



Payments Policy and Procedure

Goods not For Resale and Services

Issued April 2020
Amended Jan 2022



1. Overview

This policy and procedure applies to payments by Coles Supermarkets, Coles Express and Coles Liquor (**Coles**) for goods not for resale and services.

Payment terms are described below. Suppliers must submit their invoice electronically via the Ariba Network (some approved exceptions will apply) to ensure that Coles can meet agreed payment terms.

Coles is a signatory to the Business Council of Australia, Australian Supplier Payment Code (**BCA Code**), which requires (amongst other things) Coles to pay eligible small Australian suppliers within 30 days of receipt of a valid invoice or, where applicable, receipt of correct goods or services (whichever is the later).

This Policy will be reviewed from time to time.

2. Payments Terms

Payment terms are as set out in a supplier agreement between Coles and the supplier. The agreement will specify both the payment days and the 'payment frequency' (see table below) that a supplier will be paid. Coles has an obligation to pay its suppliers within the timeframe set out in the supplier agreement.

Coles' general position (excluding payment to small suppliers) is to pay suppliers of goods not for resale or services between 31 and 38 days of receipt of a valid invoice. Under certain circumstances, Coles and suppliers may agree to alternative payment terms.

'Payment Frequency' is the payment term that specifies the day of the week Coles will make a payment on.

With 'Weekly' Payment Frequency, payments will be made on a Monday. This means payment days specified in a supplier agreement at 30 days, together with the Payment Frequency which is due on Monday, could result in a maximum payment date of 38 days from the receipt of a valid invoice.

'Daily' Payment Frequency payments are made daily, with the exception of Saturday, Sunday or Public Holidays. Therefore, where Coles has agreed to apply 'Daily' Payment Frequency for a supplier, the effective payment date for 30 days could be a maximum of 32 days from the receipt of a valid invoice.

The table below summarises the difference between the application of Weekly and Daily Payment Frequencies

Term Name	Invoice Maturity (calculated as days from receipt of invoice by Coles)	Payment Frequency*(Due Invoices)	Payment Cycle	
			Min. payment cycle (days)	Max. payment cycle (days)
Weekly	30	Weekly, <u>paid on a</u> Monday	31	38
Daily	30	Daily	30	32
2021 SS Scheme	28	Daily	28	30

* Where the payment day falls on a Saturday, Sunday or a public holiday in Melbourne (Australia), payment will be processed by Coles on the next business day.

Examples, where the agreed terms are:

- Standard 30 days on a Weekly Payment Frequency, invoices are aged at least 30 days from receipt of a valid invoice and will be paid on the Monday following maturity; and
- Standard 30 days on a Daily Payment Frequency, invoices are aged at least 30 days from receipt of correct valid invoice and will be paid on next business day following maturity.

3. Australian Small Suppliers

Details of the Small Supplier Payment Scheme is set out in Appendix A to this Policy. This scheme may be reviewed from time to time.

Since 1 July 2020, Coles Group has had in place a Small Supplier Payment Policy which is in line with the BCA Code (2020 SS Scheme). From 29 December 2021, this scheme will be further expanded to capture a greater number of small suppliers (2021 SS Scheme).

Payment Terms Matrix:

If prior to 29 December 2021:	Then after 29 December 2021:
1. Negotiated Payments Terms specified in your supplier agreements result in payment in less than 14 days	No changes will be applied to the Payment Terms specified in your agreement.
2. You are a current member of the 2020 SS Scheme and are paid in 30 days	You will continue to be paid in 30 days, and will move onto the 2021 SS Scheme, while eligible.
3. Negotiated Payments Terms specified in supplier agreements result in payment in less than 30 days	No changes will be applied to the Payment Terms specified in your agreement.
4. Negotiated Payments Terms specified in your supplier agreements result in payment in more than 30 days and you: (a) qualify as a Small Supplier under 2021 SS Scheme (b) do not qualify as a Small Supplier under 2020 SS Scheme	You will be paid in accordance with the 2021 SS Scheme, while eligible.

Queries regarding whether a supplier is eligible under the 2021 SS can be made to SmallSupplierPayment@coles.com.au by submitting an Australian Business Number.

4. Queries on Supplier Invoices

If you have invoices outstanding beyond the payment period outlined above, you can raise a query with Coles' accounts team by emailing:

accounts.investigation@coles.com.au

You should also notify your Coles representative of your accounts query.

5. Claiming other payments from our suppliers

Coles does not ask for payments from suppliers unless these have been discussed and

agreed with suppliers. Any agreement for payments must also be documented in writing between Coles and its suppliers.

Where agreed with suppliers in a supplier agreement, in certain circumstances, Coles may 'set off' an amount on a supplier's invoice prior to its payment by Coles. "Setting off" means reducing the amount due to the supplier in respect of matured invoices.

6. Disputes

Where a dispute arises, guidance is set out within the Complaints Handling Procedure – Australian Supplier Payment Code. You may also have an agreed dispute resolution process with Coles under a supplier agreement, which you can also utilise. Where there are disputes on invoices or claims, Coles and suppliers will actively work together to resolve any outstanding invoices or claims in a timely fashion including by carrying out the necessary investigations to provide evidence to support or deny any disputes.

Appendix A – Payment Terms for Australian Small Suppliers (2021 SS Scheme)

1. Who is eligible to be a small supplier for the purposes of this Policy?

Any supplier of goods not for resale and/or services delivered to Coles that meets the following conditions:

- (a) carries on an enterprise in Australia;
- (b) has an Australian Business Number on the Australian Business Register;
- (c) is listed as a small business in the Federal Government's Small Business Identification Tool which identifies small suppliers as legal entities with annual turnover of less than \$10 million for the most recent income year pursuant to section 5 of the Payment Times Reporting Act 2020; and
- (d) the supplier's current payment terms with Coles result in payment being more than 30 days from delivery of goods not for resale and/or services, **(Small Supplier)**.

The Coles 2021 SS Scheme applies to suppliers of goods not for resale or services delivered by a Small Supplier to Coles after 29 December 2021, whilst eligible.

2. Payment Terms for Small Suppliers

Coles will pay a Small Supplier within 30 days of receipt of a valid invoice (including the correct price and quantity matching the order) or, where applicable, receipt of correct goods or services, (whichever is the later) **(SS Payment Terms)**.

For clarity, if an invoice falls due for payment on a Saturday, Sunday or a public holiday in Melbourne (Australia), payment will be processed by Coles on the next business day.

3. Continued Eligibility

A supplier's eligibility to continue as a Small Supplier may be reviewed on renewal of a supplier agreement or at Coles' discretion if a supplier no longer satisfies the above definition of Small Supplier (if permitted under the supplier agreement).