2026

Climate Transition Plan

colesgroup

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We are acting now, working together with our suppliers and partners to lower emissions and build resilience against climate change impacts.

Pictured: cover – Coles Group Head of Energy, Jane Mansfield, and Origin Energy General Manager Enterprise and Strategic Partners, Liam McWhirter, at Stockyard Hill Wind Farm, Victoria.

Forward-looking statements

This Climate Transition Plan (CTP) contains forward-looking statements in relation to the Company and the Group, including statements regarding the Group's intent, belief, goals, objectives, opinions, initiatives, commitments or current expectations with respect to climate-related risks and opportunities and the Group's business, market and financial conditions, results of operations and risk management practices.

Readers should not place undue reliance on forward-looking statements, and such statements should be considered together with the risks, uncertainties and assumptions associated with the relevant statements, particularly given the inherent unpredictability of climate change, energy transition and future policy, market, and technological developments.

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 in this document or to advise of any change in assumptions on which any such statement is based.

Feedback

We welcome your feedback on our CTP. For more information or to provide comments, please contact us at **sustainability@coles.com.au**

Acknowledgement of Country

Coles Group acknowledges the Traditional Owners of Country throughout Australia.

We recognise their strength and resilience and pay our respects to Elders past and present.

We recognise their ongoing connection to the lands, waters and skies.

Contents

Foreword from our Chairman and CEO

At Coles, our purpose is 'Helping Australians eat and live better every day'. We strive to provide leading food, drink and everyday essentials that are delicious, easy and affordable, while delivering a consistent experience for our customers every day, both in-store and online.

Our first Climate Transition Plan (CTP) aims to support this purpose and our corporate strategy by setting out how we will contribute to lower emissions and a more resilient food system in Australia.

Climate change is a significant global challenge and has the potential to impact the wellbeing of communities, the resilience of supply chains and the long-term sustainability of our business. As one of Australia's leading retailers, we recognise the important role we have to play in addressing the environmental, social and economic impacts associated with climate change – not only within our own operations, but across our supply chain.

Coles is acting in response to climate change and has had emissions reduction targets in place since FY21. During FY25 and FY26, we undertook internal planning to identify and prioritise emissions reduction opportunities, coordinate delivery across the business and support long-term planning for the transition to a lower-carbon economy. This work has reinforced both the scale of the opportunity and the complexity of the challenge.

While we have greater influence over emissions from our direct operations (Scope 1 and 2), the majority of our emissions sit within our supply chain (Scope 3), particularly in agriculture and land use. Decarbonisation in these areas will require collaboration across suppliers, producers, industry, customers and government, as well as continued innovation and investment in emerging technologies and practices.

Achieving our Scope 3 emissions reduction targets will require transformation across parts of the economy that are not wholly within our control.

The pace of progress will depend on a range of external factors, including the availability and adoption of low-emissions technologies, evolving industry practices, supportive policy settings and coordinated action across the food system.

At the same time, we recognise the cost-of-living pressures facing Australian households. As a retailer serving millions of customers each week, we believe the transition to a lower-carbon economy should support affordability, food security and long-term resilience. Our approach is therefore focused on delivering meaningful emissions reductions while continuing to provide value for customers, support for suppliers and sustainable returns for shareholders.

This CTP is an evolving blueprint for how we will meet these responsibilities. It reflects a practical and disciplined approach that aligns our sustainability ambitions with corporate strategy and seeks to create value for our stakeholders in a lower-carbon economy.

As technologies, markets and policy settings continue to evolve, we will review and adapt our approach to ensure this plan remains fit for purpose and responsive to emerging opportunities and challenges.

Peter Allen
Chairman,
Coles Group Limited

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

Taking action on climate – from where we started to what comes next

Coles recognises it has a role to play in contributing to global goals to reduce greenhouse gas emissions. We set the first of our climate-related targets in FY21, with new targets added in subsequent years.

2019

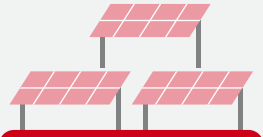
Initial commitments

First major Australian retailer to sign a **renewable electricity** power purchase agreement.[1]

2021

Setting targets

Released new sustainability strategy and set **Scope 1 and 2 emissions reduction targets**.



2023

Implementation and early progress

Achieved a **33.5% reduction** in Scope 1 & 2 emissions (from FY20).

Entered **landmark agreement with Origin Energy** to co-invest in solar and battery assets.

Announced Scope 3 supplier engagement target.

2025

Major milestones achieved

Achieved target to source **100% renewable electricity** for our operations.

Achieved target to reduce combined Scope 1 and 2 emissions **by more than 75%** (FY20 baseline) five years ahead of schedule.

2026

Targets and forward commitments

Launched FY26–FY30 Sustainability Strategy

Announced a new target to achieve **30.3% reduction in Scope 3 emissions** within the Forest, Land and Agriculture (FLAG) sector by end of FY30.

2050

Long-term ambition

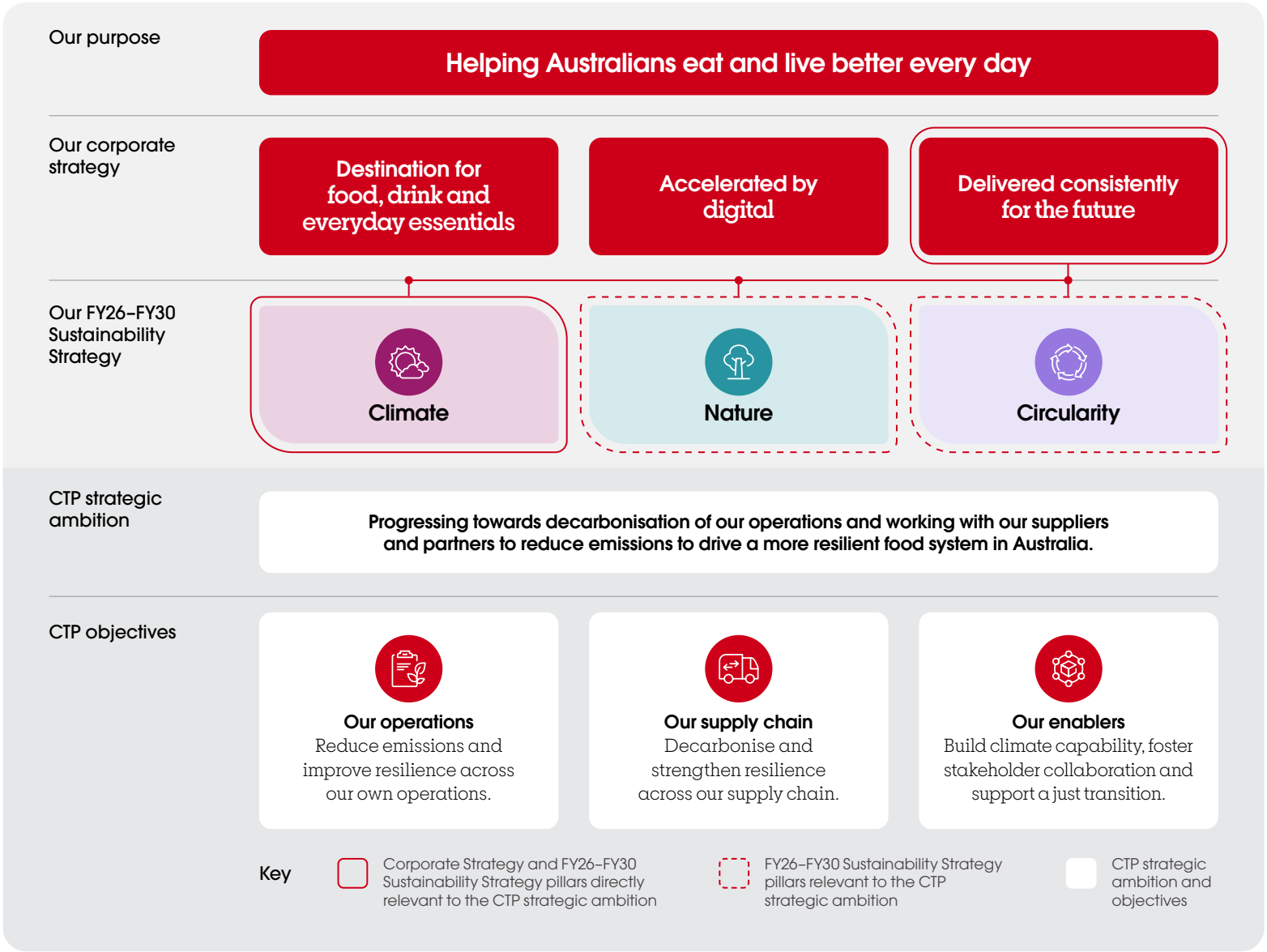
Net Zero

Scope 1 and 2 greenhouse gas emissions by 2050

1. Coles partnered with global renewable power generation company Metka.

1. CTP strategic ambition and objectives

How the CTP links to our corporate strategy



Our CTP objectives and context

Our CTP objectives overlay a climate perspective across our business model and value chain, with an ambition to integrate decarbonisation and climate resilience into our operations and supplier and partner relationships. By delivering on these objectives, we seek to respond effectively to our climate-related risks and opportunities (CRROs) and to pursue mitigation opportunities.

Our approach is pragmatic and aligned to our FY26–FY30 Sustainability Strategy, which focuses on three strategic pillars – climate, nature and circularity. Informed by the International Financial Reporting Standards Transition Plan Taskforce (TPT) Disclosure Framework, this CTP sets out our transition ambition, the actions we plan to take, as well as how we will maintain accountability through clear metrics and targets, governance arrangements and disclosure.

We have developed this CTP in the context of a range of possible and plausible climate futures. While our current suite of near-term science-based targets are in line with the goals of the Paris Agreement, our near-to medium-term planned actions are anchored in current trajectories and policy settings, which suggest global climate action will progress incrementally but is unlikely to be sufficient to limit warming to 1.5°C.[1]

1. IEA World Energy Outlook 2024, Executive Summary – https://www.iea.org/reports/world-energy-outlook-2024 & IPCC AR6 Summary for Policymakers, page 14, https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_SPM.pdf.

1. CTP strategic ambition and objectives continued

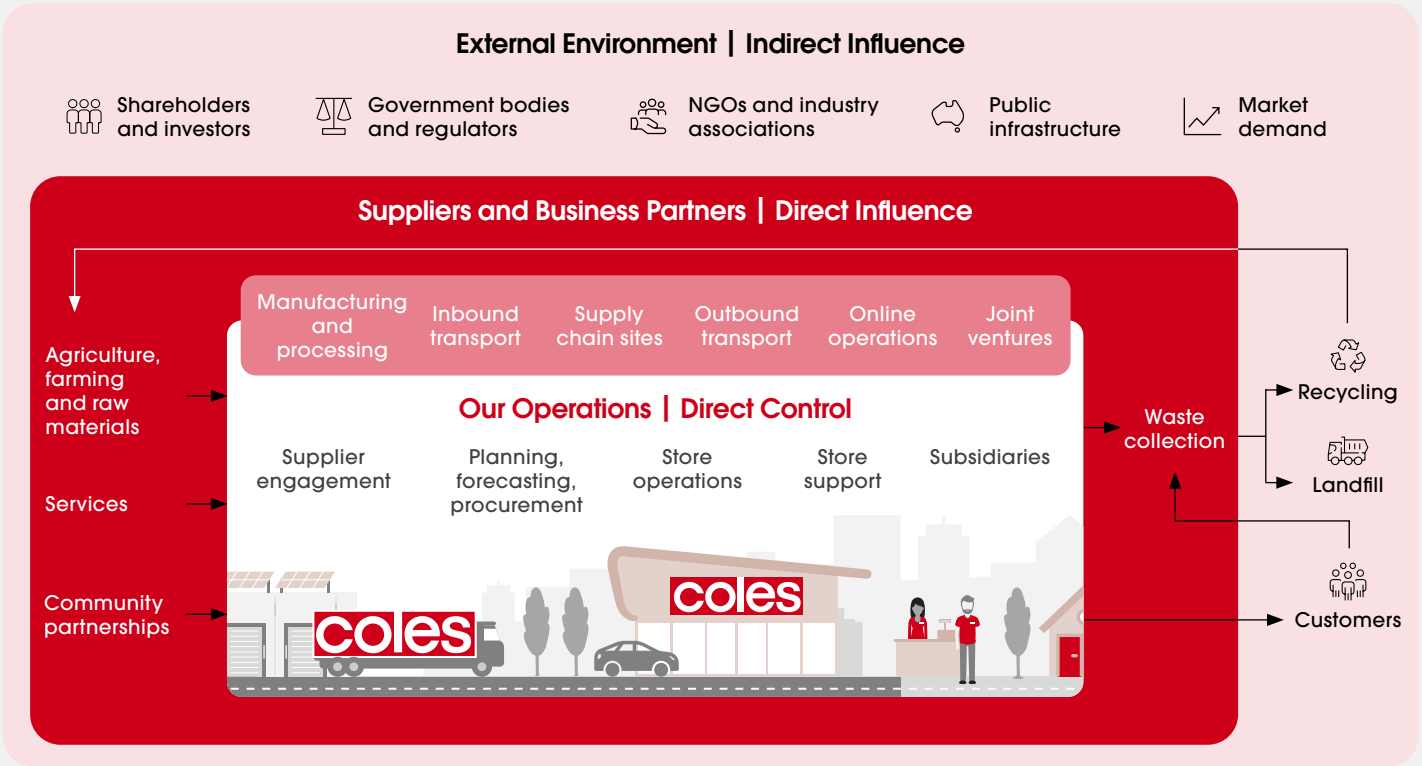
We recognise that the external environment remains uncertain and will continue to evolve. Accordingly, our approach emphasises practical emissions reduction and resilience-building in the near term, while maintaining flexibility to adapt as policy, technology and market conditions develop.

To deliver on our CTP objectives there will need to be climate action across our entire value chain.

Over time, as our climate ambition evolves, we anticipate it will increasingly influence how we source, move and sell products, how we operate our stores and sites, and how we partner across the food system. Sections 3, 4 and 5 outline the current and anticipated actions we are taking in pursuit of our objectives, and the timeframes for which actions are expected to occur.

Diagram 1 encompasses the interactions, resources and relationships, related to our business model and external operating environment, that we use and depend on to create our products and services, from conception to delivery, consumption and end of life. Our climate-related risks and opportunities are assessed across this value chain, and inform the actions identified throughout this CTP.

Diagram 1: Coles Group value chain



Interactions, resources and relationships beyond our direct influence or control that impact our strategy, decision-making and operations

Third-party suppliers and business partners that we use and depend on to create, sell and deliver products and services to customers, over which we have direct influence but not direct control

Control of climate actions may sit with Coles, our suppliers/business partners or, in some cases, be shared (e.g. shared sites, joint ventures etc.)

Our operations, over which we have direct control, directly relating to the creation, sale and delivery of products and services to customers

Scope

The scope of the value chain is aligned with our business model as described in our annual reporting suite and includes the following segments/brands: Supermarkets; Liquor; QuiteLike; Coles 360; Coles Financial Services; and our joint ventures (Flybuys, QVC).

Note: the components of the value chain illustrated above do not necessarily occur sequentially, and there may be differences in the way activities are executed across segments and business units. Additionally, there are a number of internal supporting activities and functions that enhance and enable the activities illustrated in the above diagram.

2. Climate-related risks and opportunities (CRROs)

The climate transition presents both risks and opportunities for our business.

Our CTP provides an overview of key actions and targets to reduce emissions across our value chain, as well as actions to mitigate and respond to our climate-related risks and opportunities (CRROs).

Our CRROs identify potential climate change impacts that could reasonably be expected to affect Coles' prospects, including across our business model, value chain, and long-term resilience. Understanding and actively managing our CRROs is critical to maintaining business resilience throughout the climate transition. CRROs can be classified as:

- **Transition risks** – risks associated with the transition to a lower-carbon economy, including policy, regulatory and legal, technological, market and reputational risks.
- **Physical risks** – risks resulting from climate-related acute/event-driven weather impacts, such as storms, floods or heatwaves, or from chronic longer-term shifts in climatic patterns, such as changes in temperature and sea-level rise.
- **Opportunities** – potential positive effects arising from climate change or efforts to mitigate and adapt to climate change.

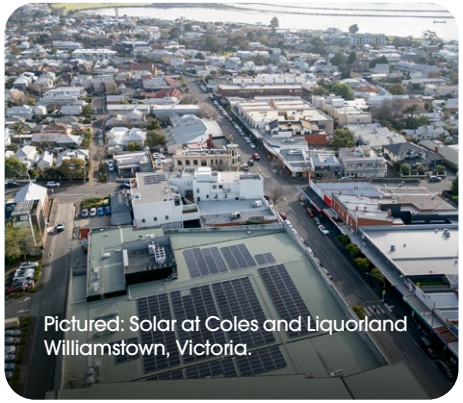
For more detail, see sections 3 and 4, which focus on actions in response to the CRROs across our operations and supply chain, respectively.

Our approach to climate-related scenario analysis and CRROs assessment

Further detail on our approach to climate-related scenario analysis, and the identification, assessment, prioritisation and management of CRROs, is available in the Sustainability Report within our most recent **Annual Report**.

Our climate-related risks

Our climate-related risks, identified through the annual CRRO assessment and informed by scenario analysis, include:



Pictured: Solar at Coles and Liquorland Williamstown, Victoria.

Transition risks

+ Changing policy, regulatory and legal requirements to decarbonise and manage climate risk
+ Energy system volatility, rising prices and supply disruptions
+ Dependency on our third-party suppliers and logistics partners to reduce emissions and adopt low-carbon practices
+ Delayed adoption of low-emissions technology including conversion of refrigeration and heating, ventilation and air-conditioning (HVAC) assets

Physical risks

+ Risk to the growth and/or production of agricultural raw materials due to the impact of extreme weather events and climate conditions
+ Risk to the resilience of our store and supply chain operations (including manufacturing) due to the impact of extreme weather events and climate conditions

Our climate-related opportunities

Transitioning our business to succeed in a low-carbon economy creates opportunities to build long-term value across our value chain. These opportunities go beyond decarbonisation, potentially enabling operational efficiencies, resilience, and innovation in products, services and processes – all of which support achievement of our corporate strategy.

We are in the early stages of quantifying (where possible) these opportunities and how they may affect our prospects over time. Our initial view is that the following opportunity is one that, based on scenario analysis, and relevance to our business model and value chain, could reasonably be expected to affect our prospects.

Opportunity

+ Offering more sustainable products to customers to meet changing customer preferences

3. Reducing Scope 1 and 2 emissions and improving resilience across our operations

To reduce greenhouse gas emissions and strengthen the resilience of our operations, Coles is focused on reducing Scope 1 and 2 emissions from activities within our direct control.

We are prioritising practical initiatives with the greatest impact. These actions support measurable emissions reductions, reliable and cost-effective operations, innovation, climate resilience, and encourage emissions reduction action by our suppliers and business partners.

Pictured: Doors installed on Coles supermarket fridges to help reduce energy consumption.

3.1 Our Scope 1 and 2 targets

Coles' ambition to achieve our long-term target of net zero Scope 1 and 2 emissions by 2050 is underpinned by measurable pathways to reduce greenhouse gas (GHG) emissions across our operations and is supported by near-term targets.[1]

We disclose progress against these targets annually in the **Sustainability Report in our Annual Report and our Sustainability Data Pack**.

Timeframe	SBTi status	Target type	Target	Baseline year	Baseline emissions
Near-term	Validated	Absolute reduction	**Reduce combined Scope 1 and 2 GHG emissions by >75% by the end of FY30**[2]	FY20	1.47 Mt CO_2-e[3]
Near-term	Not validated	N/A	**Maintain sourcing of 100% renewable electricity**[4]	N/A	N/A
Long-term	Not validated	Absolute reduction	**Deliver net zero Scope 1 and 2 GHG emissions by 2050**	FY20	1.52 Mt CO_2-e[5]

1. Annual progress against our climate-related targets is measured from 1 July to 30 June, aligning with the Australian financial year.
2. Coles does not plan to rely on the use of carbon credits for the achievement of our FY30 Scope 1 and 2 emissions reduction target. For our 2050 net zero target, Coles plans to use carbon credits to neutralise residual Scope 1 and Scope 2 emissions remaining after delivery of the associated gross emissions reduction target.
3. Scope 2 emissions for this target and baseline are calculated using a market-based approach.
4. Renewable electricity percentage includes voluntary large-scale generation certificate (LGC) surrendered by us, renewable power percentage (RPP), jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. The JRPP is only applicable in the Australian Capital Territory, where the electricity supply is legislated to be 100% renewable. For all other Australian jurisdictions, the RPP is used to represent the renewable content of grid electricity unless specific renewable procurement (e.g. LGC surrender) is demonstrated.
5. Scope 2 emissions for this target and baseline are calculated using a location-based approach.

3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations continued

3.2 Emissions profile

We measure and disclose Scope 1 and Scope 2 emissions for all facilities under Coles' operational control in accordance with the National Greenhouse and Energy Reporting (NGER) scheme and the Greenhouse Gas Protocol, using both location-based and market-based methods, supported by intensity metrics that reflect emissions efficiency.

Our Scope 1 and 2 emissions have continued to decline in recent years, achieved through our ongoing commitment to installing onsite solar, our renewable electricity contracts and large-scale solar generation certificate (LGC) arrangements, as well as implementing energy-efficiency initiatives and refrigeration upgrades.

To support transparency and facilitate year-on-year comparisons, we have disclosed historical data from FY20 in our **Sustainability Data Pack**.[1]

Emissions hotspots and hard-to-abate sources

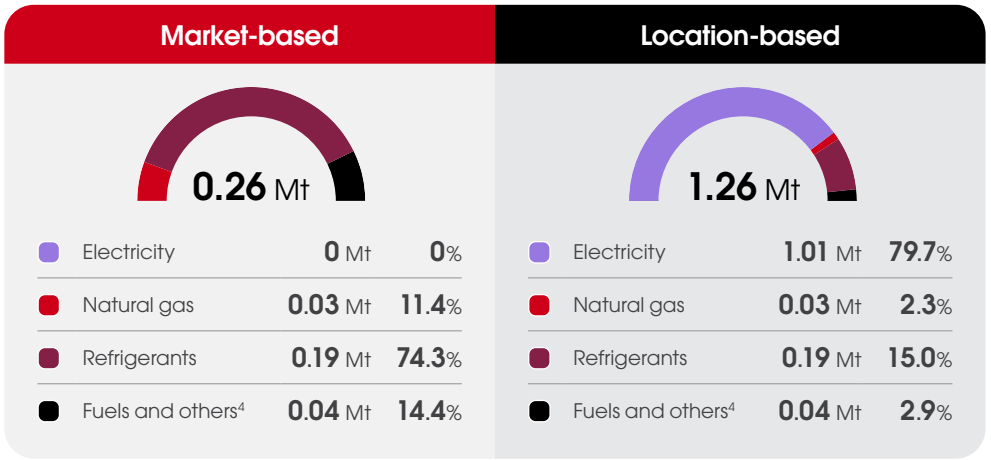
Identifying emissions hotspots – sources of higher emissions – enables us to focus our efforts where they will have the greatest impact. Our Scope 1 and 2 emissions inventory is broken down into five key sources: electricity, natural gas, refrigerants, stationary fuel and transport fuel. As shown in Figure 1 refrigerants and purchased electricity are our primary Scope 1 and 2 emissions hotspots. Some of these sources also present additional challenges to decarbonise due to technological, cost and operational constraints, and are therefore considered hard-to-abate.

Scope 2 emissions from our purchased electricity can be reported in two ways: location-based and market-based. The location-based method reflects the average emissions intensity of the electricity grid where our operations occur. The market-based method reflects emissions associated with Coles' specific electricity procurement decisions, such as renewable electricity contracts or certificates, and therefore captures the impact of purchasing lower-emissions electricity.

The table to the right brings together our emissions hotspots and hard-to-abate sources, and outlines our position on each.

Our key actions – set out on pages 9–10 – articulate both our present and intended response to these emissions hotspots and hard-to-abate sources, as well as our broader Scope 1 and 2 emissions inventory.

Figure 1: FY26 combined Scope 1 and 2 emissions Inventory (Mt CO_2-e)[2,3]



Source	Our position on key emissions hotspots and/or hard-to-abate sources
Purchased electricity	Operating a network of more than 1,800 supermarkets and liquor stores across Australia requires significant energy to keep our fridges, lighting, point of sale systems, stores and distribution centres running. As a major user of electricity, purchased electricity is a significant hotspot under a location-based emissions reporting method.
Refrigerants	Refrigeration is essential to maintaining food quality and reducing food waste. Even small refrigerant leaks can have a material impact on the Group's emissions profile. Refrigeration systems rely on hydrofluorocarbons (HFCs), which have high climate impact potential and are difficult to phase out quickly. Detecting leaks across thousands of assets and retrofitting legacy systems to low global warming potential (GWP) refrigerants requires significant capital and skilled labour.
Transportation	Whilst not an emissions hotspot, operational demands and the limited availability of lower-emissions vehicles and infrastructure make it challenging to reduce our transport-related emissions. Additionally, fleet turnover is slow due to vehicle lifespan. As Scope 1 and 2 emissions relevant to transport relate mostly to Coles Online, they are comparatively immaterial.

Key: Emissions hotspot Hard-to-abate source

1. Scope 1, 2 and 3 emissions data is updated annually in the Sustainability Data Pack available here www.colesgroup.com.au/sustainabilitysupplement. — 2. FY26 Scope 1 and 2 emissions include one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data. — 3. Figures and percentages may not total exactly due to rounding. — 4. Includes transport fuels, stationary diesel and LPG, as well as heating oil and bulk carbon dioxide.

3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations continued

3.3 Key actions

We are implementing practical measures to reduce emissions hotspots across our operations, including renewable electricity procurement, refrigeration upgrades, and targeted investment in energy-efficiency initiatives and lower-emissions technologies.

In FY25, we achieved our target to source 100% renewable electricity for our operations through a combination of onsite solar installations, LGC arrangements[1], and improvements in energy efficiency. We are now maintaining our commitment to 100% renewable electricity. Building on this momentum, the actions outlined below focus on accelerating further emissions reductions.

Focus area	Emissions source	Initiative	Action	Timeframe	Contribution to CTP strategic ambition
Decarbonise our stores and assets	Natural gas	**Boiler replacement**	Transition store heating away from natural gas by deploying electrified heat pumps and increasing the recovery and reuse of waste heat from refrigeration systems, where practical and commercially viable.	Ongoing	**These actions drive the decarbonisation of our operational footprint.**
	Electricity and natural gas	**Heat assets across stores and manufacturing**	Continue targeted operational efficiency initiatives, including natural gas and process sub-metering, boiler optimisation and heat recovery staging, heat pump studies and installations, and refinement of control strategies.	Ongoing	
	Electricity	**Onsite solar**	Progressively expand solar electricity systems across Coles stores and facilities through the Origin Energy Alliance and other delivery arrangements.	Ongoing	
		Large-scale generation certificates (LGC) arrangements	Procure LGCs to match Coles' purchased electricity consumption, while preparing for the introduction of the Australian Government's Renewable Electricity Guarantees of Origin (REGOs) certificates and the cessation of LGC creation after 2030. Continue to assess renewable electricity penetration within the Australian electricity system and developments in renewable electricity certificate markets over time.	Ongoing	
	Refrigeration	**Gas leak detection program**	Continue to invest in our gas leak detection program to minimise refrigerant gas loss.	Ongoing	

1. As Coles draws much of our electricity from national and regional electricity grids, we do not always control the source of the electricity we directly consume. Instead, we enter into large-scale generation certificate (LGC) arrangements that match what we consume. The purchase and retirement of LGCs provide Coles with verifiable evidence that the electricity claimed is sourced from accredited renewable electricity generators. Purchasing LGCs demonstrates that an equivalent amount of renewable electricity has been produced to match Coles' consumption, while retiring the certificates substantiates Coles' market-based Scope 2 emissions disclosures by ensuring no other entity can make a claim on the same unit of renewable electricity. Coles has multiple LGC agreements in place, with a range of clean energy generators and retailers, to purchase electricity and LGCs as part of our strategy to reduce market-based Scope 2 emissions. Our LGC-bundled power purchase agreements and long-term LGC agreements source the certificates from wind and solar farms across Victoria, New South Wales, South Australia and Queensland.

3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations continued

Focus area	Emissions source	Initiative	Action	Timeframe	Contribution to CTP strategic ambition
Innovate store design and technology	Refrigeration	**High GWP phase-out and store refurbishment**	Where practical, and commercially viable, transition from high to low GWP refrigerants during refurbishments and end-of-life replacement. Use low GWP refrigerants at all newly constructed supermarkets.	FY25 – FY50	**These actions lower energy demand and emissions intensity by integrating low GWP refrigerants and energy-efficient technologies into our store design 'blueprint' and equipment.**
	Electricity and Natural Gas	**Energy-efficient design**	Continue to trial and evaluate energy-efficient technologies, including advanced lighting solutions and improved refrigeration and HVAC system designs, to reduce energy consumption and emissions across stores.	Ongoing	
Adapt infrastructure for climate resilience	Refrigeration	**Recovery and recycling program**	Ensure proper recovery, recycling, storage or destruction of refrigerants from decommissioned equipment.	Ongoing	**These actions strengthen operational resilience by minimising refrigerant loss, enhancing backup energy capability, and embedding climate-risk considerations into store planning and design.**
	Electricity	**Battery Energy Storage Systems (BESS)**	Continue the roll-out of BESS at stores and facilities to support Coles' participation in Origin Energy's Virtual Power Plant[1], helping to manage electricity market volatility and offset rising energy costs. Integration with onsite solar will continue where available.	Ongoing	
	All	**Store climate resilience design brief**	Assess physical climate risks to Coles' store network, drawing on analysis from climate modelling through ClimSystems[2]. This supports more resilient planning by informing practical mitigation measures and site selection.	FY26 – ongoing	

1. For further information on the Origin Alliance partnership, see the 2026 Sustainability Supplement www.colesgroup.com.au/sustainabilitysupplement.
2. ClimSystems is a third-party provider specialising in climate risk assessments, engaged by Coles to assess the exposure of our sites to climate hazards.

3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations continued

3.4 Key assumptions and dependencies

Coles' approach to reducing emissions and improving resilience across our own operations is based on several key assumptions and judgements. For our 2050 net zero target, Coles assumes carbon credits would only be used to neutralise any residual Scope 1 and Scope 2 emissions remaining after the delivery of the associated gross emissions reduction target. Any carbon credits utilised will be expected to meet recognised quality and integrity principles, and deliver credible, additional, and durable emissions outcomes.

Coles' emissions measurement and reporting approach is subject to evolving emissions accounting standards and methodologies, including updates to the GHG Protocol, which may result in changes to how operational emissions are measured, defined and disclosed over time.

Progress is influenced by commercial viability and availability of key decarbonisation technologies, and the pace at which these technologies are developed and deployed at scale. The availability of skilled labour to support electrification and refrigeration transitions is also a key dependency.

Coles' decarbonisation pathway under the Scope 2 location-based emissions method is influenced by the trajectory of the Australian electricity grid, including the pace of grid decarbonisation, as well as the stability, capacity, and reliability of the electricity network to support increased electrification across operations.

Pictured: Coles team members with one of two 0.8 MW solar systems at our Fresh MilkCo production facilities. The systems are expected to reduce annual grid electricity consumption by an average of 19.31%.

4. Reducing Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners

Our Scope 3 emissions represents the largest share of Coles' climate impact.

As climate impacts continue to affect agricultural productivity, logistics networks, and resource availability, strengthening supply chain resilience is essential to ensuring long-term food security for our customers and communities.

Improving the quality, availability and consistency of emissions and climate-risk data across our supply chain will enhance our ability to identify hotspots, prioritise actions, and make more informed commercial and operational decisions.

This data-driven approach supports both decarbonisation and climate adaptation, helping Coles and our suppliers transition in an orderly, collaborative, and sustainable way.

Diagram 2:

This diagram illustrates key Scope 3 emissions sources and is intended to support understanding of our emissions profile. It is not intended to represent all of Coles' Scope 3 emissions sources as defined under the GHG Protocol.

>90% of our total emissions are Scope 3

Reducing these emissions is critical to our climate transition and to maintaining a resilient value chain.

Key:
- Scope 1 and 2 emissions
- Scope 3 emissions

Upstream

Emissions from the production of goods and services we purchase

Raw materials
Extraction, farming and production of raw materials

Product development and packaging
Processing, manufacturing and packaging

Inbound logistics
Transport and distribution to Coles facilities

Coles operations

Emissions from the operations we control (Scope 1 and 2)

coles

Coles DCs and manufacturing

Stores and support functions

Coles fleet

Downstream

Emissions from the use of the products and services we offer

Use of sold products
Customer use of products purchased

End-of-life treatment
Disposal and recycling of sold products and packaging

Our efforts to reduce Scope 3 emissions are primarily directed toward working with suppliers and partners to manage and reduce emissions across the supply chain.

Collaborate with suppliers and partners

Set expectations and drive performance

Support innovation and lower emissions solutions

4. Reducing Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners continued

4.1 Our Scope 3 targets

We have set near-term targets in support of decarbonising our supply chain.

We disclose performance against our targets annually in the Sustainability Report in our Annual Report and our Sustainability Data Pack.

4.2 Emissions profile

Coles calculates its Scope 3 emissions annually to help us understand key drivers of emissions, prioritise actions and guide effective decarbonisation. Our Scope 3 emissions are calculated in alignment with the GHG Protocol.[1] Approximately 55% of our Scope 3 emissions originate from Forest, Land and Agriculture (FLAG) sources, which are generated up to the 'farm gate' and include on-farm activities, such as livestock management, fertiliser use and manure management. Approximately 45% of our Scope 3 emissions originate from energy and industrial emissions sources, including transportation and manufacturing processes.

Coles' Scope 3 emissions have remained broadly stable since FY22, although methodology changes and data limitations make year-on-year comparisons difficult. Changes in emissions by category largely reflect improved data quality, methodology refinements, or changes to emissions factors. Insights are also limited by challenges in collecting supplier emissions data.

We continue to seek to improve the accuracy and completeness of our Scope 3 inventory through our Scope 3 data management plan, which is updated annually.

Timeframe	SBTi status	Target type	Target
Near-term	SBTI validated	Absolute reduction	**30.3% reduction in Scope 3 FLAG emissions by the end of FY30** **Baseline year: FY24** **Baseline emissions: 9.89 $MtCO_2$-e**
Near-term	SBTI validated	Supplier engagement	**80% of suppliers by spend (covering purchased goods and services, upstream transportation and distribution, capital goods, waste generated in operations, and upstream leased assets) to have science-based emissions reduction targets by the end of FY29**
Near-term	SBTi validated (as part of the FLAG target setting and validation process)	–	**Ambition to achieve no deforestation across material Coles Own Brand primary deforestation-linked Commodities (no later than 31 December 2025)[5]**
Near-term	N/A	–	**Maintain greater than 85% diversion of the Group's solid waste[2] from landfill**
			Deliver average of 30% recycled content in eligible packaging[3] by the end of FY30
			Continue to phase out problematic and unnecessary eligible single-use plastic packaging[4] by the end of FY30
			Achieve greater than 85% of eligible packaging[3] being reusable and/or recyclable by the end of FY30

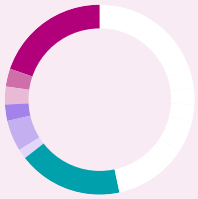
1. Our Scope 3 emissions inventory is updated annually and is available in the Sustainability Data Pack (available here – www.colesgroup.com.au/sustainabilitysupplement).
2. Excludes liquid waste except high-strength sludges (which contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers).
3. Eligible packaging is defined as Coles Own Brand product packaging and Coles Liquor Own Brand packaging.
4. Problematic and unnecessary single-use plastic packaging based on Australian Packaging Covenant Organisation definition of priority items: Action Plan for Problematic and/or Unnecessary Single-Use Plastic Packaging.
5. The scope of Coles' no deforestation ambition includes targeted high-risk/high-volume products across the following commodities: beef, cocoa, palm oil, soy (sourced for livestock and aquaculture feed) and timber/pulp/paper. It excludes Coles Own Brand products not sold in supermarkets; Coles Own Brand pet food; goods not for resale; and Exclusive Proprietary and Proprietary branded products.

4. Reducing Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners continued

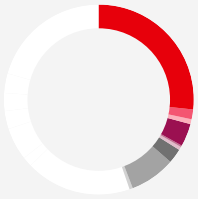
FY26 Scope 3 emissions breakdown

FLAG sector emissions 55.6%

Energy and industrial emissions 44.4%



Beef	20.6%
Chicken	3.5%
Lamb	2.9%
Pork	3.1%
Milk and cheese	5.4%
Fresh produce	1.9%
All other FLAG sector emissions	18.2%



Goods for resale	26.6%
Goods not for resale	1.7%
Capital goods	0.7%
Transport	3.8%
Waste	0.4%
Leased assets	0.5%
Product use	2.6%
Consumer waste	7.6%
All other energy and industrial sector emissions	0.5%

Our emissions are split between **FLAG sector emissions (55.6%)** and **Energy and industrial emissions (44.4%)**. This reflects the significant impact of agriculture in our value chain, alongside emissions from the energy we use and the goods and services we source, transport and sell.

Emissions hotspots and hard-to-abate sources

Identifying supply chain emissions hotspots enables us to focus efforts on the most material drivers of our Scope 3 emissions. Reducing emissions from these sources is challenging given that it depends not only on our ability to influence our suppliers, but also on several other biological, technological, operational and behavioural limitations.

The table below outlines our key emissions hotspots and hard-to-abate sources (outside our direct influence) and sets out our position on each.

Source	Our position on key emissions hotspots and/or hard-to-abate sources
FLAG emissions – red meat and dairy	Methane from cattle digestion and nitrous oxide from manure make emissions complex to reduce. Biological constraints and the scale of production create logistical and cost challenges. See the actions set out in Section 5.3 for further detail.
Transportation	Operational demands and limited availability of lower-emission heavy vehicles and infrastructure make transport emissions challenging to reduce. Additionally, fleet turnover is slow due to vehicle lifespan.
Consumer food waste	Consumer food waste accounts for 7.6% of our Scope 3 emissions. Food waste at the consumer end produces methane in landfills. Reducing food waste and diverting it from landfill requires widespread consumer behaviour change, infrastructure support from governments, and coordinated action from industry partners. Behavioural factors, perishability, and data limitations make reductions difficult. Reducing food waste is important not only because of its environmental impact, but also its commercial impact and links to food insecurity, which is prevalent in communities across Australia.

Key: Emissions hotspot Hard-to-abate source

1. Sustainability Data Pack www.colesgroup.com.au/sustainabilitysupplement.

4. Reducing Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners continued

4.3 Key actions

We are actively working to reduce our Scope 3 emissions through supplier engagement, product innovation, and investment in low-emissions technologies. As the most material source of emissions across our supply chain, FLAG emissions are a critical focus area for our transition pathway.

This section outlines the actions that support delivery of our Scope 3 targets and broader supply-chain decarbonisation and resilience. Together, these initiatives provide a clear pathway to reduce Scope 3 emissions while strengthening the efficiency, resilience and long-term sustainability of our supply chain.

Focus area	Category	Initiative	Action	Timeframe	Contribution to CTP strategic ambition
Work with suppliers to accelerate climate action	Supplier Engagement	**Supplier engagement and capability building**	Continue to engage with suppliers and develop educational resources to build climate-related knowledge and capability, including in relation to setting science-based targets.	FY25 – Ongoing	**These actions support the decarbonisation of our value chain by building supplier capability in carbon management and abatement activities.**
	FLAG	**Carbon footprint baselining and emissions reduction planning**	Continue to deliver carbon baselining measurement and decarbonisation projects across red meat and dairy farms in collaboration with our consulting and industry partners.	FY26 – Ongoing	
Supply chain innovation and optimisation	FLAG	**Carbon removals**	Develop a carbon removals strategy to support Coles' climate and nature-related commitments.	Review underway	**These actions build resilience and contribute towards the decarbonisation of our value chain by optimising supplier engagement and investment activities to prioritise lower-carbon outcomes.**
		Farm efficiency	Collaborate with suppliers and partners to identify and expand on-farm practices that reduce emissions and nature impacts.	Review underway	
		Sourcing and sales strategies	Design meat and dairy sourcing and sales strategies to reduce associated value-chain emissions.	Review underway	
		Methane abatement	Continue ongoing review of technologies and practices to reduce methane emissions.	FY25 – Ongoing	
		Lower-carbon products	Continue to consider lower-carbon products, including alternative proteins.	Ongoing	

4. Reducing Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners continued

Focus area	Category	Initiative	Action	Timeframe	Contribution to CTP strategic ambition
Supply chain innovation and optimisation continued	Trading areas	**Trading areas[1] pathway planning**	Continue developing transition plans for each of Coles' trading areas, covering actions to reduce emissions and address physical and transition risks and opportunities relevant to their portfolios.	FY26 – Ongoing	**These actions build resilience and contribute towards the decarbonisation of our value chain by optimising supplier engagement and investment activities to prioritise low-carbon outcomes.**
	Procurement	**Goods Not for Resale sustainability questionnaire**	Enhance the existing supplier assessment process to more explicitly evaluate suppliers' emissions, targets and broader environmental, social and governance practices. These will continue to be weighted and evaluated alongside other key criteria as part of the supplier selection process.	FY26 – Ongoing	
	Transport	**Electric vehicle (EV) trials**	Continue trials of electric prime mover trucks (heavy duty vehicles that transport large loads) in the grocery delivery network.	FY25 – Ongoing	
		Transport systems optimisation	Continue rollout of transport management software system to improve routing and consolidate inbound freight.	FY25 – FY26	
Enable circularity and reduce end-of-life impacts	Waste	**Waste diversion from landfill**	Continue implementation of solid waste diversion from landfill activities, maintaining a diversion rate above 85%.	Ongoing	**These actions support the decarbonisation of our value chain by reducing emissions associated with downstream landfill and food waste.**
		Product stewardship schemes	Work with product stewardship schemes to provide opportunities for customers to recycle their end-of-life goods and packaging.	Ongoing	
		Food waste reduction	Continue diverting surplus, edible food to food rescue organisations, including SecondBite and Foodbank, while exploring additional food waste diversion opportunities.	Ongoing	

1. Trading area is a reference to Coles' key commercial categories.

4. Reducing Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners continued

4.4 Key assumptions and dependencies

Coles' approach to decarbonising and strengthening resilience across its value chain is based on several key assumptions and judgements.

Our Scope 3 target pathways are underpinned by several assumptions on emissions baselines, data quality, and methodologies. Given current data limitations in Scope 3 and FLAG emissions, we will rely on progressive improvement from estimated to supplier-specific data over time.

Achievement of Scope 3 and FLAG targets is primarily dependent on supplier engagement, representing a key climate-related transition risk where progress relies on suppliers' capacity and alignment across the value chain. We will rely on increasing supplier participation in target-setting and emissions reduction activities.

Delivery is also influenced by factors beyond our direct control, including the effectiveness of holistic land management (such as reducing deforestation, improving agriculture, and increasing sequestration), the availability and uptake of emerging technologies, and the pace of policy and market developments. Changes in consumer demand and product mix also change our emissions profile.

Progress may be further impacted by climate-related events, that disrupt supply chains and affect agricultural productivity.

Data challenges

The availability of complete, accurate and transparent Scope 3 data is a key part of our commitment to robust climate disclosure and our ability to track and measure our progress. As a large, diversified retailer, we rely on a mix of internal and external data sources, combining actual and modelled data where necessary.

Key challenges include:

- **supplier dependency:** we rely on supplier data to improve the accuracy of our Scope 3 emissions reporting. As supplier-specific emissions data is not currently available for most purchased goods and services, we rely on industry-average emissions factors, which cannot reflect differences in supplier emissions performance or emissions reductions achieved by individual suppliers; and
- **data availability:** consumer food waste is a material emissions source but cannot be measured directly from Coles' customers. We take national averages downscaled to Coles' market share to estimate this source; however, we are currently unable to track the impacts of any specific actions.

To address these challenges, we have developed a Climate Data Management Plan to guide data improvements. We are investing in improved data systems to reduce reliance on extrapolation and modelling, and to enhance our disclosures.

Nature and emissions

We are continuing to progress actions in alignment with our Nature Roadmap, developed in FY25 to understand Coles' impacts and dependencies on nature, and inform sourcing and product choices. We are also exploring nature-based solutions such as carbon sequestration through tree planting and vegetation growth.

In recognition of the contribution of deforestation to climate change and biodiversity loss, we set an ambition in FY25 to achieve no deforestation across Coles Own Brand primary deforestation linked commodities[1] (no later than 31 December 2025). While we did not meet our ambition with respect to beef and cocoa, we are continuing to engage with suppliers and other stakeholders to overcome industry-wide challenges associated with these supply chains.

Circularity and emissions

Coles' 'R3 Packaging Framework' provides a systematic approach across our business to help drive continuous progress against the Coles Own Brand and Coles Liquor Own Brand packaging targets. We are also investing in packaging recovery and recycling initiatives, and expanding product stewardship programs with clear sustainability attributes to meet evolving customer preferences. These actions deliver cross-sustainability-pillar benefits, covering downstream emissions reduction and resource efficiency to decarbonise and build resilience across our value chain.

Further information on our approach to nature and circularity, including targets and progress, is available in our annual **Sustainability Supplement**.

1. For further information on the scope of our no deforestation ambition, as well as our progress, refer to our Protecting Forests Statement, available at https://www.colesgroup.com.au/FormBuilder/_Resource/_module/ir5sKeTxxEOndzdh00hWJw/file/Coles_Own_Brand_Protecting_Forests_Statement.pdf.

5. Building climate capability, fostering stakeholder collaboration and supporting a just transition

Coles is committed to supporting a climate transition that strengthens resilience and creates positive outcomes for stakeholders across our value chain.

Our approach focuses on building the organisational foundations needed to embed climate considerations into core business strategy and decision-making, while also engaging externally to help drive system-wide progress.

This includes enhancing governance and accountability, improving the quality of data and the systems that underpin climate action, and building capability through targeted training and upskilling. We also recognise that achieving a successful transition requires collaboration. Coles seeks to work with industry partners, government, communities, and other stakeholders in support of a just, coordinated and inclusive transition.

Enabling achievement of our strategic ambition is anchored in four key areas, involving both internal and external mobilisation. Our progress and planned activity across each of these areas is set out in more detail on pages 19 and 20.

- Embedding climate in strategy and innovation
- Empowering our team members
- Collaboration and consultation
- Just transition

Pictured: With a deep love for nature and connection to the land, GVIP farms has been using sustainable farming methods to grow apples and pears in Shepparton for almost 40 years, and supplying into Coles since 1989. Pictured is Chris from GVIP farms with Coles team member Rob.

5. Building climate capability, fostering stakeholder collaboration and supporting a just transition continued

5.1 Embedding climate in strategy and innovation

We understand the delivery of our strategic ambition requires a whole-of-organisation approach and integration across our corporate and financial planning processes, operating models, systems, and data architecture. Whilst this will be an ongoing evolution, we have made strong progress in improving the quality and availability of climate data so that it can be used to inform business decisions. Alongside data improvements, we have designed and embedded processes to support integration of climate considerations into business decision-making.

Ongoing initiatives and commitments across these focus areas are set out below, noting we expect further evolution over coming years.

Ongoing activities

Climate data and systems

FLAG data – collect FLAG emissions data from Coles' red meat and dairy supply chains from FY26 for internal tracking and reporting.

Scope 3 supplier program – collect supplier product carbon footprint data through a data platform and integrate into Scope 3 reporting. Support suppliers to calculate their Scope 1 and 2 emissions, and determine their climate ambition and targets, through delivery of the data platform.

Scope 3 emissions reporting – continue improving Scope 3 reporting by automating data collection, strengthening data governance and using more primary data.

Physical climate risk modelling – model physical climate risks across Coles' asset portfolio for consideration in new developments and lease renewals, and maintain an internal dashboard to support risk monitoring and decision-making.

Climate process integration

Operationalise the CTP across trading areas – prepare transition plans for key business areas to implement the CTP.

Capital approval considerations – strengthen business case assessment processes and integrate climate-related considerations into capital approval frameworks to support more comprehensive, future-focused investment decision-making.

Carbon pricing strategy – refine our carbon pricing approach and expand its role in business decision-making.

5.2 Empowering our team members

Our team members play a critical role in delivering on the strategic ambition set out in this CTP. As we progress our climate transition, we are strengthening our organisational capability and governance to embed climate considerations into day-to-day operations. Through a sustained focus on our team members, fostering broader climate awareness and supporting skills development, we will enable more informed decisions and build resilience across our workforce, supporting the coordinated delivery of our strategic climate ambition.

Ongoing activities

Governance

Emissions monitoring and reporting framework – establish a framework to monitor and report on progress towards our Scope 3 targets internally.

Emissions governance – assign clear accountability for progress on emissions and targets to the appropriate functions, with defined responsibilities and authority to support effective implementation.

Upskilling and knowledge building

Sustainability upskilling – deliver training to relevant teams on sustainability-related topics, including our sustainability strategy, product claims and the use of sustainability data platforms.

Capability building within commercial areas – deliver workshops covering decarbonisation and climate risk management for key business areas. Deliver category team training sessions, focused on understanding key emissions sources relevant to category suppliers.

Operational upskilling – continue to build operational delivery capability within the Energy Team through a formal alliance with Origin Energy, across solar and battery installation projects. This approach supports mutual capability development and aligned delivery standards. This will enable shared end-to-end capability across planning, installation and commissioning, supporting faster and higher quality deployment of distributed energy assets across Coles' facilities over a multi-year program.

5. Building climate capability, fostering stakeholder collaboration and supporting a just transition continued

5.3 Collaboration and consultation

Delivering our climate ambition requires coordinated action across the value chain. Effective external collaboration and consultation is a critical lever for Coles to mobilise stakeholders and partners across our value chain and enable the delivery of our strategic climate ambition.

Industry collaboration

Partnering with industry bodies and associations* to share insights, shape standards and identify leading practice on key sustainability issues.

- + Renewable electricity
- + Sustainable agriculture
- + Circularity
- + Low-emissions transport
- + Food waste

Circularity and nature

Collaborating to reduce waste, protect and restore nature and build more resilient, regenerative value chains.

- + Waste reduction
- + No deforestation
- + Regenerative value chains

Policy engagement

Engaging with government and contributing to policy development to support an orderly transition and accelerated climate action.

- + Direct government engagement
- + Policy consultations and submissions
- + Industry and cross-sector collaboration

Disaster response

Supporting communities when it matters most through partnerships that provide essential food relief and donations during natural disasters.

We engage with a broad range of industry bodies, government, and non-government organisations (NGOs) in support of decarbonisation, circularity and nature-positive outcomes, and we actively support local communities experiencing food insecurity during natural disasters.

Community, customers and NGOs

Working with partners and engaging our customers to support a resilient, inclusive and sustainable transition.

- + Community partnerships and food relief
- + NGO engagement
- + Customer engagement
- + Innovation and education

* Our industry association memberships are available in our Sustainability Data Pack.

Industry associations provide a collective voice for businesses and facilitate forums through which Coles can discuss issues, develop standards, and seek to establish best practice within our industry on important policy matters such as sustainability and economic productivity. Peak body organisations represent a range of diverse views across their membership base and overarching statements made by those organisations do not necessarily constitute endorsement from each individual member. Where values or policy positions misalign, we will review the divergence and assess its impact against the benefits provided by association with the relevant body.

5.4 Just transition

Our Human Rights Strategy[1] recognises the interconnectedness of social, climate and environmental issues and the need for a transition that places people and communities at the centre, while respecting human rights and dignity. Climate impacts often exacerbate existing vulnerabilities, reinforcing the need for climate action that protects human rights and supports those most at risk.

In the food sector, a just transition requires a people-centred approach that addresses both the impacts of climate change on food production and the rights, livelihoods and wellbeing of farmers, workers and communities.

We are strengthening our understanding of how our decisions with respect to climate transition may affect people across our value chain. This includes assessing human rights risks in our climate mitigation and resilience efforts to support both an equitable transition for customers, communities, suppliers and workers in our value chain, as well as the delivery of positive social outcomes.

Communities play a vital role in shaping and sustaining our transition. Our community investment strategy has a focus on building community resilience and supporting recovery during disruptions, including natural disasters. We will continue to invest in initiatives that strengthen wellbeing and address food insecurity across Australia, particularly through our long-standing partnerships with community organisations such as SecondBite and Foodbank.

1. Our Human Rights Strategy is available at: www.colesgroup.com.au/humanrights.

6. Capital commitments

Coles continues to invest in capital projects that support our climate transition and the delivery of our sustainability strategy.

We have developed a decarbonisation plan that incorporates funded emissions-reduction programs designed to deliver meaningful progress toward our near-term operational targets.

Investment assessments include the application of an internal carbon price in key areas, such as energy and refrigeration-related projects, to support evaluation of the underlying investment.

Annual capital and expenditure projections aligned with the decarbonisation plan are embedded within corporate plans and budgets.

Key areas receiving capital investment include:

- **Refrigeration systems transition** – upgrading our refrigeration systems is a key activity for Coles. Our aim is to transition from high GWP to lower GWP (or natural) refrigerants by the end of 2050, and we have a phased program in which 20–30 systems per year are upgraded. We convert systems towards the end of their lifecycle, where it is practical and commercially viable, and in alignment with the store refurbishment program. To reduce refrigerant gas loss, we continue to invest in our refrigeration pipe replacement program.
- **Building design and energy efficiency in stores** – Coles adopts a holistic approach to new and renewed stores by incorporating some sustainable building design elements, selecting lower-impact construction materials where feasible and implementing energy-efficient technologies to reduce energy consumption.

  When building new supermarkets, the majority (>90%) now use natural refrigerants.

In addition, Coles continues to work proactively with landlords and energy partners to enable rooftop solar deployment and battery deployment. Investment may be shared between Coles and its energy partners, with the funding mix varying by project.

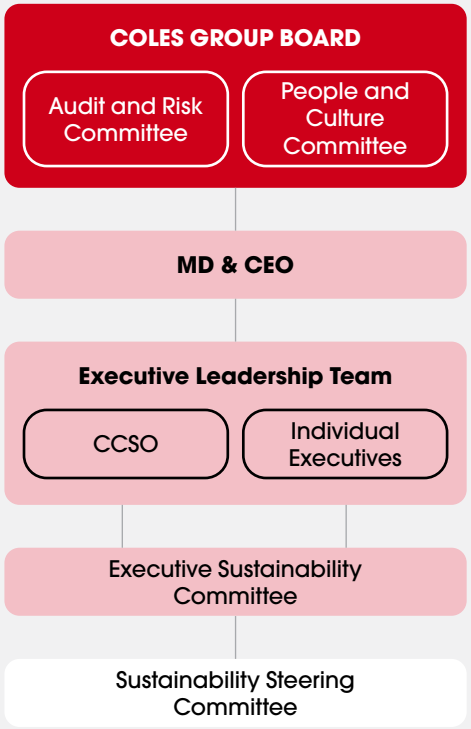
For further information on climate-related financial impacts, including current impacts and anticipated effects, refer to the Sustainability Report within our most recent **Annual Report**.

Pictured: Newly opened in May 2026, Coles supermarket and Liquorland in Yarrawonga, Victoria, features energy-efficient refrigeration, 300kW solar panels, and other sustainable building design elements.

7. Governance, monitoring and reporting

7.1 Our climate governance framework

We recognise that managing climate-related risks and opportunities across the Group is essential to achieving our climate strategy. Our governance framework and reporting flows are represented below.



Board

The Board's role is set out in the Board Charter. The Board is responsible for:

- approving climate-related strategy and climate reporting;
- overseeing the process for managing CRROs and the effectiveness of climate-related policies; and
- monitoring performance against external-related targets.

Audit and Risk Committee

A standing committee of the Board responsible for:

- overseeing climate reporting;
- overseeing risk management and controls relating to climate risk;
- assessing management oversight of climate risk and performance against key risk indicators; and
- reviewing adequacy of processes to support climate reporting compliance.

People and Culture Committee

A standing committee of the Board responsible for reviewing and making recommendations to the Board on the Group's remuneration framework and policies to confirm that they support Coles' strategic objectives, encourage and sustain a culture aligned with Coles' values, and are aligned with the Group's risk management framework and risk appetite.

Managing Director & Chief Executive Officer (MD & CEO)

The MD & CEO is accountable for the day-to-day management of the business.

Chief Commercial & Sustainability Officer (CCSO)

The CSSO is a member of the Executive Leadership Team (ELT) reporting to the MD & CEO, providing regular updates to the Board on current and emerging climate issues, performance against climate-related external targets and progress against delivery of the CTP.

Executive Sustainability Committee (Management Committee)

This committee oversees Coles' readiness for ASRS reporting and key sustainability issues relating to strategic pillars (climate, nature and circularity), including performance against external climate-related targets.

Sustainability Steering Committee (Management Committee)

This committee oversees Coles' responses to key sustainability issues, including climate change; and monitors Group performance against external sustainability targets, including climate-related targets. In future, this committee will also oversee progress against trading area transition plans.

Coles' corporate governance framework is reviewed and reported on annually to ensure it continues to support the delivery of our strategy and our risk management processes.

Incentives and remuneration

Climate-related considerations are included in the Performance Measures for the STI award of the MD & CEO.

For further information on the relevant Performance Measures for the STI award of Key Management Personnel, refer to the Remuneration Report in our latest **Annual Report**.

7.2 Monitoring and reporting

This CTP will be reviewed for progress and strategic alignment annually and updated periodically to reflect changes in regulatory requirements, market conditions and internal priorities. Integration with our corporate and financial planning processes will help ensure climate-related actions are embedded in investment decisions and strategic delivery.
Key success measures include:

- progress against emissions targets;
- supplier engagement milestones; and
- development of internal capabilities.

Robust monitoring and reporting processes underpin our ability to track progress, respond to evolving risks and opportunities, and deliver credible and transparent disclosures. These processes ensure our CTP remains dynamic, data-driven and aligned with stakeholder expectations and our strategic ambition.

8. Appendix

8.1 Assumptions, dependencies and limitations

Key assumptions and judgements

This CTP is underpinned by several key assumptions and judgements. Coles assumes a higher degree of control over emissions reduction within its own operations relative to its broader value chain. Emissions projections are based on internal growth forecasts, which remain subject to change over time. Coles also recognises that corporate actions, including acquisitions and divestments, may require the re-baselining of emissions reduction targets.

Key dependencies and limitations

Execution of this CTP is subject to material dependencies and limitations. Capital allocation beyond the current corporate planning horizon is inherently uncertain, constraining the ability to forecast longer-term investment pathways with precision. Delivery is dependent on a range of external factors, including the evolution of regulatory frameworks, the pace of technological development, supplier engagement and changes in consumer behaviour.

Coles acknowledges that business growth beyond current modelling may result in increases in absolute emissions, for example, through network expansion and new store openings. In addition, data limitations persist across elements of the value chain, necessitating the use of estimates and assumptions.

This CTP is further contingent on government policy and regulatory settings, including emissions reduction targets, energy market reforms and climate-related disclosure requirements.

Availability and scalability of enabling infrastructure – such as renewable electricity supply, electric vehicle charging networks, and recycling systems – also represent key dependencies.

Finally, Coles notes that ongoing developments in emissions accounting, disclosure, and target-setting standards, including those issued by the GHG Protocol and the SBTi, may require updates to methodologies, targets and disclosures over time.

8.2 Mapping to IFRS Transition Planning Guidance

Principles	Disclosure elements	Disclosure sub-elements	CTP section	CTP sub-section	CTP page
Ambition	Foundations	**Strategic ambition**	1. CTP strategic ambition and objectives	Our CTP objectives and context	4
		Business model and value chain	1. CTP strategic ambition and objectives	Our CTP objectives and context	5
		Key assumptions and external factors	3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations	3.4. Assumptions, dependencies and other considerations	11
			5. Reducing Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners	4.4. Assumptions, dependencies and other considerations	17
			8. Appendix	8.1. Assumptions, dependencies and methodologies	23

8. Appendix continued

Principles	Disclosure elements	Disclosure sub-elements	CTP section	CTP sub-section	CTP page
Action	Implementation Strategy	**Business operations**	3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations	3.3. Key actions	9–10
		Products and services	3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations	3.3. Key actions	9–10
		Policies and conditions	3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations	3.3. Key actions	9–10
			4. Reducing our Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners	4.3. Key actions	15–16
			5. Building climate capability, fostering stakeholder collaboration and supporting a just transition	5.1. Embedding climate in strategy and innovation	18–19
		Financial planning	5. Building climate capability, fostering stakeholder collaboration and supporting a just transition	5.1. Embedding climate in strategy and innovation	18–19
			6. Capital Commitments	–	21
	Engagement Strategy	**Engagement with value chain**	4. Reducing our Scope 3 emissions and decarbonising and strengthening resilience of our suppliers and business partners	4.3. Key actions	12–16
		Engagement with industry	5. Building climate capability, fostering stakeholder collaboration and supporting a just transition	5.3. Collaboration and Consultation	20
		Engagement with government, public sector, communities and civil society	5. Building climate capability, fostering stakeholder collaboration and supporting a just transition	5.3. Collaboration and Consultation 5.4 Just transition	20

8. **Appendix** continued

Principles	Disclosure elements	Disclosure sub-elements	CTP section	CTP sub-section	CTP page
Accountability	Metrics & Targets	**Governance, engagement, business and operational metrics and targets**	3. Reducing Scope 1 and 2 emissions and improving resilience across our own operations	3.1. Our Scope 1 and 2 targets	7
		Financial metrics and targets	N/A[1]	–	–
		GHG metrics and targets	4. Reducing Scope 3 emissions – decarbonising and strengthening resilience of our suppliers and business partners	4.1. Our Scope 3 targets	13
		Carbon credits	N/A[2]	–	–
	Governance	**Board oversight and reporting**	7. Governance, monitoring and reporting	7.1. Our climate governance framework	22
				7.2. Monitoring and reporting	22
		Management roles, responsibility and accountability	5. Building climate capability, fostering stakeholder collaboration and supporting a just transition	5.2. Empowering our team members	19
			7. Governance, monitoring and reporting	7.1. Our climate governance framework	22
		Culture	5. Building climate capability, fostering stakeholder collaboration and supporting a just transition	5.2. Empowering our team members	19
		Incentives and remuneration	7. Governance, monitoring and reporting	7.1. Our climate governance framework	22
		Skills, competencies and training	5. Building climate capability, fostering stakeholder collaboration and supporting a just transition	5.2. Empowering our team members	19

1. Refer to Coles' Sustainability Report within the latest Annual Report.
2. Coles does not currently have carbon credit-related metrics or targets. The development of such metrics and targets remains an area for future consideration as our climate transition approach continues to mature.

8. Appendix continued

8.3 Glossary

Absolute reduction:

A science-based target type requiring a company to reduce its total greenhouse gas emissions (tCO_2-e) by a specified amount over time, regardless of business growth.

AASB S2 (Climate-related Financial Disclosures Standard):

Australia's climate-related disclosure standard issued by the Australian Accounting Standards Board. Based on the international standard IFRS S2, it sets out requirements for governance, strategy, risks, and metrics/targets in climate reporting.

Baseline emissions:

The quantified emissions for the baseline year used to measure progress against reduction targets.

Baseline year:

The reporting year selected as the reference point for tracking emissions performance.

Battery Energy Storage System (BESS):

A system that stores electricity for later use, improving resilience and energy flexibility.

Carbon credit:

A tradeable unit representing one tonne of CO_2-e reduced or removed, used to compensate for residual emissions. Renewable electricity certificates, such as Large-scale Generation Certificates (LGCs), are not considered carbon credits. They represent the renewable attributes of electricity generated and may be used in market-based Scope 2 emissions accounting: they do not represent a quantified tonne of emissions reduction or removal.

Carbon price:

An internal, hypothetical cost that a company applies to its carbon emissions during investment planning and decision-making to simulate the financial impact of future carbon regulations or market shifts.

Circularity/Circular economy:

A system that seeks to maintain the value of products, materials and resources in the economy for as long as practicable and to minimise the generation of waste. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting.

Climate-related risks and opportunities (CRROs):

Risks and opportunities arising from the impacts of climate change and the transition to the lower-carbon economy. Risks include physical risks (e.g. extreme weather) and transition risks (e.g. regulatory changes) while opportunities may involve resource efficiency, renewable electricity adoption, and new market offerings.

Climate scenario:

A coherent, internally consistent and plausible description of a possible future state of the world. It is not a forecast; rather, each scenario is a hypothetical projections of how the future can unfold. This definition is taken from the Intergovernmental Panel on Climate Change (IPCC)[1].

Coles Own Brand:

Refers to the portfolio of product brands owned by Coles and available in Coles supermarkets and/or online. 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. Woofin' Good, Daley St).

Decarbonisation:

The term used for implementing measures to mitigate operational and value chain greenhouse gas emissions. At Coles, we use the term to describe activities or pathways that have the effect of moving towards a state that is lower in emissions as compared to the current state. It does not imply the activities or pathways will result in no greenhouse gas emissions.

Downstream emissions:

Scope 3 emissions occurring after Coles sells products (e.g. product use, end-of-life).

Electrification:

Replacing fossil-fuel based systems (e.g. gas heating) with electric alternatives, often powered by renewable electricity.

Emissions factor:

A conversion factor used to estimate emissions from an activity such as fuel combustion or electricity use.

Emissions intensity:

Emissions expressed relative to an activity metric (e.g. tCO_2-e per $M sales).

Engagement target:

A science-based target type requiring a company to ensure a defined share of suppliers (by spend or emissions) set their own validated science-based targets within a specified timeframe.

Forest, Land and Agriculture (FLAG) emissions:

Greenhouse gas emissions associated with agriculture and land use, including livestock methane and fertiliser related emissions.

Greenhouse Gas (GHG) emissions:

The aggregate anthropogenic carbon dioxide equivalent emissions of carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), ozone (O_3), perfluorinated carbons (PFCs), hydrofluorocarbons (HFCs) and sulphur hexafluoride (SF_6), categorised as Scope 1, Scope 2 and Scope 3 emissions. Nitrogen trifluoride (NF_3) GHG emissions are not currently relevant for Coles reporting purposes because they are specific to the electronics industry.

Greenhouse Gas Protocol:

The globally recognised standard for measuring and managing greenhouse gas emissions, developed by the World Resource Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

1. https://www.ipcc.ch/site/assets/uploads/2018/03/TAR-13.pdf.

8. Appendix continued

Global Warming Potential (GWP):

A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given greenhouse gas relative to one unit of carbon dioxide (CO_2).

Goods Not for Resale (GNFR):

Good and services purchased to run the business but not sold to customers.

Hydrofluorocarbons (HFCs):

Synthetic refrigerants with high global warming potential.

International Financial Reporting Standards (IFRS):

A global set of accounting and sustainability-related disclosure standards issued by the IFRS Foundations. IFRS includes the International Sustainability Standards Board's climate-related disclosure standard (IFRS S2), which provides requirements for reporting governance, strategy, risks, and metrics and targets related to the climate.

Large-scale generation certificate (LGC):

A tradeable certificate created for every megawatt hour (MWh) of eligible renewable electricity generated by accredited power stations, such as wind farms and solar farms, under the Renewable Energy Target (RET). Voluntarily surrendering LGCs allows an organisation to claim the associated renewable electricity in its market-based Scope 2 emissions reporting. Without surrender, the renewable generation is not attributed to the purchaser and cannot be used to claim renewable electricity use.

Location-based emissions:

Scope 2 emissions based on the average emissions intensity of the electricity grid where consumption occurs. Calculation uses emission factors specific to the energy sources used in the associated physical grid.

Lower-carbon economy:

An economy in which power needs are derived not primarily from carbon-intensive sources such as fossil fuels but from less carbon-intensive energy sources, such as wind, solar and hydroelectric power.

Lower-carbon product:

A product with lower greenhouse gas emissions across its lifecycle than a comparable product or alternative.

Market-based emissions:

Scope 2 emissions based on the specific type of electricity Coles has chosen to purchase. Calculation uses data from contractual instruments such as power purchase agreements and LGCs.

Mt CO_2-e/tCO_2-e:

Million tonnes/tonnes of carbon-dioxide equivalent.

Natural refrigerants:

Substances occurring naturally in the environment (e.g. ammonia, carbon dioxide) and used in refrigeration, air conditioning, and heat pump systems. They are alternatives to synthetic refrigerants (e.g. chlorofluorocarbon, hydrochlorofluorocarbon) and generally have a low or zero global warming potential and ozone depletion potential.

Nature-positive:

This definition is taken from the Nature Positive Initiative's paper on the 'The Definition of Nature Positive'[1]. It states that "Nature Positive is a global societal goal defined as Halt and Reverse Nature Loss by 2030 on a 2020 baseline and achieve full recovery by 2025". To put it more simply, it means ensuring more nature in the world in 2030 than in 2020 and continued recovery after that.

National Greenhouse and Energy Reporting (NGER) Act:

Australia's legislative framework for reporting greenhouse gas emissions and energy use.

Net zero:

Net zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals of greenhouse gases over a specified period. Residual emissions may be neutralised through the use of carbon credits for offsetting purposes.

Operational control:

The boundary concept under the NGER Act defining where an entity has authority over the operating, environmental or safety policies of an asset.

Paris Agreement:

An agreement between countries party to the United Nations Framework Convention on Climate Change to strengthen efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so. The central objective of the Paris Agreement is its long-term goal to hold global average temperature increase to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels.

Physical risk (climate-related):

Climate-related physical risks arise from the direct impacts of climate change. These can be acute, such as extreme weather events, or chronic, such as long-term changes in climate patterns like rising sea levels.

Power Purchase Agreement (PPA):

A long-term legal contract between an electricity generator and buyer to purchase electricity and its renewable attributes.

Product stewardship:

An approach assigning shared responsibility for managing products and packaging throughout their lifecycle.

Renewable Energy Guarantee of Origin (REGO) certificate:

A digital tradeable certificate that verifies one megawatt-hour of electricity was generated from eligible renewable sources, distributed by the Clean Energy Regulator Australia.

1. https://www.naturepositive.org/app/uploads/2024/02/The-Definition-of-Nature-Positive.pdf.

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Renewable electricity:

Electricity generated from natural sources (e.g. sunlight and wind) that are replenished at a higher rate than they are consumed. Solar, wind, geothermal and hydro are common sources of renewable electricity.

Resilient/resilience (in the context of climate or nature):

For Coles, resilient in reference to climate or nature means that our ecosystem (our operations and our value chain) is able to withstand climate and nature-related impacts over the short, medium and long-term.

Scenario analysis:

An approach for identifying and assessing hypothetical implementations (risks and impacts) of a range of plausible future climate states (scenarios).

Science-based:

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. Coles uses the SBTi guidance on what constitutes a science-based emissions reduction target, as set out in both the SBTi Corporate Near-Term Criteria v 5.3.1 (April 2026) and Engaging Supply Chains on the Decarbonization Journey version 1.1 (July 2025) guidance. This guidance defines the key criteria which includes, but is not limited to: (a) target boundary (coverage of scopes, emission types and subsidiaries); (b) target coverage (≥95% of Scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3); (c) target type (absolute, intensity, or engagement), (d) base year (≥2015); (e) target year (near-term maximum 10 years and long-term maximum 2050); (f) target reduction/ambition (Scope 1 and 2 1.5°, Scope 3 near-term well below 2° and long-term 1.5°).

Scope 1 emissions:

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:

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:

Other 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)

Transition Planning Taskforce (TPT):

Framework offering guidance to support organisations in producing credible climate transition plans. Designed to complement the global climate-reporting standard IFRS S2 (the international equivalent of AASB S2).

Transition risk (climate-related):

Risks associated with the shift to a low-carbon economy, including policy changes, technological advancements, market shifts, and reputational impacts.

Upstream emissions:

Scope 3 emissions that occur before Coles receives goods and services (e.g agricultural production, inbound logistics).

Value chain:

In relation to climate and nature, Coles uses this terms to describe the range of interactions, resources and relationships related to Coles' business model and the external environment in which the Group operates.

Virtual Power Plant (VPP):

A coordinated network of distributed energy resources, such as BESS and rooftop solar, that provide services to the grid and reduce energy costs.

colesgroup

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