (PVC) packaging
  - Rigid polystyrene (PS) packaging

- Opaque polyethylene terephthalate (PET) bottles
- Rigid plastic packaging with carbon black