



# colesgroup

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## Our Commitment to Human Rights

2022 Modern Slavery Statement

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Seeking assistance

Coles supports open and transparent working relationships where concerns can be safely voiced.

If you have concerns about modern slavery or broader human rights issues relating to our supply chain, you can contact us using the details below and can choose to remain anonymous.

For workers in Coles’ supply chain:

coles
Wages & Conditions Hotline
1300 532 515

Call 8am-8pm, 7 days a week
(You can leave a message outside 8am–8pm and we will contact you)

If you do not speak English send an email to:
wageline@coles.com.au
Include your telephone number, preferred language and brief description of your concerns. We will contact you.

For other affected stakeholders:

coles
STOPline

- Phone
1300 304 550 – Australia
- Post
Attention: Coles, c/o Stopline
PO Box 403
Diamond Creek, VIC 3089
Australia
- App
Search for Stopline in the App Store or Google Play to download the free app and submit a disclosure
- NRS – National Relay Service
The NRS is a vital service that allows people who are deaf, have difficulty hearing or have a speech impairment to make and receive phone calls.
- Email
Send an email to:
coles@stopline.com.au

More information about our grievance mechanisms and remediation processes is set out in Section Three of this statement.

Acknowledgment of Country

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

Coles Group endorses the Uluru Statement from the Heart and its objectives to enshrine a First Nations Voice in the Australian Constitution. Supporting the Uluru Statement from the Heart reflects our commitment to our Aboriginal and Torres Strait Islander Plan and Better Together Strategy.

Coles Group has long supported elevating the voices of Aboriginal and Torres Strait Islander peoples, and we believe this structural

reform and constitutional change is a significant step forward in creating lasting reconciliation in Australia.

Aboriginal and Torres Strait Islander peoples are advised that this report may contain names and images of people who are deceased.

All references to Indigenous and First Nations peoples in this report are intended to include Aboriginal and/or Torres Strait Islander peoples.



Front cover: Nine Mile team member Tam and Coles Ethical Sourcing Specialist Gwen at Nine Mile Orchard in regional Victoria.

A social compliance audit requested by Coles in 2019 identified that a Labour Hire provider was unable to provide payslips in accordance with work place laws. Recognising the challenges in working with third-party labour provision and the need for better controls to achieve compliance, the Management Team at Nine Mile sought to

directly hire the subcontracted workforce, including Tam. After working at Nine Mile as a labour hire worker for eight years, to be made a permanent employee, gave Tam the confidence and capability to purchase her own home.

Stories like this demonstrate impact that small changes can make on someone’s life, and we are happy to have a supply partner like Nine Mile who are committed to supporting their workforce.

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Forward-looking statements

This report contains forward-looking statements in relation to Coles Group Limited ('the Company') and its controlled entities (together 'Coles', 'Coles Group', or 'the Group'). This includes statements regarding the Group's intent, belief, goals, objectives, opinions, initiatives, commitments or current expectations with respect to the Group's business and operations, market conditions, results of operations and financial conditions, and risk management practices. Forward-looking statements can generally be identified by the use of words such as forecast, estimate, plan, will, anticipate, may, believe, should, expect, intend, outlook, guidance and other similar expressions.

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

future. The Group does not give any assurance that the assumptions will prove to be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions that could cause the actual results, performances or achievements of the Group to be materially different from the relevant statements.

Readers are cautioned not to place undue reliance on forward-looking statements. Except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking statements or to advise of any change in assumptions on which any such statement is based. Past performance cannot be relied on as a guide to future performance.

Overview

Section 1

Section 2

Section 3

Section 4

Section 5

Section 6

Appendix

# About our statement

This modern slavery statement (statement) is made by Coles Group Limited as a joint statement under the Commonwealth Modern Slavery Act 2018 (Modern Slavery Act) for the period 28 June 2021 to 26 June 2022 (the reporting period or FY22).

This statement is provided by Coles Group Limited (ACN 004 089 936) as a joint statement under the Modern Slavery Act. It covers Coles Group Limited and the additional three reporting entities:

- 1. Coles Supermarkets Australia Pty Ltd (ACN 004 189 708)
- 2. Eureka Operations Pty Ltd (trading as Coles Express) (ACN 104 811 216); and
- 3. Liquorland (Australia) Pty Ltd (ACN 007 512 414)

This statement was developed in consultation with each of the above reporting entities. Consultation also occurred with owned and controlled entities. Further information about our consultation process is set out in Section 6.

In accordance with the requirements of section 14(2)(d)(ii) of the Modern Slavery Act, this statement was approved by the Board of Coles Group Limited (Board) on 21 September 2022, and is signed by the Chairman, and Managing Director and Chief Executive Officer of Coles Group Limited.

Coles' entities take a consolidated, whole-of-group approach to ethical sourcing. As such, this statement addresses the actions taken by reporting entities within Coles Group on a consolidated basis. Unless otherwise indicated in this statement, the terms 'Coles', 'Coles Group', 'our business', 'we', 'us' and 'our' refer to Coles Group Limited and its controlled entities collectively (including all reporting entities). A list of Coles' subsidiaries is published in Coles' 2022 Annual Report.












 **2022 Coles Annual Report**

Further detail about how this statement complies with the Modern Slavery Act is included in Appendix 1.

 We welcome feedback on this statement at: [ethicalsourcing@coles.com.au](mailto:ethicalsourcing@coles.com.au)

## Table of supplier engagement case studies

We partner with our suppliers to assess and address modern slavery risks. We have included case studies throughout this statement to demonstrate how we have worked collaboratively with suppliers to drive meaningful change across our supply chain.

Case study	Page reference	Key themes
Managing COVID-19 related impacts in the shipping sector	18	 Innovation
Managing COVID-19 related impacts for our contracted security services workers	18	 Risk assessment
Reviewing modern slavery statements from key suppliers	19	 Risk assessment
Implementing a labour hire questionnaire for Australian fresh produce suppliers	23	 Risk assessment
Understanding modern slavery risks in the renewable energy industry	23	 Risk assessment
Pilot project to better understand modern slavery and broader worker risks in the gig economy sector	34	 Innovation  Worker voice
Addressing unauthorised subcontracting	34	 Risk assessment
Understanding modern slavery risks in the construction sector	35	 Risk assessment
Incorporating worker voice: direct worker reporting pilot	45	 Innovation  Worker voice

# Message from our Chairman, and Managing Director and Chief Executive Officer

At Coles, our vision is to become the most trusted retailer in Australia and grow long term shareholder value. This means acting responsibly, with integrity and importantly, safeguarding, valuing and promoting the human rights of workers in our business and supply chain.

This is our third modern slavery statement and we have made significant progress.

We invested over \$1.5m this year to support auditing of high-risk horticulture suppliers. This program supported Australian suppliers with auditing costs and also helped Coles more readily identify trends, build auditor capacity and assess audit quality. We continued to focus heavily on program governance, including monitoring supplier critical and major audit findings so that they are closed by suppliers within a reasonable time.

We worked collaboratively with our suppliers, including providing on the ground support to our Chinese based suppliers through our partnership with ELEVATE. This included activities like preparation of action plans focusing on excessive working hours on sites. We also provided coaching to many suppliers through one-on-one support and webinars, and we co-hosted an education event to lift understanding of workplace rights for horticulture workers. We continued to invest in our technology to support our program and signed a second term of our Accord with our union partners.

Throughout the year, the Board and Executive Leadership Team supported and maintained oversight of the Program, receiving regular updates on progress as well as the Board approving updated key risk indicators. Resources dedicated to our ethical sourcing compliance were further strengthened during the year.

This statement, together with our Sustainability Report, articulates the many different programs and significant work we have engaged in across this important area. Despite this progress, we know that there remains an extraordinary amount of work yet to be done.

This year's modern slavery statement transparently addresses areas of risk and opportunities for us, together with our initiatives in response. We aim to continuously improve our program and we welcome constructive dialogue with stakeholders on future action.

**James Graham AM**  
Chairman



**Steven Cain**  
Managing Director and Chief Executive Officer





# Our Ambitions and Key Achievements



## Building trust

Our goal is to build a culture of trust by being on the ground, understanding the real experiences of workers in our supply chain and supporting suppliers to strengthen their operations.

911 independent ethical audits conducted under the Ethical Sourcing Program.

In partnership with the Ethical Retail Supply Chain Accord, commissioned a white paper into accommodation standards in the Australian horticulture sector.

Held farm-worker education event in Mareeba, Queensland.



## Strengthening partnerships

Our goal is to work in partnership with our suppliers to strengthen relationships and improve working conditions for people throughout our supply chain.

Supported closure of 418 critical and 2,166 major non-conformances from audits conducted under the Ethical Sourcing Program.

Conducted a project to understand working conditions and risks of modern slavery in the gig economy.

Delivered seven training sessions for over 1,000 suppliers and team member participants on various areas of human rights.

Invested funding of \$1.5m to support Australian suppliers with audit costs and improve Coles' visibility of key trends and core issues.



## Continuous improvement

Our goal is to seek and acknowledge opportunities for improvement and constantly strive to do better – investing in resources, systems and learning from others as we go.

Undertook a review of the effectiveness of our grievance mechanisms against the UN Guiding Principles on Business and Human Rights, and further enhanced our grievance management processes.

Re-signed an Ethical Retail Supply Chain Accord with the Australian Workers Union, Transport Workers Union, and Shop, Distributive and Allied Employees Association for a further three-year term.

Invested in resources to grow our program to assess and address modern slavery risks in our procurement non-trade supply chain, such as shipping, solar and security.

Ranked the top Australian retailer by the World Benchmarking Alliance for Social Inclusion - focused on our efforts to respect human rights, provide and promote decent work, act ethically as well as six transformation-specific social inclusion indicators.

# Section 1: Our structure, operations and supply chain

## Our structure

Coles is a leading Australian retailer with annual sales revenue of over \$39.4 billion.

We provide customers with everyday products, including fresh food, groceries, household goods, liquor, and financial services through our store network and online platforms. We average 18 million transactions every week across our store network and eCommerce platforms.

Our retail brands are supported by our central support operations, including functions such as buying, warehousing, delivery, meat processing and marketing.

We are a public company listed on the Australian Stock Exchange (ASX: COL) and are headquartered in Melbourne, Victoria.

## Coles Group Limited

ACN 004 089 936

The ultimate parent of the Group is Coles Group Limited.

## Our reporting entities and brands

### Coles Supermarkets Australia Pty Ltd

ACN 004 189 708

A supermarket retailer operating 835 stores across Australia.

This entity procures, produces and retails fresh food, groceries and general merchandise to Australian consumers. It includes our Coles Online eCommerce business and Coles Financial Services.

**coles** **local**

### Liquorland (Australia) Pty Ltd

ACN 007 512 414

A liquor retailer operating 933 stores across Australia, as well as providing online liquor delivery services within Australia.

**First Choice**  
LIQUOR MARKET

**VINTAGE CELLARS**  
AUSTRALIA'S FINE WINE SPECIALIST

**LIQUORLAND**

### Eureka Operations Pty Ltd (Trading As Coles Express)

ACN 104 811 216

A convenience store operator, as well as a commission agent for retail fuel sales. This entity operates across 711 sites across Australia.

**coles**  
*express*

## Our owned or controlled entities

The Coles Group includes 39 subsidiary entities. These entities undertake a range of functions in support of Coles' businesses, including property development and management, procurement, online services, and export of food and drinks.

All subsidiary entities are incorporated in Australia, with the exception of an entity that supports Coles Group Insurance (incorporated in Singapore) and two export-related entities (incorporated in China and Hong Kong).

## Our investments

Coles holds a 50% interest in two other reporting entities under the *Modern Slavery Act* that operate outside of Coles and produce their own modern slavery statements:

### Queensland Venue Co. Pty Ltd

A joint venture between Coles Group Limited and AVC Sapphire Holdings Pty Ltd. Under this joint venture, AVC Sapphire Holdings Pty Ltd operates Hotels in Queensland, Western Australia and South Australia, and Coles (through its Liquorland business) operates the retail liquor outlets.

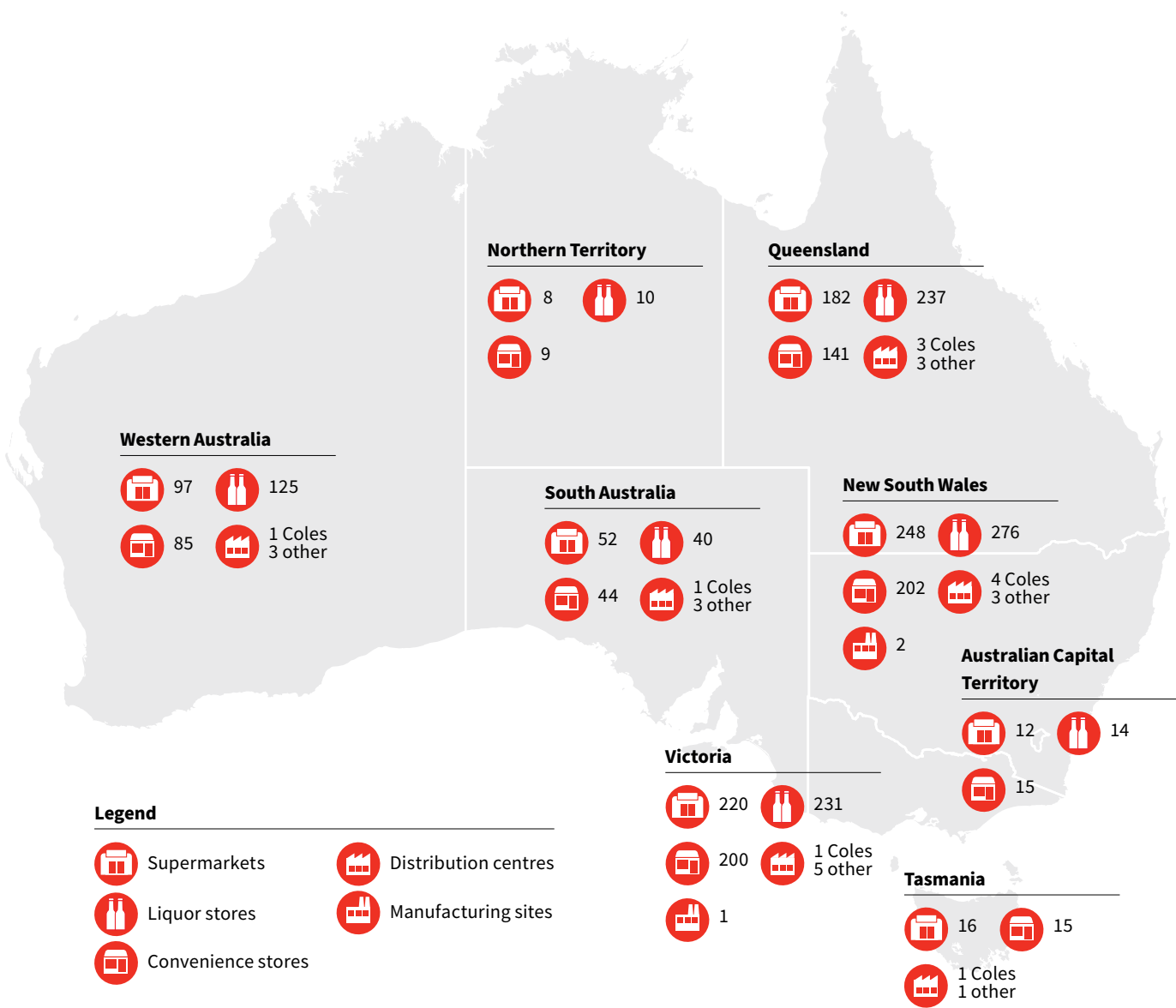
### Loyalty Pacific Pty Ltd (Flybuys)

A joint venture between Coles Group Limited and Wesfarmers Group, which operates the Flybuys loyalty program.



# Our operations

We operate stores, warehouses and manufacturing sites located across Australia.



\$39.4b  
annual sales revenue

430,000+  
direct shareholders

32%  
of our team members  
are union members<sup>1</sup>

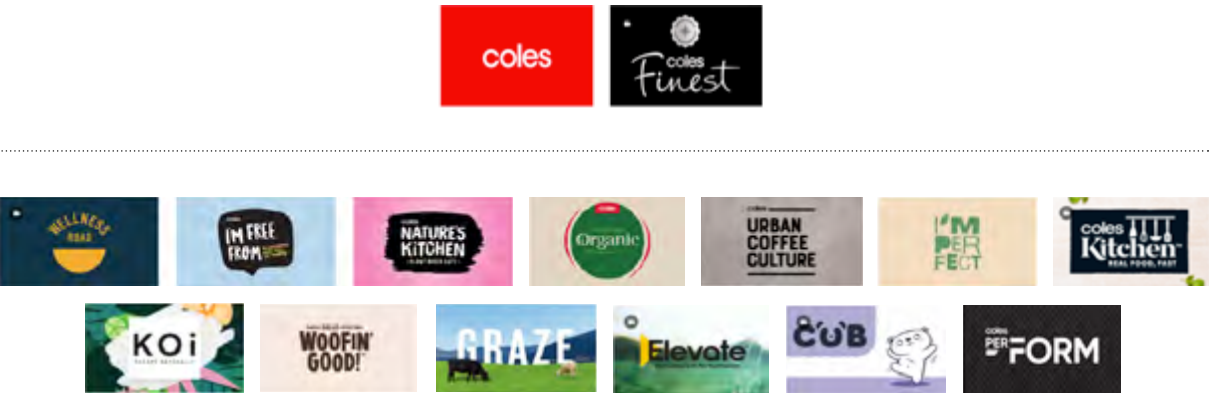
120,000+  
team members  
Including 3.2%<sup>2</sup> Indigenous  
or Torres Strait Islander  
team members

# Our brands

As part of our supermarket and liquor businesses, we manage a range of brands owned by Coles.

## Coles Supermarkets

Coles Supermarkets retails a range of its own brands (Coles Own Brand). Below is a selection of our Own Brands, which include product ranges such as coffee, sports nutrition, meats, and baby and toddler products.



## Coles Liquor

Coles Liquor retails a range of its own brands (Coles Liquor Own Brand). A selection of our brands that include wine, beer and spirit products are:



3.4%  
of our team  
members identify as  
having a disability<sup>2</sup>

64,425  
team members  
identify as female

63,858  
team members  
identify as male

543  
team members  
identify as  
gender diverse  
or chose not to  
nominate

9.3%  
team members who  
identify as being  
part of the  
LGBTQI+  
community<sup>2</sup>

Our team  
members are:

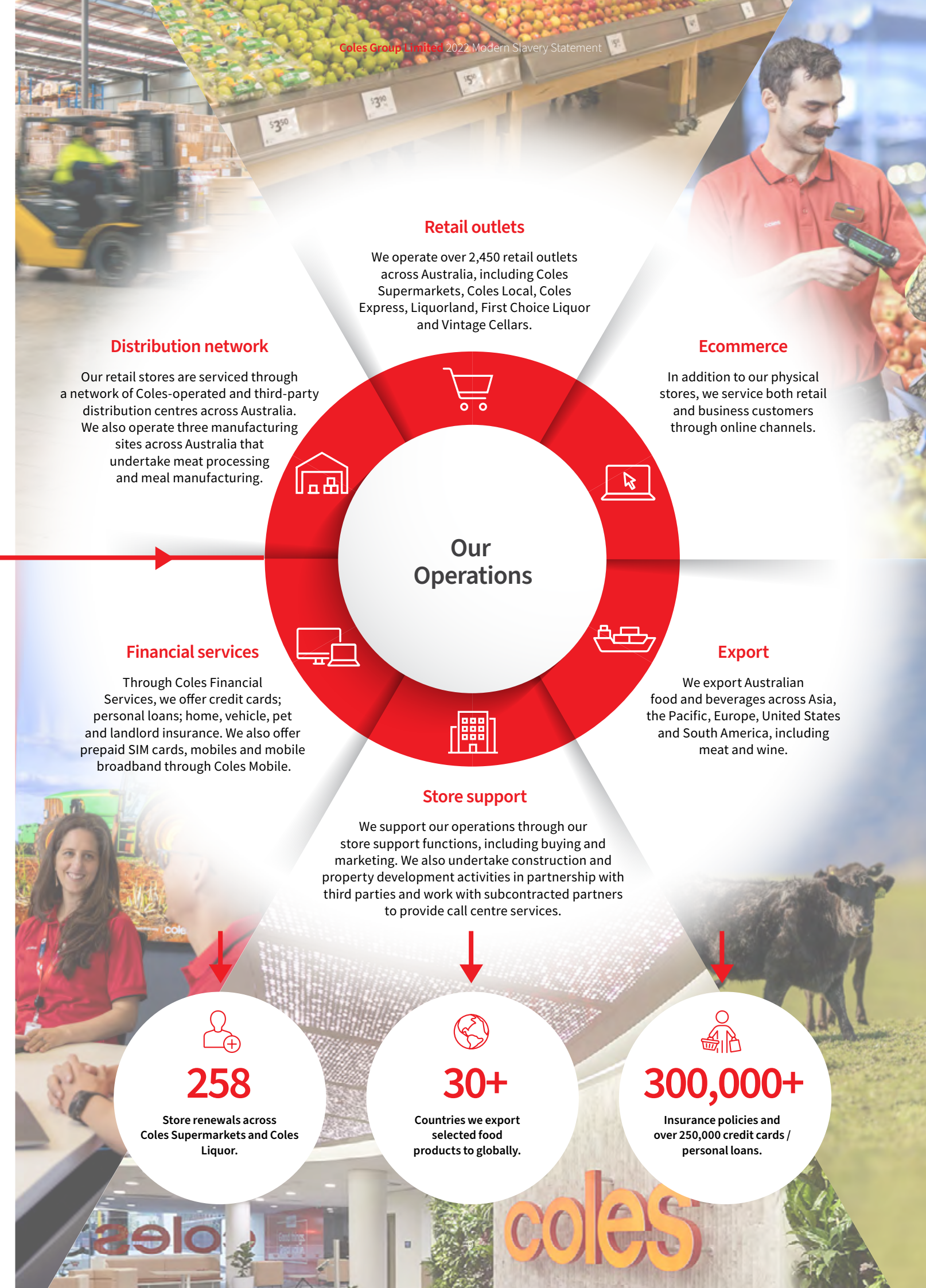
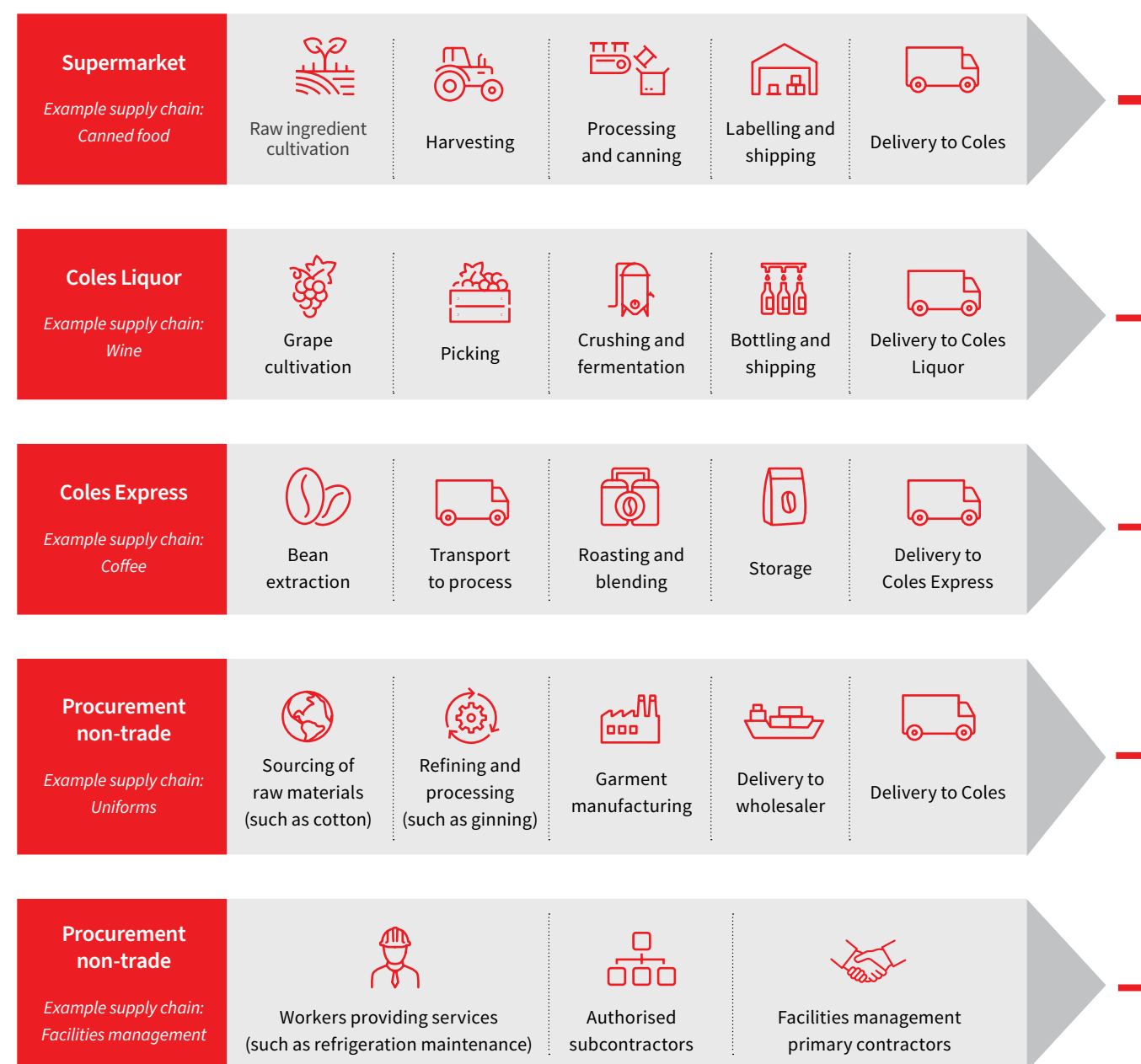
- Permanent Full time: 24,022
- Permanent Part time: 50,177
- Casual: 53,588
- Fixed term: 1,039

<sup>1</sup> Approximation based on instances where union fees are paid directly out of workers' wages.  
<sup>2</sup> Based on results of our May 2022 MySay engagement survey, which was responded to by 72% of team members.

## Understanding our value chain

Our sourcing of products and services often involves multiple suppliers, or tiers of the supply chain. A tier one supplier has a direct relationship with Coles; whereas, a tier two supplier (or below) will generally service a tier one supplier.

The following examples illustrate the complexity and variety of our supply chain, including the different stages of our supply chain below tier one.





# Our supply chain

Our supply chain is large and complex, and includes a diverse range of suppliers. During the reporting period, our total supplier spend was over \$31 billion across over 8,000 direct suppliers.<sup>3</sup>

Our supply chain can be broken up into two general categories.

### Goods for resale

**Overview:**  
We procure an extensive range of goods for resale from over 4,000 direct suppliers. Goods for resale include those from proprietary suppliers labelled with a trademark not owned by Coles, as well as goods from suppliers who produce Coles Own Brands or Coles Liquor Own Brands. In FY22, more than 96% of fresh produce, by volume, was sourced from suppliers all over Australia.<sup>4</sup>

**Key procurement categories and examples:**

<b>Grocery:</b> Sauces, rice, pasta, canned foods, confectionery, tea, coffee.	<b>Fresh produce:</b> Fresh fruit, nuts, vegetables.
<b>Health and home:</b> Beauty products, cleaning products, clothing, self-care, homewares.	<b>Bakery, deli and seafood:</b> Breads, processed meats, fresh, frozen fish.
<b>Dairy, freezer and convenience:</b> Cheese, milk, frozen vegetables, ready to eat meals, salads.	<b>Express convenience:</b> Convenience items, hot coffee, grocery essentials, soft drink, confectionery.
<b>Meat:</b> Fresh meat, value added meat.	<b>Liquor:</b> Wine, beer, spirits.

### Procurement non-trade

**Overview:**  
To support our operations, we procure an extensive range of goods and services not for resale from over 4,000 direct suppliers. These are non-tradeable goods and services we use to support the running of our stores and support functions.

**Key procurement categories and examples:**

<b>Store operations:</b> Utilities, gloves, maintenance, installation services.	<b>Capital:</b> Store infrastructure, installation services.
<b>Technology:</b> Hardware, software and services related to technology.	<b>Indirect and marketing:</b> Marketing, print and media services, uniforms, packaging materials.
<b>Supply chain:</b> Logistics, warehousing, transport services.	<b>Property and construction:</b> Property construction, management and development.

3 Supplier means a business that Coles has made a payment to in the relevant financial year – including recurrent suppliers, and those Coles may only have paid once. It excludes payments made to providers under Coles’ workers compensation program.  
4 Excluding floral, nuts, dried fruit, sauces, dressings and packaged salads.

# Section 2: Identifying our modern slavery risks

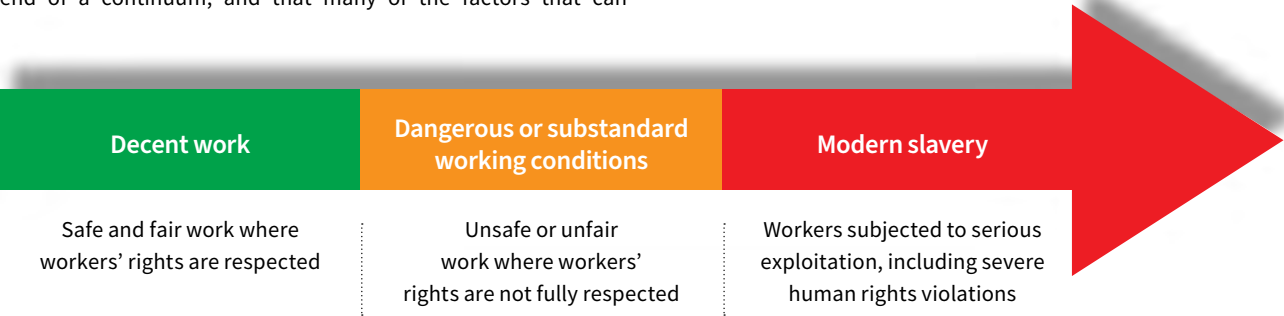
We recognise modern slavery cannot be addressed in isolation from other human rights issues. That is why we integrate modern slavery risk management with our broader work to protect and respect human rights, including through our Ethical Sourcing Program.

### Taking an integrated approach

The Australian Government defines modern slavery as situations of ‘serious exploitation’, where ‘coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom.’<sup>5</sup>  
We understand that modern slavery occurs at the most serious end of a continuum, and that many of the factors that can

contribute to modern slavery may also drive dangerous or substandard working conditions. In some circumstances, situations of dangerous or substandard working conditions can escalate into modern slavery if not addressed, or can be indicators that modern slavery may be occurring.

This continuum helps us understand our modern slavery risks by showing the relationship between modern slavery and other comparatively less serious forms of exploitation. It highlights the importance of taking a holistic approach to addressing actual and potential human rights impacts rather than focusing on modern slavery in isolation. This includes by recognising common vulnerabilities and drivers of exploitation.



We are continually working to integrate our actions to identify and manage modern slavery risks with our work to manage broader labour rights issues and human rights challenges.  
Importantly, integrating our response to modern slavery with our work to respect and protect human rights aligns with our Human Rights Strategy. Our strategy outlines our commitment to respecting human rights across everything we do and sets out nine key human rights focus areas to guide our response.

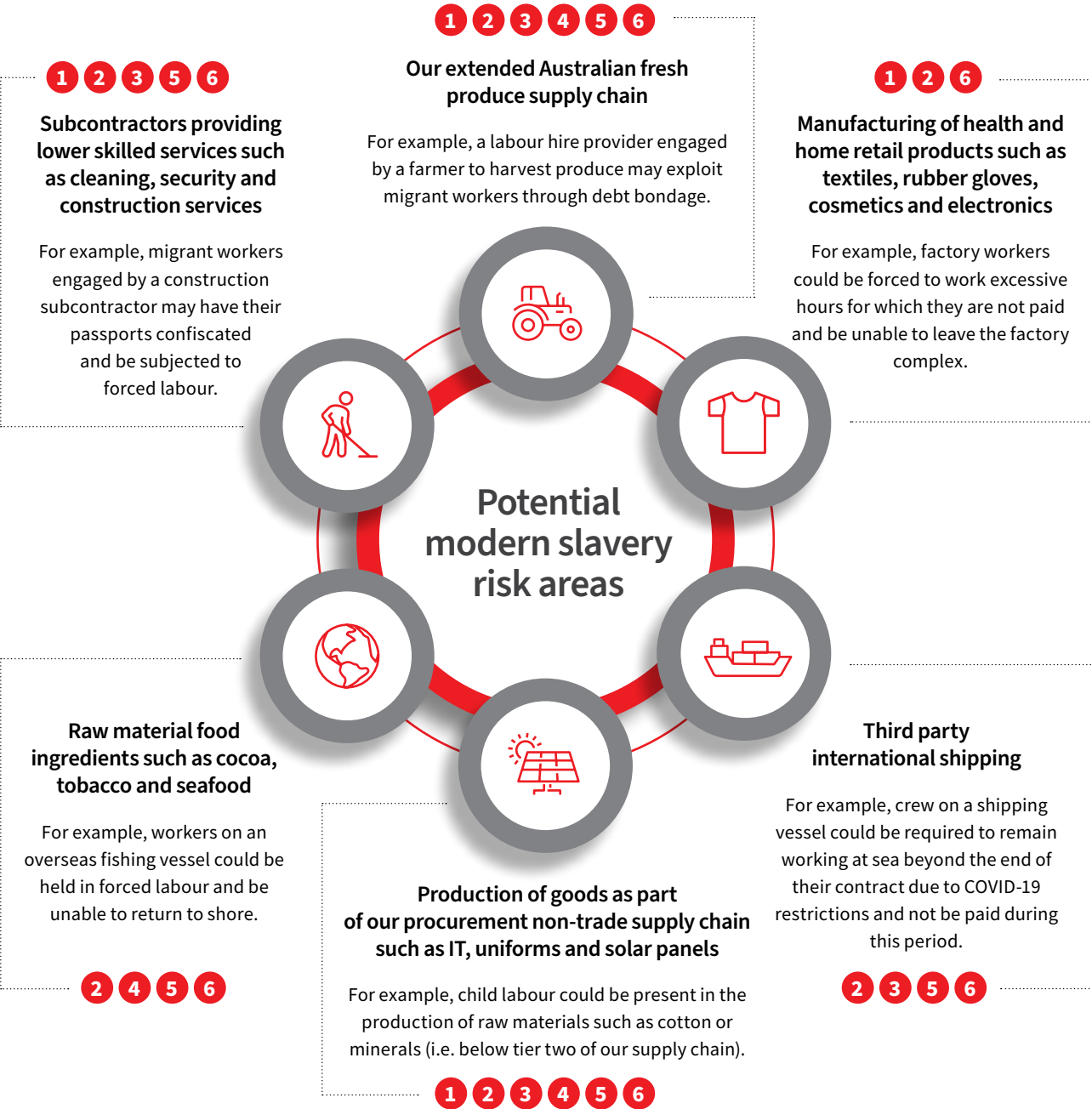
Right to protection of privacy	Right to dignity and justice
Right to legal remedy for violation of rights	Freedom from discrimination and harassment in employment
Right to enjoy just and favourable conditions of work	Right to safety
Right to health (physical and mental)	Right to decent work
Freedom from discrimination on the basis of protected attributes	

5 The Australian Government guidance for reporting entities can be found here: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf> (page 8)

Understanding our risk profile

As a large business with diverse operations and supply chain, we recognise that our modern slavery risk profile is not static and will continue to evolve over time. We assess our modern slavery risks in our operations and supply chain using a variety of tools and resources, and consider geographic, sector, product and supplier-specific risk factors.

The following are examples of potential risk areas which could occur across Coles operations and supply chain and then the tools we use to identify and address any potential areas of concern.



Tools we use to identify potential modern slavery risk areas

- 1 Our Ethical Sourcing Program**, including supplier audit results.

**4 Reviewing the modern slavery statements of key suppliers**, to inform our understanding of their risks.
- 2 Utilising tools and databases**, including Dow Jones Risk and Compliance, Fair Farms, SAP Ariba, and Sedex.

**5 Collaboration with partners**, such as supporting research into accommodation conditions for horticulture workers.
- 3 Specific risk-assessment activities**, such as labour hire questionnaires for our fresh produce suppliers.

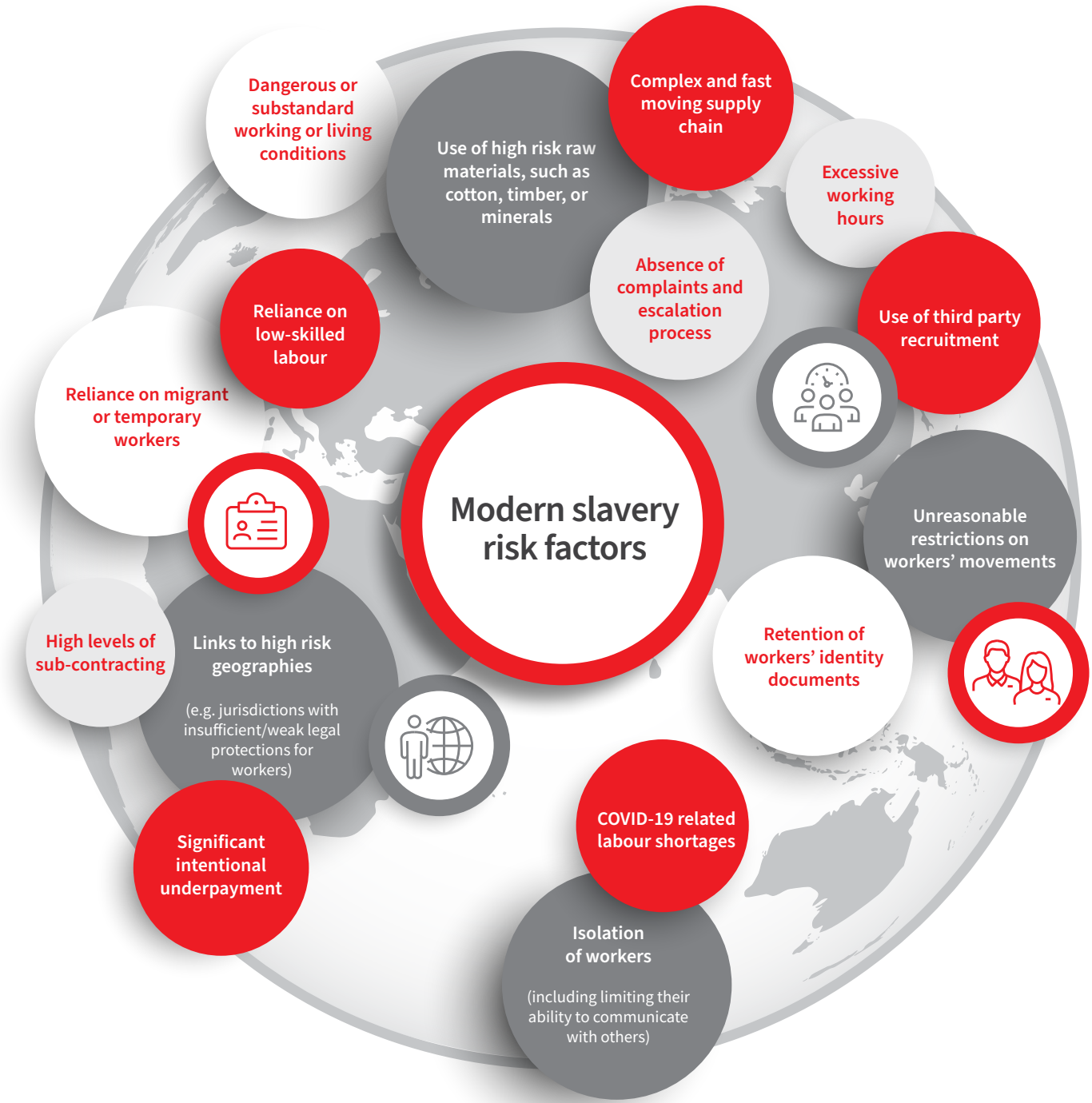
**6 Monitoring key government and NGO reporting** on modern slavery trends, including on known regional and product risks.

Our modern slavery risk profile is shaped by a range of modern slavery risk factors.

The following graphic identifies selected modern slavery risk factors that we have drawn on to understand where modern slavery risks may be present in our operations and supply chain.

The presence of one or more of these risk factors may indicate an increased vulnerability to modern slavery, but does not necessarily mean modern slavery is occurring.

Based on the controls detailed throughout this document, we believe the risk of modern slavery in our own operations to be low.



Addressing risk in our operations

An investigation conducted by the Fair Work Ombudsman in 2011, highlighted the presence of significant risks pertaining to worker underpayments in the trolley collection industry. In the years following this investigation, and in recognition of the inherent risks in both the trolley collection and cleaning sectors, Coles embarked on a significant project to bring the majority of cleaning and trolley collection activities in-house. Coles now proudly employs over

7,000 team members to perform these activities across our Supermarkets business. For the small portion of cleaning and trolley collection that remains outsourced, Coles conducts audits to assess compliance by tier one and tier two suppliers. In FY22, Coles commissioned an audit of selected trolley collection subcontractors. Regular audits are conducted across cleaning and trolley collection in order to work with our suppliers to manage compliance in these industry.



UN Guiding Principles on Business and Human Rights (UNGPs)

We draw on the UNGPs to understand our modern slavery risks. The UNGPs are the authoritative global standard for addressing modern slavery and other human rights harms associated with business activities.

The Australian Government also recommends that businesses draw on the UNGPs to explain their modern slavery risks in their statements.

The UNGPs explain that businesses can be at risk of being involved in modern slavery and other human rights harm in three ways: by causing, contributing to, or being directly linked to the harm.

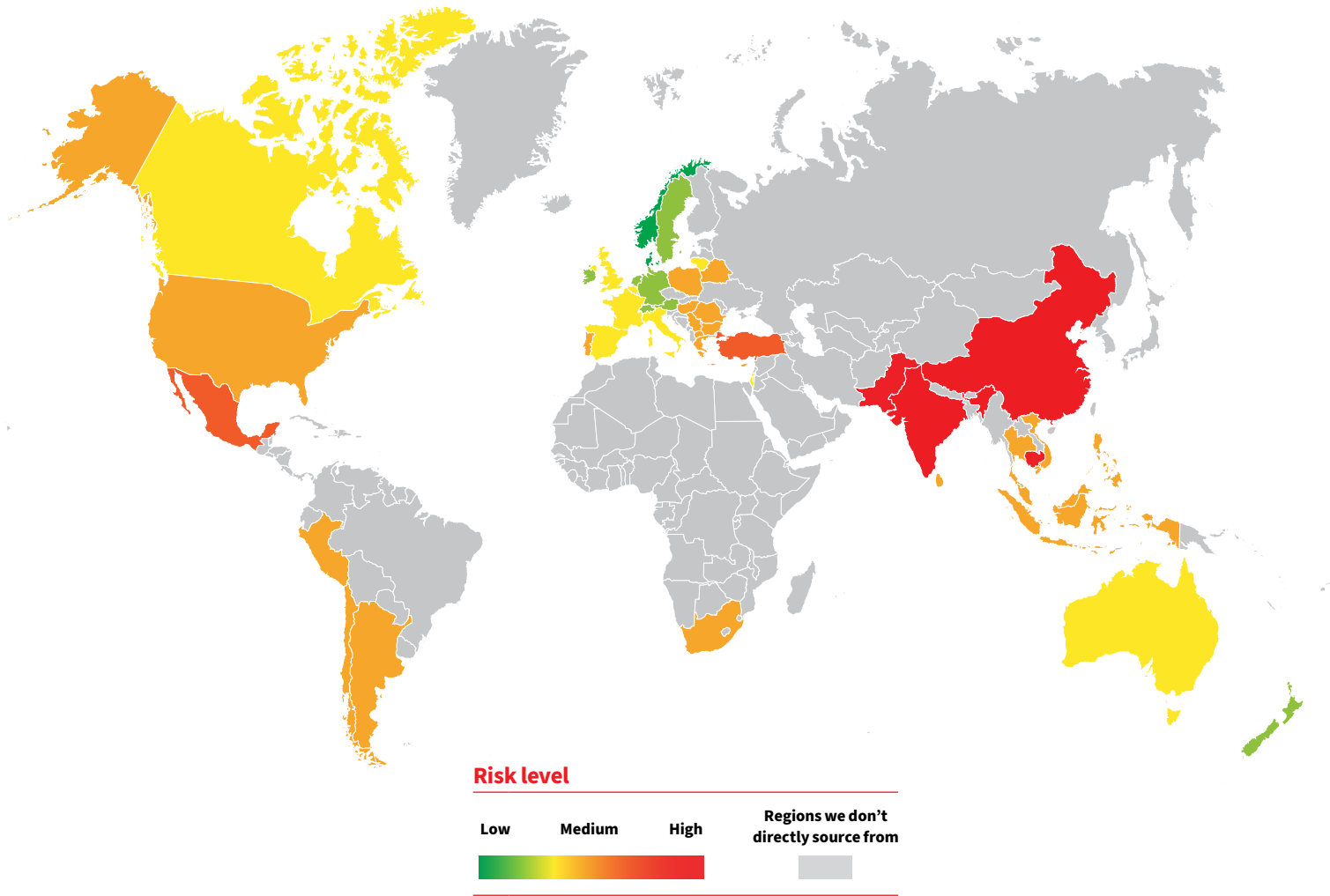
Cause	<p>A business may cause modern slavery or other human rights harm where its actions directly result in modern slavery occurring.</p>	<p>Retail companies could <b>cause</b> modern slavery in limited circumstances. For example, a retailer who employs young workers could potentially subject them to hazardous work.</p> <p>We employ a number of junior workers; however, we have specific internal procedures and controls to protect them from harm. We consider we have taken steps to mitigate any potential risk that we could cause through our engagement of junior team members, through work practices and applied minimum working standards.</p>
Contribute	<p>A business may contribute to modern slavery or other human rights harm where its actions or omissions facilitate or incentivise modern slavery.</p>	<p>Retail companies could <b>contribute</b> to modern slavery in a range of ways. This could include situations where impractical expectations for supplier delivery timeframes and cost reductions incentivise suppliers to engage in modern slavery, or where a retail company disregards evidence a supplier is engaged in modern slavery.</p> <p>We take a wide range of steps to manage modern slavery risks in our supply chain and consider these steps help to mitigate the risk that we might contribute to modern slavery.</p>
Directly linked	<p>A business may be directly linked to modern slavery through its services, products or operations. This includes situations where modern slavery may occur in businesses' extended supply chain.</p>	<p>In our view, our greatest exposure to modern slavery risks is through our extended supply chain. We procure a wide variety of goods and services, including for resale and not for resale.</p> <p>In line with the UNGPs, we aim to use our partnerships to drive collaborative action with suppliers to manage these risks. More information about our work with suppliers is set out in case studies throughout this statement.</p>



Coles team member Amy with Steve Pergoliti, who owns and runs Harvey Citrus with his family at Harvey, Western Australia. Harvey Citrus is a long-standing citrus supplier to Coles.



Our exposure to geographic modern slavery risks



Modern slavery risks can vary by country due to geographic risk factors. For example, countries with poor rule of law, large migrant worker populations or weak workplace laws can have a comparatively higher prevalence of modern slavery.

We manage over 1,900 direct and indirect suppliers under our Ethical Sourcing Program. While most of these sites are in Australia, other sites are spread across 46 countries.

This map illustrates suppliers in-scope of Coles' Ethical Sourcing Program and their corresponding inherent geographic risk rating.

Inherent risk is used in conjunction with site specific information to produce an individual site risk rating. Individual risk ratings could be higher or lower than the inherent geographic risk. We have determined the risks of modern slavery in our key sourcing countries based on Coles' approach to modern slavery risk, which incorporates external inputs including Sedex.

Inherent risk takes into account various risks including:

- forced labour
- freedom of association
- health and safety
- children and young workers
- wages
- working hours
- discrimination
- gender
- regular employment
- labour standards
- business ethics
- biodiversity
- energy and emissions
- waste and pollution
- water
- environment

We also publish the factory names and locations for Coles Own Brand apparel merchandise suppliers on our [website](#) (these factories are included in the Health and Home numbers in the following tables).

	Inherent risk score	Bakery, deli, seafood	Coles Express	Dairy, frozen & convenience	Fresh produce	Grocery	Health and Home	Liquor	Meat	Procurement non-trade	Total
Europe											
Austria		-	-	1	-	-	-	-	-	-	1
Belgium		3	-	3	-	6	2	-	-	-	14
Bulgaria		-	-	-	-	-	1	-	-	-	1
Cyprus		-	-	1	-	-	-	-	-	-	1
Denmark		1	-	3	-	-	-	-	-	1	5
France		6	-	1	-	3	-	5	-	-	15
Germany		2	-	1	-	8	3	1	-	-	15
Greece		1	-	1	-	2	-	-	-	-	4
Hungary		-	-	-	-	1	-	-	-	-	1
Ireland, Republic Of		3	-	-	-	-	-	-	-	-	3
Italy		8	-	5	-	25	1	3	-	-	42
Lithuania		-	-	-	-	1	-	-	-	-	1
Netherlands		4	-	3	-	3	-	-	-	-	10
North Macedonia		-	-	1	-	-	-	-	-	-	1
Norway		-	-	1	-	-	-	-	-	-	1
Poland		1	-	-	-	3	1	-	-	-	5
Portugal		1	-	-	-	-	-	-	-	-	1
Romania		-	-	-	-	1	-	-	-	-	1
Serbia		-	-	1	-	-	-	-	-	-	1
Spain		1	-	3	-	4	3	2	-	-	13
Sweden		-	-	-	-	-	-	-	-	1	1
Switzerland		1	-	-	-	2	-	-	-	1	4
Turkey		-	-	-	-	1	1	-	-	-	2
United Kingdom		6	-	4	-	6	1	2	-	-	19
South America											
Argentina		-	-	-	-	-	-	1	-	-	1
Chile		-	-	3	-	-	-	-	-	-	3
Peru		-	-	-	-	1	-	-	-	-	1
Africa											
South Africa		1	-	-	-	1	-	-	-	-	2
North America											
Canada		3	-	1	-	3	-	-	-	-	7
Mexico		-	-	-	8	1	-	-	-	-	9
United States		-	-	-	20	8	-	1	-	-	29
Asia											
Cambodia		-	-	-	-	-	1	-	-	-	1
China		4	-	2	-	18	174	-	-	22	220
Hong Kong		-	-	-	-	1	-	-	-	-	1
India		-	-	1	-	11	13	-	-	-	25
Indonesia		-	-	-	-	2	1	-	-	-	3
Israel		-	-	-	4	-	-	-	-	-	4
Malaysia		-	-	-	1	4	5	-	-	1	11
Pakistan		-	-	-	-	1	-	-	-	-	1
Philippines		-	-	-	-	1	-	-	-	-	1
Singapore		-	-	-	-	1	-	-	-	2	2
Sri Lanka		-	-	-	1	-	3	-	-	-	4
Taiwan		1	-	-	-	1	-	-	-	1	3
Thailand		2	-	-	2	19	4	-	-	-	27
Vietnam		5	-	5	3	1	4	1	-	-	19
Oceania											
Australia		104	11	110	835	109	55	22	58	60	1364
New Zealand		6	-	-	40	9	1	2	-	-	58
Global											
Total		164	11	151	914	258	274	40	58	88	1958

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Managing modern slavery risks linked to COVID-19



The immediate and long-term consequences of COVID-19 continued to impact our modern slavery risk profile in FY22. COVID-19 has affected workers’ rights across the global supply chain, including by increasing workers' vulnerability to modern slavery.

International shipping sector	<p>The shipping sector is a key component of our import and export supply chain and has been particularly impacted by the COVID-19 pandemic. For example, restrictions on shore leave and movement of seafarers from vessels has resulted in seafarers remaining on vessels beyond their contract expiry.</p>
	<p>In FY21, Coles and our largest international shipping provider, Mediterranean Shipping Company SA (MSC), agreed to include specific clauses in a commercial contract related to the wellbeing of seafarers with a focus on human rights and modern slavery risks arising from the pandemic. We also embarked on a pilot project with MSC to track how human rights-related contractual compliance obligations are being implemented in relation to the vessels used to transport Coles’ shipments. This is the first agreement of its kind between MSC and a customer. Out of more than 200 vessels used for Coles' shipments across different international trade lines in the contract period, MSC was able to track and report on 24 vessels carrying 842 seafarers on board.</p>
	<p>Initial results from the pilot project revealed there continue to be COVID-related challenges. For example, in some instances seafarers’ shore leave was not permitted due to different country ports’ COVID safety requirements resulting in two seafarers having to stay longer than 11 months on board the ship, which was handled by requesting ad hoc flag states’ permission. Additional measures, such as providing an increase in free internet access during the restricted shore leave period, were provided to alleviate seafarers’ distance from their families and support prevention of potential mental health issues.</p>
	<p>Working with MSC on this pilot project has further highlighted the value of building strong relationships with key suppliers to unlock opportunities for leadership and collaboration. We are working to share key learnings from this process with our peers and other stakeholders, including through engagement with the Institute for Human Rights and Business – Responsible Shipping Dialogue.</p>
Contracted security services	<p>Importantly, one of the drivers for this project was information received from trade unions about working conditions for seafarers during the pandemic. We will continue to engage with trade unions going forward to inform our ongoing work in this area.</p>
	<p>The security services sector can involve a range of potential risks relating to worker exploitation, including modern slavery. During the COVID-19 pandemic, there was a significant increase in the demand for security services in a number of industries including retail. This rapid and significant rise in demand may have increased modern slavery risks in the security sector.</p>
	<p>We have worked closely with our security service providers to manage potential modern slavery risks linked to COVID-19. As outlined in our FY21 statement, we commenced a review of our major security service providers including wage and subcontracting compliance. This review was undertaken by Coles’ internal social compliance auditor.</p>
	<p>The review included an evaluation of our two major security contractors providing store-based security services across 223 of our supermarkets and liquor stores, as well as the security provider for our central and state store support offices. We focused on several areas, including verifying the identity of workers and subcontracted workers at selected sites, confirming the correct payment of wages and entitlements, and assessing working hours.</p>
	<p>The review concluded in FY22 and has further informed our understanding of how the risks of worker exploitation may vary within sectors such as security, which is identified as inherently high risk. For example, no issues were identified in relation to the security provider for our store support offices, which were less impacted by the increased demand for security services compared to store-based security providers. The review did not identify instances of modern slavery but did find other instances of labour-related non-compliances which Coles worked with the suppliers to address.</p>
	<p>Following the review, we are continuing to engage with our security providers to address key challenges, such as improving visibility of subcontractors’ payslips. We also drew on learnings from this review to inform a new security tender commenced during the reporting period. Among other things, we now require tender participants to ensure all proposed subcontractors have a contractual requirement to share security guard wage information with Coles and/or an independent audit body. This includes information such as rosters, right to work verification, payslips, remittance and superannuation payment confirmation.</p>

Furthering our understanding of modern slavery risks below tier one of our supply chain

The complex and fast-moving supply chain used in the food and grocery sector means that modern slavery risks may occur below tier one of the supply chain. Visibility and transparency into operations below tier one can present challenges. Coles continues to work closely with our direct tier one suppliers to maintain and expand visibility in tiers two and below of our supply chain.

While we have already mapped several areas of our supply chain to tier two, we are working to further build our understanding of potential modern slavery risk areas deeper into our supply chain, including by working with suppliers and other stakeholders.

 <p>Action in focus</p> <p>Reviewing modern slavery statements from key suppliers</p> <p>Our suppliers’ modern slavery statements can provide information that assists us to enhance our understanding of possible modern slavery risk areas in our supply chain and steps taken by suppliers to manage these risks.</p>	<p>In our last statement, we reported that we reviewed statements from our top 20 suppliers of goods for resale and top 20 procurement non-trade suppliers (by spend), which included sectors such as consultancy, tobacco, beverages, beauty and personal care. We found the quality of statements varied significantly and that in a number of cases statements did not describe modern slavery risks. This accords with the findings of published third party reviews of statements and we are exploring opportunities to engage with our suppliers about the content of their statements.</p>	<p>In FY22, our review of statements identified some inconsistencies with supplier modern slavery statements compared with other public reports available for parent companies in different jurisdictions. We subsequently drew on the outcomes of this review to inform targeted engagement with specific suppliers about their modern slavery risk management and continue to work with them to ensure more robust and transparent reporting for future statements.</p>
	<p>To help Coles better understand risks in its meat processing supply chain, during FY22 we partnered with a key supplier in the industry to conduct a review of their processes to manage modern slavery risks. The review involved an exercise to map the supplier’s meat processing supply chain, its labour sourcing model and the management controls the supplier had in place to safeguard human rights which also included interviews with their management team.</p>	<p>As an outcome, we identified an opportunity to capacity build and support our suppliers in the meat processing sector to understand how they can better identify, address and assess modern slavery risks in their industry.</p>
 <p>Action in focus</p> <p>Expansion of Ethical Sourcing Program scope in meat</p> <p>Media reports have highlighted risks associated with the Australian meat processing industry. This sector is known to rely on high levels of labour hire workers recruited from overseas and often involves low-wage labour and a migrant workforce, who can be more vulnerable to exploitation.</p>	<p>The review found that the supplier’s policies were several years old and not publicly available. Coles was, therefore, unable to properly assess the supplier’s governance processes to determine their effectiveness. Coles also identified a gap in understanding of reporting requirements of the Modern Slavery Act.</p>	<p>We will continue to work with our suppliers in the meat industry to share best practice initiatives and provide feedback on areas of improvement.</p>

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Action in focus

Ethical Retail Supply Chain Accord (ERSCA) research project into accommodation conditions for Australian horticultural workers in Australia

Parliamentary inquiries, media reporting, civil society and other third-party investigations have highlighted concerns around the standard of accommodation provided to seasonal workers in the Australian horticulture sector.

For example, a recent civil society study evaluated the modern slavery responses of 30 companies in the horticulture sector. It found that only one in three companies were taking steps to ensure health and safety standards were met in the workplace and for workers' accommodation.<sup>6</sup>

Poor accommodation for workers can be a modern slavery risk indicator. It undermines workers' rights to be treated with dignity and respect, and to have access to an adequate standard of living. However, to date, there has been minimal research into the practices associated with the provision of accommodation to seasonal workers by employers and their agents.

Research approach

In FY22, Coles, with its partners in the ERSCA, commissioned Deloitte to research accommodation practices in the Australian horticulture supply chain.

This research included fieldwork visits to agricultural communities in Devonport in Tasmania and Bundaberg in Queensland, in March 2022, to engage with workers, growers, accommodation providers and community advocates. The research was also informed by interviews and focus groups with industry practitioners, as well as a literature review and economic analysis.

In total, the research included engagement with:

21	seasonal workers from Australia and the Pacific
3	current or former union representatives
5	community members and advocates
7	academics
3	government policymakers
4	industry peak body representatives
12	employers and growers
8	accommodation providers

Key findings include:

- Workers can have few options and little agency over their accommodation due to housing shortages, the seasonal nature of horticulture work, arrangements between industry stakeholders and differing visa conditions. This can leave workers disempowered and vulnerable to exploitation.
- There are acute accommodation shortages across horticulture regions, which have been further exacerbated by COVID-19.
- Workers' experience and vulnerabilities vary across the seasonal worker cohort and may be affected by specific visa requirements, combined with worker demographics.
- Horticulture workers can be housed in a variety of accommodation types, including share houses, purpose-built accommodation, working hostels, farm-based accommodation, and caravans. No one model of accommodation had better standards than others and amenities varied considerably.
- Overcrowding in accommodation is common.
- Significant penalties can exist for infringing 'house rules', such as consuming alcohol or having visitors .
- The costs of compliance associated with hiring a seasonal workforce are often passed onto workers, which can result in exorbitant rents and deductions.
- The process for determining rental costs can be unclear to workers.
- Limited monitoring against existing standards, including by regulators, can create an uneven playing field in the market.
- Workers may have little recourse in practice if they feel they are treated unfairly, and poor levels of trust and communication across the sector means problems may not be resolved effectively.
- Workers' accommodation experiences are shaped by a complex web of stakeholders with varying degrees of power and influence. This includes growers, labour hire contractors, accommodation providers, retailers, regulatory agencies, non-profit organisations and the local community.

Next steps

The research recommends action across various stakeholder groups including industry, suppliers, government and retailers. Coles will work with the ERSCA to engage with these stakeholders during FY23 to discuss these recommendations.

This research has enhanced our understanding of modern slavery risk factors in horticulture beyond our current tier one and tier two visibility, and has identified opportunities across various stakeholder groups to influence the improvement of accommodation conditions for workers.

As highlighted by the research, we recognise that collaborative, multi-stakeholder action is key to improving accommodation standards.

We are also drawing on findings of this research to inform a review of our current [Ethical Sourcing Worker Accommodation Standard](#).

6 Paper Promises: Evaluating the early impact of Australia's Modern Slavery Act, p 43.





Action in focus

Expansion of Ethical Sourcing Program Scope in seafood

We aim to work with our suppliers to build our understanding of their operations and supply chain, and help identify opportunities to share key learnings and good practice that may assist other suppliers.

The seafood industry has faced allegations of unethical practices and human rights violations. High rates of migrant labour and a lack of independent verification, or due diligence of practices on vessels, create a risk of modern slavery in this sector, particularly in international waters.

Recognising these risks, in FY22, more than 72% of Coles fresh and frozen seafood in deli, by volume, was sourced from suppliers all over Australia.

An example of risk mitigation and good practice within Coles' supply chain is with one of Coles' strategic suppliers of fresh and frozen prawns, Sea Harvest Australia. During FY22, Coles undertook a review of Sea Harvest Australia's practices. Coles identified the supplier has direct ownership and visibility into all shipping vessels (including their crews), management systems, policies and processes.

Prior to boarding vessels, Sea Harvest Australia runs a safety and operational meeting to ensure all updates are communicated. Once at sea, the team is contacted daily for operational reports and the crew has contact with the land-based team at all times, helping to support effective communication of grievances.

The vessels run on a small crews, who works shifts to assist with on-board safety, but at any time if crew request to return to land, the request must be complied with. These practices reflect further additional land-based ethical activities and support the inviting culture demonstrated by the retention of staff.

Coles plans to continue conducting reviews into the various seafood commodities and their unique sourcing procedures to ensure Coles partners meet the requirements set by the Coles Ethical Sourcing Program.

Group Ethical Sourcing Manager, Aaron, visits supplier Sea Harvest in Carnarvon, Western Australia. Conducting an onsite assessment and tour of their fishing vessels and facilities.



Action in focus

Labour hire questionnaire for Australian fresh produce suppliers to assess risks below tier one of our supply chain

The use of labour hire intermediaries in the horticulture supply chain is a risk factor for exploitation, potentially including modern slavery. Complaints through our grievance mechanisms, parliamentary inquiries and third-party reporting have highlighted this risk.

The use of labour hire intermediaries often occurs at tier three, or below, of our supply chain, which can limit our visibility of the providers involved.

During the reporting period, we introduced labour hire reporting requirements for all Australian fresh produce suppliers covered by our Ethical Sourcing Program. The information collected through the survey has enabled us to start a record of labour hire providers used in our extended supply chain, and further assess potential modern slavery risks. For example, if an investigation at a supplier's site identifies compliance issues with a labour hire provider, we have source information to identify if that same labour hire provider is being used at other sites.

The survey also asks suppliers what processes they have in place to monitor their labour hire providers. We require our suppliers to establish these monitoring processes under our Ethical Sourcing Program to assist in providing oversight over labour hire provider practices.

Based on the results collected to date, some suppliers have reported that they do not have any system in place to monitor their labour hire providers' compliance with law. We have, however, also identified some best practice examples that can be used to promote what good practice looks like. For example, one supplier noted that they regularly sample their labour hire providers' employees' payslips and time sheets and reconcile them with the labour hire provider's records. Others reported they randomly check worker payslips and verbally confirm with workers that they are paid and treated fairly.

The survey identified strong awareness of the importance of labour hire employees having access to effective grievance mechanisms and documenting how these are promoted and available to report any issues.

The survey is ongoing, and its outcome will also help inform a review of our current [Third-Party Labour Providers Guidance document](#).



Action in focus

Engaging with suppliers to understand modern slavery risks in the renewable energy industry

The global transition to renewable energy has highlighted new areas of modern slavery risk, including in relation to the raw materials used in solar panels and batteries.

We have been actively working to assess and address these risks through our procurement practices.

In FY22, Coles' Ethical Sourcing, Energy and Procurement teams engaged with a key renewable energy supplier and their prospective solar panel manufacturers to understand how these suppliers are working to manage modern slavery risks in the solar sector. Based on this engagement, we were able to work with our direct supplier to select a preferred solar panel provider.

We have required the direct supplier, their primary panel provider and the manufacturer to join Sedex. We then required an audit of the manufacturing site based in China. As an additional measure, the supplier declared in writing that the polysilicon in the solar panels is not sourced from regions where state sponsored forced labour may be used.

Our engagement with specific suppliers in this area has helped us better understand the key challenges in assessing and addressing modern slavery risks in the solar sector.

We also recognise the potential modern slavery and broader human rights risks associated with the sourcing of minerals used in batteries, such as cobalt.

These challenges include sourcing raw materials (outside of regions with state-forced bonded labour or child labour concerns), driving action beyond tier one of supply where Coles does not have direct relationships or clear visibility of the supply chain, whilst also trying to address excessive working hours in the manufacturing facilities due to the significant increase in global demand for products in the renewable energy sector.

Improving traceability of polysilicon and other raw materials, such as minerals used in batteries, is complex and we are continuing to explore options to address these challenges.



# Section 3:

## Our actions to manage our modern slavery risks



## Our governance structure and policies

Our governance structure and policies provide the foundation for our response to modern slavery and broader human rights risks. They help ensure that responsibility for managing modern slavery risks is clearly defined across our business and assists us in taking a consistent and coordinated approach.

During the reporting period, the Coles Board actively oversaw our response to modern slavery risks, including through quarterly reports and briefings on the performance and progress of our Ethical Sourcing Program, and risk appetite performance at each Audit and Risk Committee meeting. This engagement provided an important opportunity to critically evaluate and oversee our modern slavery risk management.

### Our governance structure

We have established a robust governance structure to oversee the management of modern slavery risks across our operations and supply chain, which was in operation during FY22.





The following table highlights key Coles policies that govern our response to potential modern slavery risk. We understand that in order to meet our corporate responsibility to respect human rights, Coles must have effective policies, appropriate to the size and operations of the company. In line with the UNGPs, Coles has a **Human Rights Strategy** in place that outlines its commitment to respecting human rights. The strategy is approved by the Coles Board and is informed by both internal and external expertise. Coles also has a number of operational policies and procedures that help to embed this commitment throughout the business.

Our policies		
Policy title	How this policy is relevant to modern slavery	How we implement this policy
Human Rights Strategy	Our Human Rights Strategy outlines our commitment to respecting human rights, our nine key human rights focus areas, and our pathway to achieving our commitments.	We publish this strategy on our public website. The ambitions outlined in the strategy are embedded in our ethical sourcing strategic action plan.
Ethical Sourcing Policy	A summary of our <b>Ethical Sourcing Policy</b> is provided on page 27	We publish this policy on our internal and external websites. Compliance with this policy (or agreed equivalent) is a condition of trade for direct suppliers. We expect direct suppliers to include similar and appropriate requirements in their own direct supply relationships. We monitor compliance with this policy through our Ethical Sourcing Program.
Code of Conduct	<p>Our <b>Code of Conduct</b> (the Code) sets out how we do business and outlines the standards of behaviour expected from our team members and leaders.</p> <p>The Code emphasises our commitment to operating ethically and with integrity, and includes a section on human rights and modern slavery. This section outlines our commitment to respect the rights of workers to freedom of association and collective bargaining, the right not to be subject to forced labour and the abolition of child labour. The Code sets out our expectation that team members report any instances of human rights violations.</p>	We publish the Code on our internal and external websites. All team members are required to read the Code on commencement of employment and acknowledge that they have read and understood the Code. The responsibilities expressed in the Code are reiterated in other policies and training programs, and material breaches of the Code are reported to our Audit and Risk Committee.
Whistleblower Policy	Our <b>Whistleblower Policy</b> outlines the processes Coles has in place to receive and manage reports regarding potential misconduct, which includes suspected or actual unethical, illegal, corrupt, fraudulent or undesirable conduct, as well as concerns that represent a potential breach of the Code. This can include complaints relating to modern slavery.	We publish this policy on our internal and public websites. The policy is also communicated to team members through the Code. Posters promoting the Whistleblower Hotline (STOpline) are displayed in our retail and distribution centre sites to promote awareness.
Work Experience Policy	Our Work Experience Policy details the requirements for work experience placements to ensure they are appropriate and legally compliant. Coles is committed to ensuring the work environment is safe and appropriate, especially for young workers, including by requiring work experience participants to complete training in safe work procedures and other Coles policies.	We publish this policy on our internal website. The policy is supplemented by detailed guidance material for managers on the process for requesting and managing a work experience placement. Coles' People and Culture function reviews and monitors work experience placements to encourage compliance with the Work Experience Policy.
Working Rights Policy	Our Working Rights Policy sets out the requirements for ensuring team members are legally permitted to work in our business, including compliance with relevant visa conditions.	We publish this policy, alongside detailed guidance material for line managers, on our internal website. The policy requirements are embedded into the systems and processes, including recruitment, onboarding and ongoing monitoring through employment, in order to encourage compliance and maintenance of valid working rights.
Ethical Sourcing Remediation Framework	Our <b>Ethical Sourcing Remediation Framework</b> guides our approach to investigating human rights-related concerns within our supply chain, which could include modern slavery. It sets out the core principles Coles adheres to and expects our suppliers to adhere to in its aim to provide effective remedy for human rights violations, such as modern slavery.	We publish this Framework on our public website.

## Our Ethical Sourcing Policy

The primary tool we use to manage modern slavery risks in our supply chain is our Ethical Sourcing Policy and related Ethical Sourcing Program.

### Our Ethical Sourcing Policy

Our **Ethical Sourcing Policy** and **Ethical Sourcing Program Requirements** articulate our expectations for our suppliers in relation to modern slavery, labour rights, and broader human rights. We require all our direct suppliers to ensure that the standards outlined in the Policy and Program Requirements are integrated into contracts with sub-suppliers within their own supply chain.

### What our Ethical Sourcing Policy requires

Our Ethical Sourcing Policy is aligned with key internationally recognised frameworks and instruments, including the Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, UNGPs and the Ethical Trade Initiative (ETI) Base Code.

The policy sets clear standards for suppliers in relation to modern slavery and decent work. It includes requirements to comply with all modern slavery laws and regulations relevant to the jurisdiction in which they operate.

We aim to work collaboratively with our suppliers to assist them to comply with our Ethical Sourcing Policy. Where breaches of the Policy are identified (for example, through audits, regulator enforcement action or media reporting), Coles will engage with the supplier to understand the cause of the issue and the actions being taken to remedy the breach.

Coles reserves the right to suspend orders or terminate a supply agreement if a breach of our policy is identified and the supplier is unwilling or unable to take appropriate action to remedy the breach.

### Reviewing our Ethical Sourcing Policy

We recognise the importance of seeking stakeholder feedback to inform the development and implementation of our policies. We review our Ethical Sourcing Policy and supporting requirements regularly and consult with stakeholders on how the policy and requirements work in practice.

The 2022 review of our policy included engagement with internal stakeholders such as our Own Brand Managers, the Sustainability team and senior executives. We also engaged external stakeholders, including selected suppliers from our bakery, deli and seafood, meat, health and home, and fresh produce categories as well as the trade union members of the ERSCA.

Feedback from this review indicated the policy and requirements are understood by our suppliers. To strengthen the policy, we made a small number of changes including in relation to subcontracting. The updated policy was communicated to our direct suppliers.

The updated Ethical Sourcing Policy was reviewed and approved by the Coles Board and Executive Leadership Team in March 2022.

### Case study: Modern Slavery Working Group

Coles Modern Slavery Working Group was established in 2021 to help support our ability to assess and address modern slavery risks and to remain informed by a deep understanding of our business.

The working group includes representatives from a wide cross-section of the business.

This cross-functional approach is essential to harnessing corporate knowledge, and helps to facilitate and coordinate actions to manage key risk areas. Importantly, working group members also become knowledgeable on modern slavery within their own function, which helps to further integrate our

modern slavery risk management into our existing business processes and identify opportunities for further action.

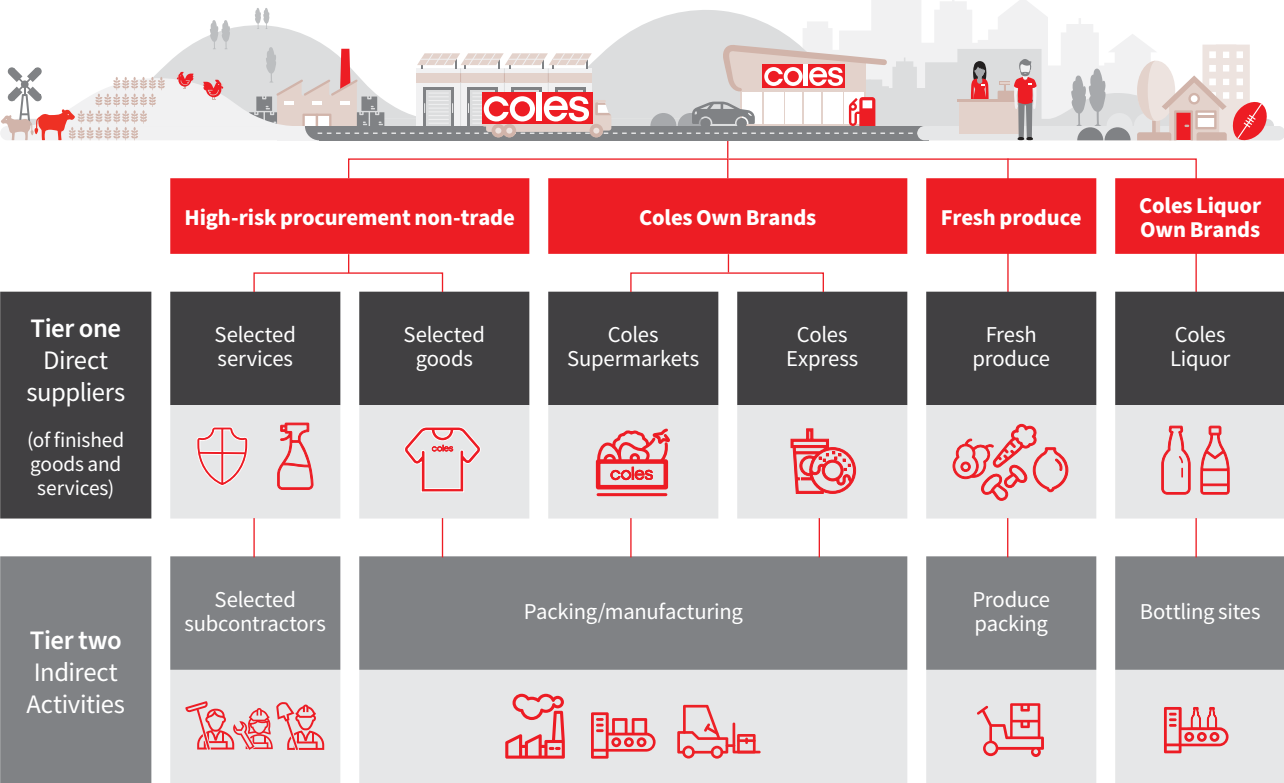
The formal duties of the working group include:

- supporting the development of our annual modern slavery statement, including through providing input and reviewing drafts;
- contributing to modern slavery risk assessments;
- engaging with internal and external stakeholders, including suppliers; and
- identifying and progressing opportunities to further strengthen Coles' modern slavery risk management.

Our Ethical Sourcing Program

Our Ethical Sourcing Program is designed to assess supplier compliance with our Ethical Sourcing Policy by applying additional due diligence and monitoring activities in high-risk areas of our supply chain where we have the greatest influence.

Our Ethical Sourcing Program scope



- Fresh produce means unprocessed fruit, vegetables and flowers and includes Coles Own Brands as well as proprietary.
- Produce packing includes packing sheds, as well as farms that pack produce on site. In cases where the farm harvests produce then sends it to a packhouse, only the packhouse and supplier of final products are within the program.
- Packing/manufacturing refers to sites that manufacture or pack Coles Own Brands into their final retail form.

Suppliers covered by the program

The graphic above describes the scope of the program during FY22. Suppliers and sites captured by the program scope are referred to as ‘suppliers’ and are identified as ‘in-scope.’

As at the end of FY22, there were 1,958 suppliers in-scope of the program, including:

- 1,870 Coles Supermarkets, Coles Express and Coles Liquor suppliers in-scope of the Program; and
- 88 procurement non-trade suppliers.<sup>7</sup>

Resources allocated to implementing the program

Overseen by the Chief Legal and Safety Officer, General Manager of Risk and Compliance and Head of Compliance, our commitment to ethical sourcing is supported by our dedicated Ethical Sourcing team.

Our Ethical Sourcing team is composed of 12 directly employed resources in Australia, including a social compliance auditor certified by the Association of Professional Social Compliance Auditors. We also have two contracted resources in China focused on supporting the implementation of our Ethical Sourcing Program at China-based sites.

1,958

Tier one and two suppliers in-scope of the program.

1,898

Suppliers risk assessed under the program.

911

Ethical audits conducted on in-scope suppliers.

13

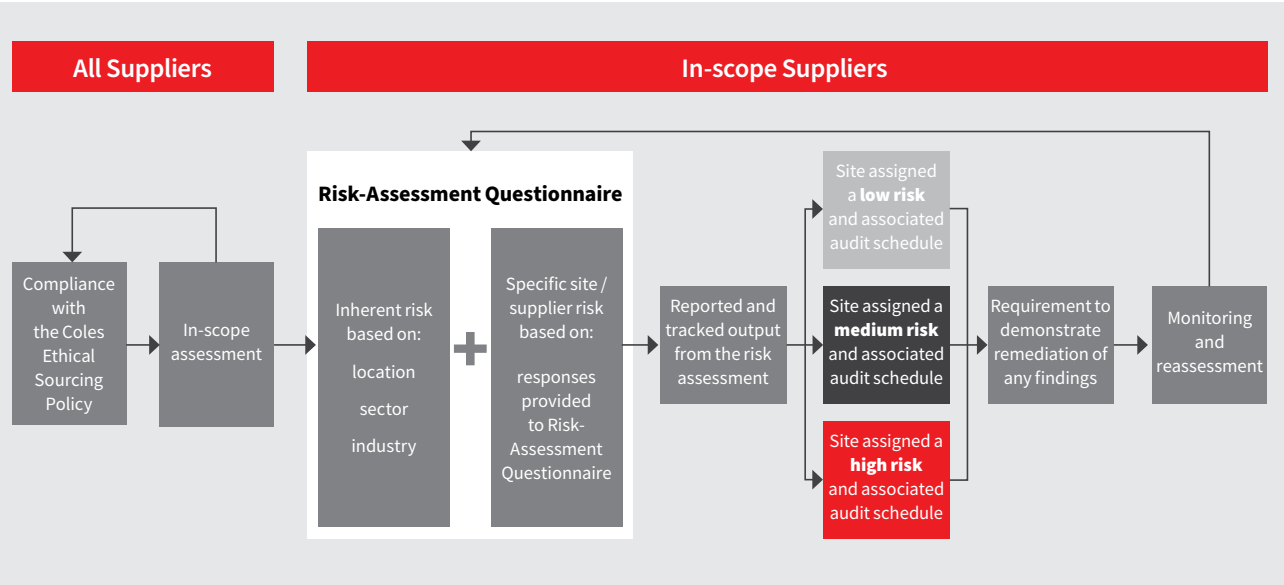
Suppliers suspended for non-compliance with two reinstated after addressing issues.

<sup>7</sup> This figure only includes procurement non-trade suppliers who have been assessed against the in-scope criteria. Not all suppliers of non-trade procurement have been assessed against the in-scope criteria at the time of reporting.

How we monitor compliance with the program

We use third-party systems and databases to guide and streamline the supplier risk-assessment process. In-scope suppliers complete risk-assessment questionnaires (sometimes referred to as a self/site assessment questionnaire or SAQ) to provide information about their operations. This includes an inherent assessment of location, sector and industry, which is specific to the suppliers’ operations and then includes questions about topics relevant to modern slavery, such as information about workforce composition, working hours, contractual arrangements and recruitment costs. The following tools and databases assisted with our risk assessment activities during FY22:

Sedex	FairFarms	SAP Ariba
Sedex is one of the world’s leading ethical trade service providers working to improve the working conditions in global supply chain. It is a member-based organisation and provides an online platform to manage supply chain information and social audits. Coles was the first major Australian supermarket to commence working with Sedex in 2016.	The Fair Farms Certification Program was developed by Australian horticulture industry body Growcom, with support from key stakeholders including the Australian Government. Coles incorporated Fair Farms certification into its Ethical Sourcing Program in May 2020. Our fresh produce suppliers can register with Fair Farms to satisfy the requirements of the Ethical Sourcing Program.	SAP Ariba is a market-leading source-to-pay solution that allows us to incorporate third-party supplier risk-assessment and due diligence into the sourcing and contract lifecycle processes. Coles has configured its own risk-assessment process into SAP Ariba, with ethical sourcing being one of several risk domains suppliers are assessed against.



How we incorporate ethical sourcing into new product development and supplier onboarding

In addition to monitoring current suppliers, we also seek to identify and prevent possible modern slavery and ethical sourcing risks through our product development and supplier onboarding processes.

Ethical sourcing is a core element of our development process for new Own Brand products. The Ethical Sourcing team is consulted at applicable critical control points of the development process, including initial product development briefing, creation of product brief, and during signoff. This helps support identifying and addressing modern slavery and ethical sourcing risks.

In FY22, we further embedded ethical sourcing into our Third-Party Risk Management Framework for procurement from non-trade suppliers. A number of ethical sourcing check points are included in the non-trade supplier selection and onboarding process. Preferred suppliers are required to complete a supplier and contract level risk category assessment. In some cases, these checks identify that modern slavery and other ethical sourcing risks are too significant for us to proceed with the procurement. For example, through this process we decided not to proceed with the procurement of shelving from a particular supplier due to unaddressed concerns about the supplier’s treatment of its workers and unsafe working conditions in an offshore, tier two, manufacturing site.



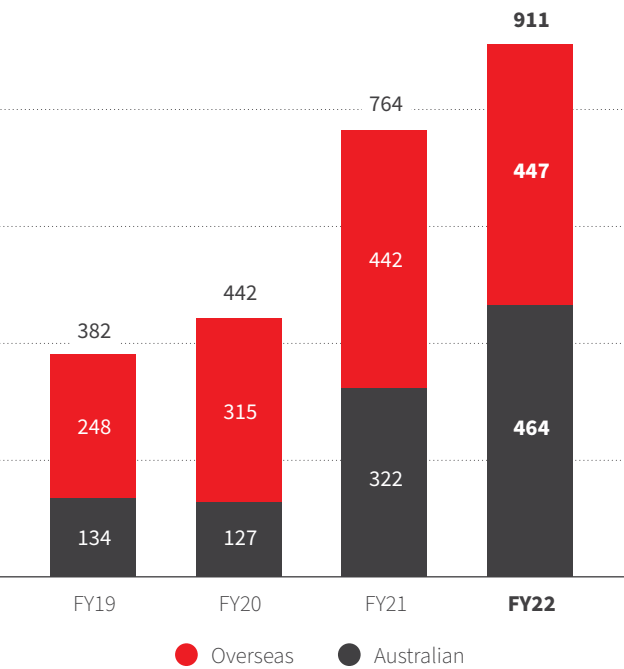
Our audit program

We combine the information from assessment questionnaires with an inherent risk evaluation to produce an overall evaluation of supplier risk. This risk evaluation determines the level of monitoring and oversight of the supplier, including the frequency of ethical/ social compliance audits.<sup>8</sup>

Standard industry practice is for suppliers to directly engage with an independent audit body to commission a social compliance audit to satisfy the requirements of their buyers (such as Coles). Coles also reserves the right to conduct its own audits, or to directly engage an audit body to complete an audit, which may be announced, semi-announced or unannounced.

In FY22, 911 independent audits were conducted on in-scope Coles Supermarkets, Coles Express, Coles Liquor and Coles procurement non-trade suppliers. Overall this is a 19% increase in audits year on year. Of the 911 audits, 16 of these were conducted unannounced. The increase in audits is attributed to the expansion of the Program to suppliers of procurement non-trade and a significant focus on increasing the number of auditors, and associated audit capacity in Australia.

Independent Ethical Audits



“[We] appreciate the relationship we have with Coles. [The social compliance audit] was a great learning experience for our team and good for us to know where we stand as a company.”

– Coles supplier

“This has been a good learning experience for all involved with learnings passed onto other members of our supply base who have been through the audit process, or currently in the process of preparing for an upcoming audit.”

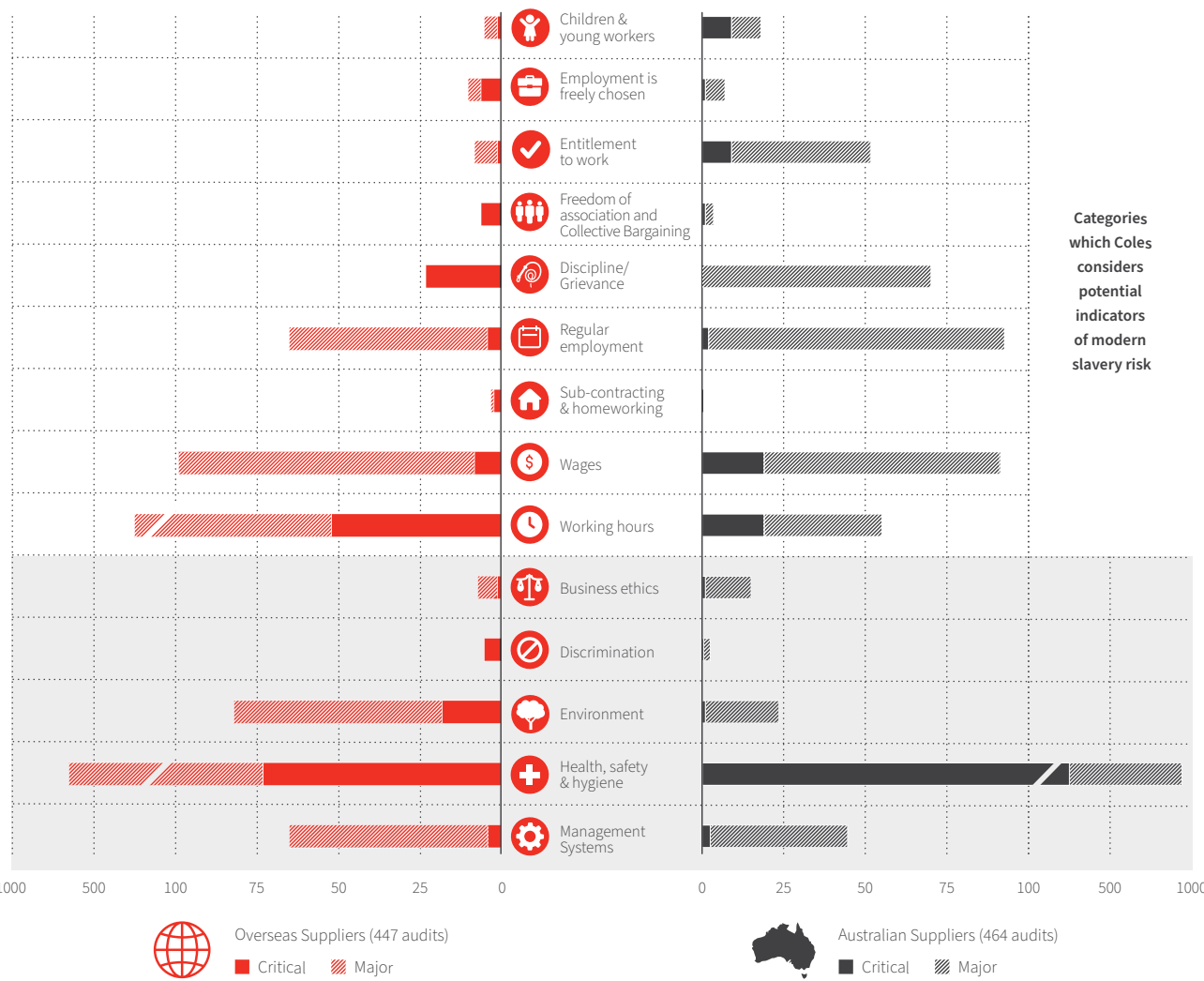
– Coles supplier

Ethical audit findings

From the 911 audits conducted in FY22, 3,582 non-conformances were rated as critical (including critical and business critical) or major by the auditor. This excludes findings from audits completed under the Fair Farms program,<sup>10</sup> as closure of these findings is a requirement of Fair Farms certification.

At the end of the reporting period, 2,584 of the 3,582 non-conformances identified from FY22 audits had been remediated by the supplier and closed by the auditor on Sedex. Coles continues to work with suppliers to ensure the closure or management of non-conformances as required.

Table 1 – Audit non-conformances by category<sup>11</sup>



<sup>10</sup> As part of the Fair Farms program, all non-conformances are required to be resolved to achieve certification. Non-conformances from ten audits conducted under the Fair Farms program are directly managed by Fair Farms and are not included in the non-conformance numbers referenced in this report.

<sup>11</sup> Regarding the category of children & young workers, none of these non-conformances related to the use of child labour in our supply chain. Some findings related to inadequate management systems to verify worker age, while others related to hours worked or activities performed by young workers (over 15 but under 18).

Coles Funded Third Party Audit Program (3PAP)

Our work to train auditors and build capacity

Social compliance audits not only provide a valuable point in time assessment of supplier compliance with our Ethical Sourcing Policy, but also provide suppliers with an opportunity to identify and improve their operations, standards and practices, and to better understand their legal obligations. Auditor availability in Australia has been an ongoing challenge for Coles, even before COVID-19 exacerbated the issue through restrictions on auditor movement. In 2021, Coles made a substantial investment to help address this issue.

We commissioned two audit firms to conduct Coles-funded audits across our Australian supply base with a primary focus on horticulture sites. Through the 3PAP program, Coles funded 246 audits at a cost of over \$1.5m. Before the commencement of the 3PAP, the selected audit firms, combined, had two fully qualified<sup>9</sup> social compliance auditors. As a result of Coles’ investment, the firms now have seven fully qualified auditors and four additional registered auditors.

Our investment into audits benefits other businesses our suppliers service, we have funded these activities in the hopes other customers will also support remediation of findings even if they do not require audits to take place beyond tier one of their supply chain.

Our work to improve auditor quality

We work closely with our audit providers to maximise the effectiveness of our audit program. Our internal audit program

manager reviews each corrective action plan we receive through the 3PAP, which enables us to review findings, key trends and work with auditors to update reports to provide further detail where required. We also hold regular feedback sessions with our audit providers to discuss auditors’ experiences and key learnings and highlight any areas we would like auditors to focus on. We discuss opportunities to better engage with our suppliers to support them to manage risks. In situations where our audit providers encounter issues with interpreting relevant wage awards, we may also draw on our dedicated in-house subject matter expertise to provide assistance.

Supporting suppliers

The program has enabled us to relieve a cost pressure on suppliers – particularly Australian horticulture suppliers who have faced several hardships including worker shortages and extreme weather events.

Despite challenges caused by COVID-19 border closures, the 3PAP has enabled us to conduct audits in remote regions (such as mango growing regions in the Northern Territory and Far Northern Queensland) where audits can incur high auditor travel related costs.

Approximately half of the audits conducted under our 3PAP were for small suppliers with 30 or fewer employees. Importantly, while Coles has funded the costs of these audits, our suppliers have ownership of the audit reports and have the ability to share them with their other customers.

<sup>8</sup> For some industries, a standard ethical audit is not fit for purpose. For these industries, Coles will apply a different model of monitoring. This could include a bespoke audit focused on specific areas or risk, ongoing screening of suppliers through a platform such as Dow Jones Risk & Compliance Centre, or regular engagement with the supplier. Examples of industries where a standard ethical audit may not be suitable are suppliers with extremely short-term annual operations, some areas of service provision or labour hire provision, and suppliers with very small operations.

<sup>9</sup> A ‘fully qualified’ social compliance auditor is a Certified Social Compliance Auditor (CSCA) certified by the Association of Professional Social Compliance Auditors (APSCA).

Ethical audit findings and trends

As our audit program expands, so too does the data available to analyse common findings and trends. In particular, the additional audits conducted across our Australian supply base during FY22 (through the 3PAP, and as part of our broader audit program) have allowed us to better compare non-conformance trends between Australia and overseas.






For example, from audits completed, health and safety was the most common category of non-conformances in Australia as well as overseas. Within this category, fire safety represented 50% of the issues raised across Australian sites, compared with 29% for sites overseas.

In our overseas supply base, excessive working hours is the second most common finding, accounting for 24% of identified non-conformances, while they account for only 5% in Australia.

Top 5 issues Australia

	Health and safety	56%
	Regular employment (includes labour hire)	9%
	Wages	9%
	Harsh treatment / grievances	7%
	Working hours	5%

Top 5 issues overseas

	Health and safety	51%
	Working hours	24%
	Wages	7%
	Environment	6%
	Management systems	4%

There has been an increase in the average number of critical and major non-conformance findings per audit in our Australian supply base, while overseas numbers remain steady. This can be explained by the number of our Australian suppliers having their first social compliance audit in FY22 in comparison to international suppliers who have a longer history of participating in audits.

Assessment of common/repeat findings has helped inform the training we provided to suppliers. A summary of the training we have designed for suppliers is provided on page 37.

Corrective actions and derogations

To comply with Coles’ Ethical Sourcing Program, suppliers must close non-conformances rated as major or critical (composed of both critical and business critical) within the timeframe they have agreed with the auditor. In order for the auditor to close a non-conformance, the supplier must be able to demonstrate that appropriate corrective actions have been implemented.

Where a supplier has not complied with this program requirement (or any other program requirement), Coles follows a documented process to inform the supplier that compliance has not been met. We work with the supplier to understand the reason remediation was not achieved and the supplier's action plan to address the issue.

If the supplier does not address the issue in line with the timeline agreed with the auditor and after successive notices from Coles, orders from the supplier may be suspended, or the supply arrangement may be terminated.

During the reporting period, Coles suspended supply from thirteen suppliers for non-compliance with our Ethical Sourcing Program. Two were reinstated after demonstrating they had addressed the relevant issues.

In exceptional instances, and where a supplier is unable to comply with a program requirement within the specified time for reasons outside of their control (for example, an auditor is not available to review evidence or their corrective action to close the non-conformance), Coles may provide an extension to the due date or make an exception. This is known as a derogation. A derogation will only be considered where sufficient evidence exists for Coles to be satisfied that appropriate controls/corrective actions, or an action plan, are in place to address any risk arising from the non-compliance with the program requirements.

Coles takes this approach to ensure fairness to suppliers and to comply with the Australian Food and Grocery Code of Conduct. Depending on the nature of the issue, a derogation will require approval from Coles’ Head of Compliance (for certain threshold matters), or from Coles’ General Manager – Risk and Compliance and the Coles Business Unit General Manager relevant to the supplier. For example, Coles issued derogations for some suppliers who were unable to book a follow-up audit until after the recommended completion date of the identified non-conformances.

How our ethical audits consider modern slavery risks

Independent ethical audits include private and confidential worker interviews. These interviews include targeted questions to explore labour risk areas, with a particular focus on modern slavery indicators such as recruitment fees, holding of personal identity and passport documents, accommodation, and deductions of wages and benefits. Auditors also assess other potential modern slavery indicators through document reviews and site tours.

Establishing a framework to govern audit non-conformances related to excessive working hours

Excessive working hours in supply chains can be an indicator of Modern Slavery as well as pose short or long-term health risks for workers. The Ethical Trading Initiative (ETI) Base Code identifies 60 working hours a week as a maximum in most circumstances, which includes overtime. However, legal requirements relating to maximum permitted working hours, and overtime, vary significantly across countries and in some jurisdictions can legally allow for significantly higher working hours than the ETI Base Code.

Our Ethical Sourcing and Business Unit teams, with support and close oversight from our Board and Executive Leadership Team, have spent considerable time focusing on, understanding and managing this complex area.

During the reporting period, we operationalised a Working Hours Framework (Framework) to guide how we engage with suppliers to reduce excessive working hours that exceed the ETI standard. The Framework, which was developed with support from external human rights advisory firms applies where a critical or major working hour non-conformance is identified during an independent audit. Where detected, we worked with the supplier to conduct a thorough review of the site’s practices, including an impact assessment to assess the root cause of the working hours non-conformance and an action plan to remedy it.

Once action plans are prepared by the site, they are then reviewed internally by Coles and subject to multiple reviews.

Following the introduction of the Framework, 273 assessments were completed on working hours non-conformances across Coles’ supply chain.

This has involved considerable investment in resources, including to work with our partner ELEVATE in China to ensure suppliers have appropriate support to prepare action plans to address excessive working hours and identify root causes. This work has helped us better understand the drivers for excessive working hours and the opportunities for change.

After several months of operation, we engaged Pillar Two (a specialist business and human rights advisory firm that was not involved in the Frameworks development) to conduct a review of the Framework and implementation. Pillar Two's assessment of the Framework was that:

“The Framework is an innovative initiative that seeks to drive supplier action to address working hours non-conformances identified during audits, and supports Coles to meet its responsibility to respect human rights under the UNGPs.”

This area of work has been challenging and will continue to challenge Coles to appropriately balance competing issues such as living wage, recognition for laws in countries with which we operate, identifying our level of ability to influence deeply into our supply change to effect change for supply chain workers and our own risk appetite- specifically what we think are appropriate safe hours for workers.

This is an area that would benefit from global collaboration across business, government, NGOs and other key stakeholders. We have significantly more work to do, but we are proud we have faced into these challenges, invested appropriate resources, worked collaboratively and in partnership with our suppliers to implement action plans to unlock continual improvement and we will continue on this path, in pursuit of safer working hours for workers in the coming months and years.

Strengthening Partnerships

In November 2019, Coles entered into a 2-year Accord with Australia’s largest trade unions – the Shop, Distributive and Allied Employees’ Association (SDA), the Transport Workers’ Union (TWU) and the Australian Workers’ Union (AWU), to improve and protect the rights of all workers regardless of visa or employment status.

In April of this year, senior representatives of each of the parties of the Accord met to sign a further 3-year term, demonstrating a commitment to continue working in partnership to mitigate the opportunity of harm and exploitation of workers in Australia.

Daniel Walton (Australian Workers Union, National Secretary), Richard Olsen (Transport Workers Union, State Secretary), Gerard Dwyer (National Secretary, SDA) and David Brewster (Chief Legal and Safety Officer, Coles) shake hands following the re-signing of the Ethical Retail Supply Chain Accord for a further three years.









Working with our procurement non-trade suppliers

We see our suppliers as key partners in our work to assess and address modern slavery risks. In addition to our goods for resale suppliers, we also prioritise working with our varied procurement non-trade suppliers.

The following selected case studies below highlight the range of ways we are engaging with these diverse suppliers across our business. Additional examples of supplier engagement are also included in other areas of the statement (see index of case studies on page 2).

<div>Risks in the gig economy sector</div> <div></div>	<p>We work with several last mile delivery providers to provide food, grocery and liquor items to our customers. We recognise that last mile delivery services may involve risks of worker exploitation due to the unregulated nature of the industry. These risks have been highlighted in a number of forums, including a recent Senate Select Committee on job security.</p>
	<p>We are working with our providers to better understand and manage these risks. For example, Drive Yello’s (one of our partners) mission is to create a sustainable gig economy for last mile delivery that connects gig workers with businesses to ensure consumers receive their orders in full and on time.</p>
	<p>We worked with Drive Yello to pilot anonymous worker surveys for drivers working on Coles’ deliveries, including the opportunity for confidential interviews. The survey included questions on driver wellbeing, working hours, rest days, earnings and ability to raise complaints and concerns.</p>
	<p>Initial findings from over 250 respondents suggest drivers lack detailed understanding on how their per trip earnings are calculated. Drivers interviewed shared positive remarks about the flexibility that comes with last mile delivery; however, the unpredictable nature of earnings means some drivers feel the industry is not a stable source of income.</p>
	<p>Our last mile delivery partners have also agreed to a review of worker earnings, which will involve providing Coles with access to trip earnings and information for Coles specific orders.</p>
<div>Addressing unauthorised subcontracting</div> <div></div>	<p>We are continuing to work with our providers to build collaborative and trusted relationships to navigate the complex nature and risks of this industry.</p>
	<p>Unauthorised subcontracting can increase modern slavery risk by limiting visibility of activities in our supply chain. In FY22, we became aware of unauthorised subcontracting by a procurement non-trade supplier in remote geographies in the transport sector. In this instance, our direct supplier communicated our expectations regarding subcontracting to their regional sub-contractor but did not take sufficient steps to verify the subcontractor compliance.</p>
	<p>Following engagement with our direct supplier, they conducted a review of all relevant regional subcontractors to determine if further unauthorised subcontracting was occurring. The direct supplier also committed to implementing a risk-based audit program to assess subcontractor compliance with wages, safety and driver fatigue management requirements.</p>
	<p>Internally, Coles is planning to include an additional compliance step into our logistics planning process for this area of the business, where regional and remote geographies are included in our capital program.</p>
	<p>More broadly, we updated our Ethical Sourcing Policy relating to subcontracting. These changes make it clear that a supplier’s approved subcontractors must not further subcontract under any circumstances without Coles’ prior approval.</p>

<div>Risks in the construction sector</div> <div></div>	<p>As foreshadowed in our 2021 statement, we are working to expand assessments and due diligence activities conducted under our Ethical Sourcing Program to include strategic suppliers within the property and retail construction industries.</p>
	<p>The construction sector in Australia and overseas can involve a range of modern slavery risks due to factors such as reliance on low-wage and migrant labour, complex supply chain and sourcing of materials from high-risk geographies.</p>
	<p>Post completion of a procurement process, qualified principal contractors are awarded programmed retail construction activities using Australian Standards contracts.</p>
	<p>We commenced assessments of our qualified principal construction and property development contractors nationally to understand their approach to ethical sourcing, including management of modern slavery risks. The assessment included how contractors were addressing modern slavery, wage compliance, migrant workers, subcontracting, utilisation of labour hire, and grievance and remediation processes.</p>
	<p>As part of the assessment process, we met with contractors to explain the aims of the review and our plan to use the results to guide further engagement with them.</p> <ul style="list-style-type: none"><li>• 18 out of 23 principal contractors in our construction services portfolio have so far been assessed.</li><li>• 10 out of 13 principal contractors in our property development portfolio have so far been assessed.</li></ul> <p>Initial findings show that a number of our principal contractors indicated being reporting entities under the Modern Slavery Act. For those that were not reporting entities, having systems to address modern slavery risks was found to be a gap, especially around modern slavery risks assessments, auditing and due diligence of high-risk suppliers and remediation processes.</p> <p>The review also highlighted that visibility of subcontracting and verification that subcontractor workers are being paid their correct entitlements are a key gap. Meetings with some principal contractors indicated there was a reliance on subcontractor self-declarations, rather than independent verification.</p> <p>Results from the review will be used to inform our next initiatives relating to our construction services and property development portfolios.</p> <p>We plan to conduct a similar review of refrigeration contractors in FY23.</p>
<div>Continuous improvement for logistics providers</div> <div></div>	<p>In FY22, Coles received a complaint alleging a subcontracted logistics provider had underpaid a worker. Coles asked its direct supplier to investigate the allegation against its subcontractor. Prompted by this investigation, the supplier undertook a review of payroll and award compliance for subcontractors utilised for the Coles contract.</p> <p>The review identified some instances of underpayment were the result of subcontractors misinterpreting the relevant award, or not keeping up to date with award rate changes. Some contractors noted this was due to resourcing constraints, or a lack of sufficient qualified payroll personnel.</p> <p>To assist in preventing future issues, this direct supplier has committed to providing proactive communication and support to its subcontractors, advising them of changes to the award and to complete annual performance reviews to ensure ongoing compliance.</p>



## Training

**We provide a range of training to our team members and our suppliers to support our work to manage modern slavery risk. Attendees at supplier-facing sessions have included both tier one and tier two suppliers in our supply chain.**

### Ethical sourcing training

Team members in key roles are required to complete an 'Introduction to Ethical Sourcing' online module when they commence an applicable role at Coles. This includes category managers and other team members across our goods for resale

and procurement non-trade operations, capturing grocery, liquor, ecommerce, property and export functions.

During the reporting period, 201 team members completed the e-learning module, with over 620 current team members having completed the module since its introduction.

#### November 2021



Training was delivered to team members from the Coles Liquor business. The session aimed to equip team members to understand Coles' approach to ethical sourcing, including modern slavery. The content included: an overview of human rights, ethical sourcing at Coles', supplier compliance activities and outlines of common areas of audit non-compliance.

A webinar to prepare suppliers for their upcoming ethical audits was delivered. The webinar highlighted common non-conformances identified during audits and educated suppliers on the measures they should have in place to ensure compliance. There were 285 participants attended.

#### April 2022



We conducted a webinar targeted at first time auditees in the horticulture sector. As many Australian fresh produce suppliers had not previously completed a social compliance audit, we identified a need to provide more foundational training. The webinar covered what to expect on the day of the audit and highlighted common issues found in the horticulture sector. Over 85 participants attended.

We partnered with ELEVATE to deliver a webinar for our China-based suppliers (mostly tier two suppliers), including suppliers of higher-risk goods such as apparel and custom joinery. The session focused on human rights and ethical sourcing safeguards to address practices such as child and forced labour, as well as related exploitive practices such as issues relating to working hours and wages, discrimination, and abuse and harassment. This session was delivered in Mandarin and 190 participants attended.

#### May 2022

Training was conducted for team members in procurement, contract managers and contract owners. This provided specifics on ethical sourcing and human rights-related risks and Coles' approach to remediation, governance and reporting within the procurement non-trade area of our business. 225 team members from across Coles attended.

A second webinar was held for our China-based suppliers. This session focused on key social compliance challenges in China, including forced labour and social insurance. Content included an overview of forced labour indicators, as well as information on effective grievance mechanisms. This session was conducted in Mandarin and over 150 participants attended.

### Case study: Direct worker education

In April 2022, Coles partnered with the ERSCA to host a worker education session in Mareeba, Queensland.

Over 80 participants attended the session, including farm workers, suppliers, local representatives, the QLD Labour Hire Authority and community representatives. The session was designed to educate workers about their workplace rights. Multilingual union representatives attended the event to translate and engage with workers for whom English was not their first language.

The session included presentations from Coles, union representatives and community advocates. These presentations included information on preventing and identifying potential worker exploitation, as well as, how to access information about workers' rights.



Samoan community leader, Lieta Sauluma-Duggan, addresses the attendee's of the worker education event in Mareeba, Queensland.

Attendees used the session to ask questions about topics such as payslips and deductions, as well as changes to the Australian Horticulture Award.

Coles promoted the availability of its grievance channels to workers through posters at the event and business cards with a hotline number supplied in gift bags given to each attendee.



Collaboration and stakeholder engagement

In addition to working closely with our suppliers, we seek to collaborate with other key stakeholders to implement our modern slavery response. The following table summarises our key engagement with stakeholders including unions, investors and business peers.

Our collaboration and engagement with stakeholders		
Stakeholder/ forum	How we engage:	How this engagement has supported our modern slavery response:
Ethical Retail Supply Chain Accord (ERSCA)	We entered into the ERSCA in 2019 with three of Australia’s largest trade unions: the Australian Workers Union; the Shop, Distributive and Allied Employees Association; and the Transport Workers Union. We re-signed the ERSCA in April 2022 for an additional three years.	The ERSCA aims to promote a ‘safe, sustainable, ethical and fair retail supply chain for all workers’. We meet regularly with the union members of the ERSCA to identify opportunities to strengthen social compliance standards in our Australian supply chain, including in relation to modern slavery. This included planning collaborative activities such as joint worker education events.
UN Global Compact Network	The Global Compact Network is the world’s largest corporate sustainability initiative. We joined the Global Compact Network in 2019, and participate in the UN Global Compact Network Australia’s Modern Slavery Community of Practice.	Participating in the Community of Practice has enabled us to share learnings with peers and collaboratively discuss issues such as effective grievance mechanisms and responding to modern slavery risks in high-risk geographies.
Indirect Spend Alliance	This 12-month project brings together procurement and sustainability professionals to coordinate and create responsible sourcing best-practice across key indirect spend categories, such as logistics or facilities maintenance.	The project includes quarterly best practice group sessions, which support us to understand, share and apply key learnings. The project will also result in the development of a matrix of risks, opportunities and tools to support supplier due diligence.
Transport Charter	In 2020, we signed a charter with the Transport Workers Union (TWU) on standards in road transport and the gig economy focusing on safety, driver education and mental health.	The charter includes a formal consultation process between the TWU and Coles to require an ongoing emphasis on safety and to establish mechanisms through which safety issues can be identified and addressed.
Our investors	Our investment community includes institutional investors, buy and sell-side analysts and retail shareholders.	Engagement with investors helps us to understand investor expectations. Enhanced engagement from investors in recent years has helped to drive our continuous improvement approach to modern slavery risks.
Participation in corporate sustainability benchmarks	We voluntarily participate in a number of corporate sustainability benchmarks relevant to modern slavery, including the Corporate Human Rights Benchmark, Know the Chain and World Benchmark Alliance.	Participation and engagement with key benchmarks supports our efforts and achievements in sustainability. It also helps us understand how our response to modern slavery and broader human rights issues aligns with key peers, identify emerging trends and issues, and consider where there may be opportunities for improvement.

Our collaboration and engagement with stakeholders		
Stakeholder/ forum	How we engage:	How this engagement has supported our modern slavery response:
Roundtable on Sustainable Palm Oil (RSPO)	Coles has been a member of the Roundtable on Sustainable Palm Oil (RSPO) since September 2010. The RSPO is a not-for-profit organisation that has more than 5,000 members worldwide who represent all links along the palm oil supply chain.	<p>The RSPO has developed the RSPO Principles and Criteria (RSPO P&amp;C), which covers the most significant environmental and social impacts of palm oil production and the immediate inputs to production and social impacts related to on-farm labour and community relations. Companies must comply with these P&amp;C in order to produce Certified Sustainable Palm Oil (CSPO).</p> <p>Palm oil is used in many products and can involve high social impacts. As a member of the RSPO, Coles has embraced the RSPO P&amp;C for Sustainable Palm Oil Production and our intention is to use only sustainable palm oil in Coles Own Brand products.</p> <p>Coles is also a member of the Retailers Palm Oil Group, a coalition of companies that have the common aim of using sustainable palm oil in their products.</p>
Sedex	We participate in monthly meetings with Sedex to discuss common trends and issues. We present as a member to the wider Sedex community about best practice as well as contribute to their regular conferences.	This partnership helps to ensure that the tools we use to identify and assess potential modern slavery risk are fit for purpose. These engagements also help us to understand common risks or issues facing the broader industry.
Fair Farms	We hold a buyer’s membership with Fair Farms and we actively participate in and support the updating of their risk-assessment methodology and associated requirements. This has included providing a formal submission with recommendations to amendments to the Fair Farms framework.	Active engagement in the development of the Fair Farms certification program has helped develop the Fair Farms standard to meet Coles’ minimum requirements to safeguard human rights and mitigate the chance of modern slavery.
Australian Human Rights Commission	During the year, Coles met with the Australian Human Rights Commissioner to discuss our Ethical Sourcing Program.	Engagement with agencies such as the Australian Human Rights Commission can help us better understand our human rights risks, as well as learn best practice approaches being taken by others to enable continuous improvement of our program.
Horticulture Industry Reference Group	The Horticulture Industry Reference Group is chaired by the Fair Work Ombudsman and includes stakeholders from industry, government, union, retail, labour hire and suppliers.	While the reference group officially concluded in FY21, we welcomed re-engagement of the group following the introduction of changes to piece rates in the Australian Horticulture sector in April 2022.
Institute for Human Rights and Business (IHRB) – Responsible Shipping Dialogue	Convened by IHRB, the Responsible Shipping Dialogue for container cargo owners is a working group including global brands (such as Coles), shipowners and operators, and seafarers’ representatives, aiming to provide guidance for cargo owners on ensuring human rights due diligence in their shipping activities.	Participating in the Responsible Shipping Dialogue allows Coles to discuss and better understand seafarers’ welfare issues with peers as well as with ocean carriers and expert organisations.

## Grievance mechanisms and remediation

Coles’ approach to remediation is guided by the UNGPs.  
We support open and transparent working relationships, where concerns can be safely voiced.

We encourage our stakeholders to report any suspected unethical, illegal, fraudulent or undesirable conduct within our own operations and supply chain, including suspected modern slavery and other adverse impacts on people, communities or the environment.

We have established grievance mechanisms to enable the identification of modern slavery and other human rights harms and facilitate their appropriate remediation. These mechanisms are open to all affected persons and communities, including our own employees, contractors, suppliers, workers in Coles’ supply chain and community members.

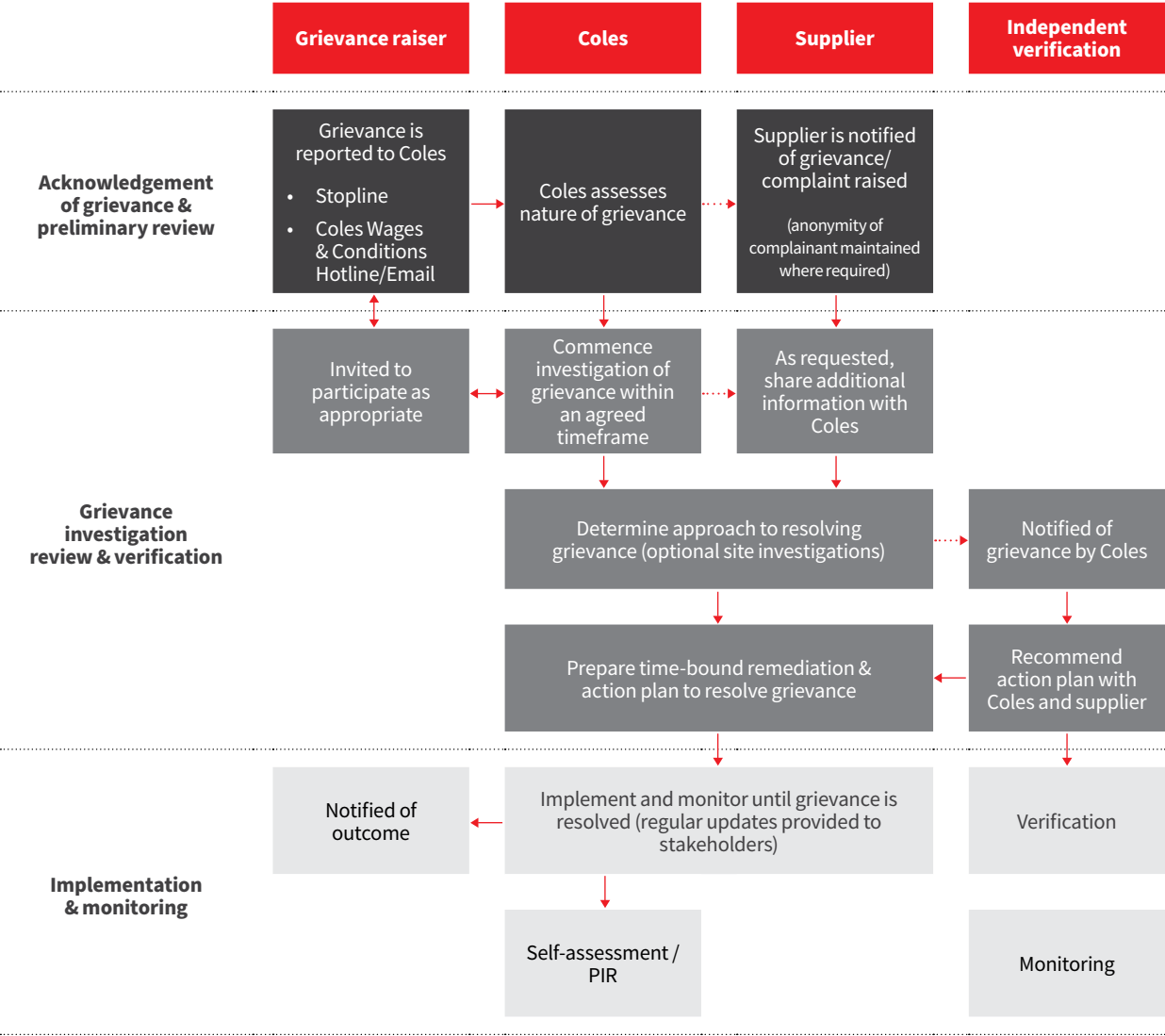
Importantly, under our Ethical Sourcing Policy, we also require our suppliers to provide appropriate channels for worker and community grievances, including an anonymous, confidential method for all workers to raise concerns to the supplier without fear of retaliation.

These channels are expected to be effectively communicated to workers, such as in spoken or relevant languages and in physical and electronic form.



Coles Ethical Sourcing Specialists, Jiayi and Gwen, engaging workers about their rights at a produce packing facility in Victoria.

### Grievance process flow



Key: → indicates a core process step    .....→ indicates a process step that is not definitive

	<p>Where we identify we may have caused human rights harms such as modern slavery within the meaning of the UNGPs, we are committed to providing for, or participating in, remediation.</p> <p>We also commit to not obstructing access to other remedies, including judicial or non-judicial remedies like the Australian National Contact Point (AusNCP).</p>
	<p>In line with the expectations set out in the UNGPs, we work to establish that our grievance mechanisms are trusted, accessible and communicated, predictable, equitable, transparent, rights compatible, a source of continuous learning and based on engagement.</p>
	<p>Coles supports the efforts and respects the rights of human rights defenders, communities and civil society organisations to document adverse human rights impacts. Coles does not tolerate threats, intimidation, or attacks against human rights defenders and understands their vital role in providing remedy.</p>



Our approach to grievance management

Possible sources of modern slavery-related complaints



Our grievance mechanisms are open to all potentially affected stakeholders including:

- Team members (past and present)
- Team member’s dependants
- Contractors
- Officers
- Suppliers’ workers
- Affected communities



We may also be made aware of possible modern slavery incidents through other sources, such as audits, supplier self-reporting, and information provided by third parties including unions, civil society organisations or media reporting.

Access and investigation



We provide the following channels for affected persons and other stakeholders to raise concerns about possible modern slavery or other human rights harm in our operations or supply chain. These channels include options to report anonymously. We assess and investigate all legitimate complaints and seek to promote their resolution in the quickest possible timeframe. We also seek to update complainants throughout the grievance process. If the complainant is dissatisfied with the outcome of a grievance process, they can refer the issue or complaint to the relevant National Contact Point.

STOPline



**What:**  
A confidential hotline service run by an independent third party. **STOPline** will refer matters to Coles for investigation, but if anonymity has been requested, will not share personal details with Coles.

**Open to:**  
Team members, suppliers, contractors, employees of contractors, anyone covered by the Coles **Whistleblower Policy** and any other affected stakeholders including community members.

**Availability:**  
24 hours a day, 7 days a week on 1300 304 550 or coles@stopline.com.au. The STOPline 365 app is available on Google Play, the App Store, or the Coles supplier website portal. Reports can be made in a number of languages.

Coles Wages and Conditions Hotline and Email



**What:**  
A Coles-operated hotline where workers within Coles’ supply chain in Australia, and other countries, can report unfair labour practices or other human rights concerns regarding their employment.

**Open to:**  
All workers in Coles extended global supply chain.

**Availability:**  
8am to 8pm AEST, 7 days a week on 1300 532 515, or wageline@coles.com.au 24 hours a day, 7 days a week. Translation services are available to workers who wish to engage in their preferred language.

Worker interviews



**What:**  
Independent ethical audits under our Ethical Sourcing Program include private and confidential worker interviews.

**Open to:**  
Workers at audited tier one and tier two suppliers.

**How to access:**  
Dependent on the process followed by the independent auditor.

Coles Protected Disclosure Officers



**What:**  
A number of persons are authorised to receive protected disclosures under our Whistleblower Policy.

**Open to:**  
Anyone covered by the Coles Whistleblower Policy.

**How to access:**  
Directly contacting a Protected Disclosure Officer via contact details located in the Whistleblower Policy.

Providing remedy



Where we determine a remedy is necessary in line with the UNGPs, this may be provided by Coles directly, or in collaboration with third parties. Under our Ethical Sourcing Remediation Framework, we seek to provide both ‘restorative remedy’ and ‘preventative remedy’. In some cases, it is not possible for Coles to address the issue and provide remedy in isolation. In these instances, we consult with the affected person/s or their representative trade union/NGO/representative agent, to ensure assistance meets the needs of each individual. We are also open to collaborating with judicial and non-judicial grievance mechanisms, including the AusNCP.

Restorative remedy

We understand restorative remedy as the process of restoring individuals, or groups, that have been harmed to the situation they would have been in if the impact had not occurred. This could include apologies, restitution, rehabilitation, compensation or sanctions. What is considered effective restorative remedy will be influenced by the local culture and the impacted individual’s needs.

Preventative remedy

Preventative remedy requires that steps are put in place to secure the prevention of similar future harm. As part of this process, we endeavour to identify systemic problems and root causes of violations to make sure there are no re-occurrences of adverse human rights impacts, such as modern slavery.

Our expectations for remediation by suppliers

In situations where we identify we have not caused or contributed to human rights harm, such as modern slavery, associated with our suppliers, we seek to use our partnerships with suppliers to assess that effective remedy is provided in line with the following guidance information:

- Coles Ethical Sourcing – Child Labour Remediation Requirements
- Coles Ethical Sourcing – Forced / Bonded Labour Remediation Requirements
- Coles Ethical Sourcing – Wages and Benefits Remediation Requirements – Australia

Fostering trusted and accessible grievance mechanisms

The UNGPs highlight the importance of grievance mechanisms being accessible. It is vital that workers and other stakeholders in our operations and supply chain (such as community members) not only trust our grievance mechanisms, but are also able to access them.

One of the ways we work to promote our grievance mechanisms is through posters and business cards that explain how to contact our Wages and Conditions Hotline. As part of our Coles-funded 3PAP, auditors take these business cards to sites and distribute them to workers. Suppliers can also be provided with copies of the poster to display.

In addition we display posters with the details of our STOPline in our stores, distribution centres and store support offices.

Managing complaints

We publish details of all supplier-related complaints received through our grievance mechanisms, audits, unions and other channels on our [website](#). This includes information about our response to each complaint. We also report these details to the Commonwealth Fair Work Ombudsman.

During the reporting period we received a total of 13 supplier-related complaints. While none of these complaints, or our subsequent investigations, identified instances of modern slavery, a number of complaints included allegations involving potential modern slavery

indicators, such as underpayment and use of undocumented workers. Coles notes that all complaints received related to Australian suppliers which is likely due to workers having greater familiarity with Coles as an entity due to the proportion of stock which flows through to Coles in comparison to suppliers overseas.

The following table summarises key details of the complaints raised, with more information located in Appendix 2.

Details of supplier complaints	
Total number of supplier complaints received during FY22	13
Source of complaints	Coles grievance mechanisms (5), direct contact to Coles team member (3), audits (2), unions (1), senate inquiry (2)
Number of complaints involving alleged underpayment	4
Number of complaints involving alleged use of undocumented workers or workers in breach of visa conditions	3
Number of complaints involving workplace health and safety issues	1

Our expectations for remediation by suppliers

We seek to use our relationships with suppliers to support effective remedy provided to workers and other persons who have experienced human rights harm, such as modern slavery.

We set out our expectations for suppliers’ remediation processes in the following standards:

Coles Ethical Sourcing – Child Labour Remediation Requirements:

If child labour is identified, we require the supplier to immediately remove the child labourer from the workplace and give them a viable alternative activity and location that is safe and in the best interests of the child. The child must be given access to schooling, paid an ongoing wage and benefits, and guaranteed a job at the workplace on reaching the appropriate age. We require our suppliers to prioritise the welfare of the child and ensure a remediation plan placing the child's welfare is put in place, including plans to prevent re-occurrence. Details of this plan and its implementation must be retained by the supplier and a copy to be provided to Coles within 30 days of the child labour being identified. The supplier must then complete a follow-up audit within three months of the incident and provide Coles with information about the outcomes of the remediation plan and monitoring within 12 months. If the supplier cannot provide evidence of sufficient action to prevent further instances of child labour, the supplier will be deemed 'Not approved' under the Coles Ethical Sourcing Policy and unable to supply goods or services to Coles.

Coles Ethical Sourcing – Forced/Bonded Labour Remediation Requirements:

If a supplier’s worker pays a recruitment fee or deposit for their employment or contract for services other than, or in addition

to, the direct costs of travel, visas and other legitimate costs, then we will require the supplier to waive the debt. Payslips and financial records must be made available for auditor review verifying that the worker is no longer in debt and key employment terms and conditions must be reissued to all workers in their own language.

Any worker found to have entered an employment or contract for services arrangement against their free will must be immediately freed, with no notice period required. Workers must be allowed to freely leave with their earned payment, identity papers and other personal effects. The supplier must also provide independent evidence to demonstrate all identified issues have been rectified in the form of a re-audit (at the supplier’s expense) from a recognised certification body. This re-audit must include worker interviews.

Coles Ethical Sourcing – Wages and Benefits Remediation Requirements – Australia:

Suppliers are expected to comply with the legal requirements of the countries in which they operate, in addition to elements of Coles’ Ethical Sourcing Policy. All Australian suppliers must comply with all Australian laws and regulations regarding labour, wages and benefits, as well as health, safety and the environment. If a supplier underpays or fails to pay workers, it must engage (at its expense) an independent third-party (such as an accountant or HR specialist) to determine how long the underpayment has occurred, the total amount owed to workers, and they must identify all affected workers. The supplier must then pay the owed amount to the affected workers within a reasonable time period, to be agreed with Coles.

Incorporating worker voice: direct worker reporting pilot

Engaging with workers in the supply chain can support companies to better understand potential modern slavery and broader human rights risks, and allow for the safe reporting of potential concerns.

From November 2021 to June 2022, Coles participated in a Sedex-led Direct Worker Reporting Pilot. The pilot involved a worker survey completed in conjunction with a SMETA audit that aimed to gain insights directly and anonymously from workers about working conditions and worker wellbeing.

The first location of the pilot was in India and included three tier two supplier sites in our supply chain. During the pilot, workers at each site were provided access to a QR code prior to the scheduled audit. Workers were able to use this QR code through their mobile phones to complete an anonymous, online survey in their chosen language. Learnings from the pilot in India showed that more time is required to engage suppliers to recognise the value of the surveys and to promote it to workers to complete as well as the provision of multiple channels (e.g. phone dial-in, direct access to weblinks) to assist with ease of access enabling greater response rates. There also needed to be clearer guidance to auditors on how to use worker survey results to further investigate matters during the audit.

We subsequently built on this work by undertaking a second worker voice project at 13 selected Australian supplier sites. This pilot included sites from across multiple industries including fresh produce, meat, bakery and liquor. Our Ethical Sourcing team worked closely with our audit provider to support and answer questions from suppliers. We also worked with suppliers to understand workers’ commonly used languages including Mandarin, Myanmese, Tetun, Bislama and Vietnamese. The survey included questions relating to payment of recruitment fees, worker health and safety, and workers’ wages.

There were varying worker response rates across the Australian sites due to factors such as promotion of surveys to workers, and workers' limited experience and lack of familiarity to complete such surveys. Application of learnings and resulting adjustments made along the course of the pilot included providing additional reminders and support to suppliers to promote the surveys in various ways. Auditors were also asked to record during the audit where survey communications are placed, if workers are aware of, or have trouble understanding and accessing surveys.

Our Ethical Sourcing team is working through a review of survey outcomes, audit reports and supplier feedback, to determine the viability of this type of engagement going forward.

Reviewing the effectiveness of our grievance mechanisms

In line with the expectations set out in the UNGPs, we understand effective grievance mechanisms to be trusted, accessible and communicated, predictable, equitable, transparent, rights compatible, a source of continuous learning and based on engagement.

In our 2021 statement and Human Rights Strategy, we committed to review the effectiveness of our grievance mechanisms.

Key actions we are taking as part of this review include testing our own processes by submitting test complaints through our grievance mechanisms to ensure they were identified and directed appropriately. A review of past complaints also took place to assess how they were actioned, their outcomes and any inconsistencies.

To date, our review process has identified several areas for further consideration. Examples include the need to better promote and educate on the available channels, as well as making sure the management processes are consistent across all avenues they might be received.

We also engaged with the Corporate Human Rights Benchmarking criteria to understand how we can align our external reporting on grievance mechanisms to international best practice. Through the benchmark, we identified an opportunity to better communicate that all potentially affected stakeholders to Coles can access our grievance mechanisms. We have since updated our website to clarify that STOPline is available to affected community members, not just workers in our supply chain.

Engagement with internal stakeholders has also indicated that complaints regarding possible issues in our supply chain may be made directly to individual Coles team members known and trusted by the complainant. Based on this feedback, we are exploring options for further training for key team members (such as category managers and those who regularly visit or liaise with our suppliers) to prepare them to handle possible complaints and follow our relevant processes.

Separately, an internal audit of Coles Whistleblower Framework was undertaken during the reporting period, with a focus on key areas of compliance and opportunities for improvement.



# Section 4:

## Assessing our effectiveness

We define an ‘effective’ response to modern slavery as one that reduces vulnerability of workers to exploitation by driving changes to behaviour and practices across our business and supply chain.

- We are focused on continually strengthening our modern slavery response. In line with this commitment, we take a range of actions to assess the effectiveness of key aspects of our response, as detailed below. These actions include consideration of a range of metrics, including:
- the number of suppliers in scope of our Ethical Sourcing Program and the proportion of these suppliers onboarded to Sedex and Fair Farms;
  - the number of resolved and outstanding ethical audit non-conformances;
  - trends in ethical audit results over time;

- the number of supplier complaints received and resolved and any trends in complaint patterns;
  - stakeholder feedback, including from suppliers, unions, investors and civil society; and
  - independent and internal audits on the maturity and progress of our Ethical Sourcing Program.

It is important to us that we include the voices of potentially impacted stakeholders in our work to assess our effectiveness. This is why we work to seek and consider feedback from external stakeholders such as our union partners in the ERSCA, suppliers, and suppliers’ workers (including at worker education events). We also take into account feedback from external benchmarking bodies, such as the Corporate Human Rights Benchmark and Know the Chain.

Core component of our modern slavery response	How we assess our effectiveness	Key outcomes during the reporting period
Our policy and governance framework	<ul style="list-style-type: none"><li>We regularly review key policies to evaluate whether they are fit for purpose, including an annual review of our Ethical Sourcing Policy. Our Ethical Sourcing Policy review includes engagement with key external stakeholders, including suppliers and unions.</li><li>We monitor the effective implementation of our policy and governance framework (and wider response) through quarterly reporting to the Board and Audit and Risk Committee, which includes performance against Key Risk Indicators. Our Human Rights Steering Committee also meets regularly to monitor our response.</li></ul>	<ul style="list-style-type: none"><li>We amended our Ethical Sourcing Policy to further clarify our expectations around subcontracting.</li><li>We updated our Key Risk Indicators to focus on responsiveness to identified issues and compliance with governance principles.</li></ul>
Our risk-assessment process	<ul style="list-style-type: none"><li>We continually monitor our modern slavery risk profile to ensure our understanding of our modern slavery risk is fit for purpose. For example, we are working with suppliers to validate our understanding of modern slavery risks in our extended supply chain.</li></ul>	<ul style="list-style-type: none"><li>Our engagement with suppliers has enabled us to refine our understanding of key modern slavery risk areas in sectors such as solar, and in relation to high risk activities such as labour hire. This will inform ongoing work in these areas in FY23.</li></ul>
Our supplier due diligence	<ul style="list-style-type: none"><li>We assess the effectiveness of our Ethical Sourcing Program in a range of ways including:<ul style="list-style-type: none"><li>monitoring and reporting to the Board on key metrics, including non-conformances;</li><li>undertaking targeted reviews of parts of the Program, such as the Working Hour Framework;</li><li>engaging with our audit providers to seek feedback and discuss key trends; and</li><li>comparing audit findings with reporting through our grievance mechanisms.</li></ul></li></ul>	<ul style="list-style-type: none"><li>911 ethical audits were conducted (an increase of 19% from FY21) and we resolved 2,584 non-conformances.</li><li>16 unannounced audits were conducted as a control test for site risk ratings and prior audit performance.</li><li>The review of our Working Hour Framework will inform further refinements in FY23.</li></ul>
Training	<ul style="list-style-type: none"><li>We assess the effectiveness of our training through engagement with team members and supplier participants, such as through surveys to identify remaining knowledge gaps.</li></ul>	<ul style="list-style-type: none"><li>Seven training programs were delivered.</li></ul>

Core component of our modern slavery response	How we assess our effectiveness	Key outcomes during the reporting period
Our grievance mechanisms and remediation processes	<ul style="list-style-type: none"><li>We assess the effectiveness of our grievance mechanisms and remediation processes against the criteria set out in the UNGPs.</li><li>We consider best practice by reviewing our processes in line with international benchmarks.</li><li>We consider stakeholder feedback and changes in reporting trends, and monitor and report on the number of supplier complaints received and addressed.</li><li>Internal audit</li></ul>	<ul style="list-style-type: none"><li>Our review of our grievance mechanisms against the UNGPs' effectiveness criteria has shown an opportunity to consolidate our channels and to provide training to internal team members.</li><li>5 supplier complaints were received through our grievance mechanisms, which indicates a level of trust by the stakeholders engaged.</li></ul>
Our modern slavery reporting	<ul style="list-style-type: none"><li>We engaged an expert third party provider to review our 2021 statement and advise on how we can more effectively communicate our work in this area.</li><li>We also reviewed key third-party benchmarks to understand how our statement compares to wider reporting trends.</li></ul>	<ul style="list-style-type: none"><li>We have expanded the level of detail in this statement to more clearly communicate the steps we have taken to manage modern slavery risks and address key reporting trends identified through external benchmarks.</li></ul>
Our internal audit against progress	<ul style="list-style-type: none"><li>Coles Internal Audit function completed an audit of Coles' Ethical Sourcing Program - using an independent third-party expert to evaluate the maturity of key elements of our Ethical Sourcing Program.</li><li>The audit assessed executive support and governance, program implementation and supplier relationships and monitoring.</li><li>Each element was assigned a maturity rating from developing to embedded.</li></ul>	<ul style="list-style-type: none"><li>The assessment gave Coles guidance on the elements of our Ethical Sourcing Program that we have embedded well into our business, and the elements we need to focus on continuously developing.</li><li>The assessment gave a strong maturity rating for embedding executive support for ethical sourcing into various areas of our business, including procurement non-trade.</li><li>The assessment was the third such review of our program – with reviews completed in 2016 and 2019 – enabling us to measure improvement over time and to encourage ongoing improvement.</li></ul>

### Case studies: Examples of assessing effectiveness

#### Training

In order to be effective, training needs to be tailored to participants’ needs and result in changes to behaviour.

We assessed the effectiveness of a workshop for suppliers on our Ethical Sourcing Program by surveying participants to seek feedback on training content and delivery.

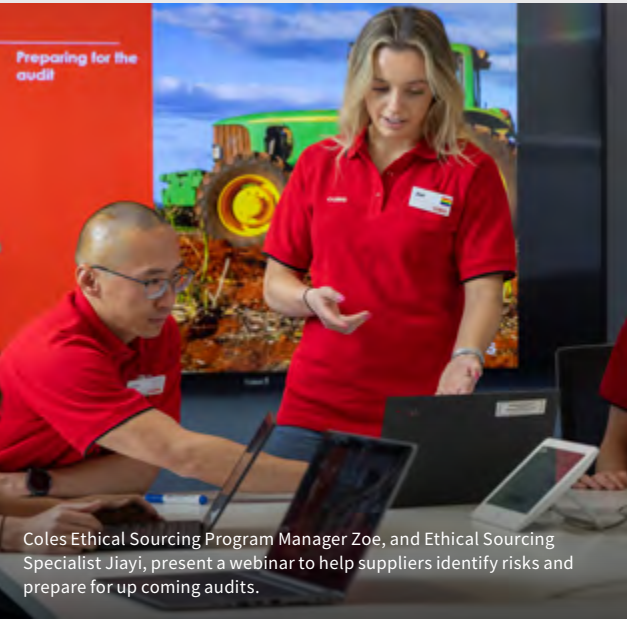
This feedback identified that manufacturers and growers had different needs and levels of understanding in of human rights. We used this feedback to enhance the effectiveness of our training by tailoring the content and providing a separate session for growers, which was delivered in April 2022.

#### Our audit program

Ethical audits are a key element of our work to manage modern slavery and broader human rights risks. In order to be effective, it is important audits are able to accurately identify issues on the ground. We tested the effectiveness of our ethical audits by testing whether audit findings aligned with reporting trends for labour rights issues received through our grievance mechanisms.

We identified multiple labour rights complaints received through our grievance mechanisms relating to a specific growing region and commodity in Australia.

We focused on increasing the number of ethical audits for relevant suppliers in the region and reviewed these audit reports to determine whether the audits had been effective in identifying the issues raised through our grievance mechanisms.



Coles Ethical Sourcing Program Manager Zoe, and Ethical Sourcing Specialist Jiayi, present a webinar to help suppliers identify risks and prepare for up coming audits.

# Section 5: Future activities

Coles is committed to continued improvement of our Ethical Sourcing Program and the actions we take to assess and address modern slavery risks within our own operations and our supply chain.



## Embedding a culture of continuous improvement through ongoing review and investment

Prepare and deliver the next iteration of Coles Human Rights Strategy.

Continue planned program expansion across applicable products / services.

Build and deliver audit methodology for high-risk service provision.

Develop a framework to support the reduction of risk where third-party labour hire occurs for both Coles' suppliers and within Coles' operations.

Continue to review and conduct risk assessments of raw materials within Coles' supply chain.

Continue to invest in technology to streamline core program activities.



## Building trust through education and learning

Design modern slavery training for select suppliers in Coles' supply chain.

Update modern slavery training for Coles' team members.

Continue to offer specialised training opportunities for suppliers.

Build a deeper understanding of human rights across Coles team members through advanced training and exposure to on-the-ground experiences.



## Strengthening partnerships through increased collaboration

### In partnership with the Accord:

Deliver a timeline of activities associated with improving accommodation standards within Australian horticulture by assessing the recommendations outlined in the research conducted during FY22.

Continue to engage, educate and provide support to workers in areas of Australia where Coles sources products.

Continue to explore opportunities for harnessing worker voice within Coles' supply chain.

Explore opportunities for collaboration on risk reduction activities with global businesses through the Indirect Spend Alliance.

# Section 6: Consultation

We take a coordinated approach to managing modern slavery risks across our business, including through consultation and collaboration with key functions. Consistent with this approach, we undertook a detailed consultation process to develop this statement.

## Statement development

The development of this statement was led by our Ethical Sourcing team, which consulted directly with key functions across the group to draft the statement. Multiple drafts of the statement were reviewed by the Human Rights Steering Committee as well as Coles' Modern Slavery Working Group which include representatives from across the Coles Group.

## Consultation with reporting entities

This statement was reviewed and approved by the Boards of each reporting entity.

Outside of the Coles Group, consultation also took place with both Flybuys and Queensland Venue Co., as Coles has a 50% interest in both businesses that are required to submit their own statements. This consultation included direct meetings with both entities to discuss their modern slavery reporting and underlying risk management.

## Additional consultation, including with owned and controlled entities

In addition to the specific consultation with reporting entities outlined above, this statement was developed through an extensive cross-functional consultation process which encompassed engagement with Directors of owned and controlled entities.

A copy of this statement was also reviewed and approved by the Company Secretary responsible for our owned and controlled entities.

Ernst & Young provided limited assurance over this statement. The limited assurance process assists in improving Coles' processes for modern slavery risk management and reporting.

*James Graham*

James Graham AM  
Chairman

*Steven Cain*

Steven Cain  
Managing Director and Chief Executive Officer



# Appendix 1: Compliance with Modern Slavery Act requirements

This statement was prepared in accordance with the criteria set out in the *Modern Slavery Act 2018* (Cth). The following table outlines where information related to each mandatory reporting criteria can be located within the report.

Mandatory criteria for Modern Slavery Statements	Location of information
Identify the reporting entity	Overview and Section one: Our Structure, operations and supply chain
Describe the structure, operations and supply chains of the reporting entity	Section one: Our Structure, operations and supply chain
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Section two: Identifying our modern slavery risks
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Section three: Our actions to manage our modern slavery risks
Describe how the reporting entity assesses the effectiveness of such actions	Section four: Assessing our effectiveness
Describe the process of consultation with any entities that the reporting entity owns or controls	Section six: Consultation
Provide any other information that the reporting entity, or the entity giving the statement, considers relevant	Overview: Our Ambitions and Key Achievements Message from our Chairman, and Managing Director and Chief Executive Officer

# Appendix 2: Coles Supplier Complaints Table

Period Received	Type of Supplier	Nature of complaint / investigation	Outcome
Apr – Jun 2022	Bakery supplier (direct)	Alleged out-of-date product usage and underpayment of workers.	<b>Closed.</b> Investigation completed with an unannounced visit conducted by the Coles Ethical Sourcing and Quality Assurance teams. A full site tour, traceability review and a sample of team member payments was undertaken, and no relevant issues were found.
Apr – Jun 2022	Produce supplier (direct)	Alleged underpayment of workers and cash in hand payments.	<b>Closed.</b> Following an unannounced visit, a worker reached out alleging underpayment and cash in hand payments. The allegation of cash in hand payment was substantiated by the preceding unannounced investigation, but the underpayment was not. The supplier addressed the finding. The worker has not responded to further contact by Coles.
Jan – Mar 2022	Produce supplier (direct)	Allegation of insufficient working hours / no work for visa workers.	<b>Closed.</b> Investigation completed including a review of payslips which found that the supplier was compliant with relevant government agency regulations. The complainant has not responded to further contact by Coles.
Jan – Mar 2022	Produce supplier (direct)	Allegation that labour hire provider used by the site is engaging undocumented workers.	<b>Closed.</b> Investigation completed. The investigation was unable to substantiate the complaint.
Jan – Mar 2022	Produce supplier (direct)	Allegation of unsuitable accommodation and potential discrimination.	<b>Closed.</b> Investigation completed with an on-site visit. Allegation was unable to be substantiated.
Jan – Mar 2022	Produce supplier (direct)	Allegation that labour hire provider at the site is involved in deceptive recruiting, underpayment, inadequate payslip information, poor treatment of workers and unsuitable accommodation.	<b>Closed.</b> Investigation completed with an on-site visit. Accommodation concerns were not substantiated and the allegation of deceptive recruitment, underpayment, and poor treatment of workers was unable to be substantiated.
Oct – Dec 2021	Produce supplier (indirect)	Alleged falsification of documents in preparation for audit, cash in hand payments, undocumented workers.	<b>Closed.</b> Audit conducted. No findings related to the allegations were identified. All other findings from the audit were remediated.

Period Received	Type of Supplier	Nature of complaint / investigation	Outcome
Oct – Dec 2021	Produce suppliers x 3 (indirect)	Alleged use of illegal workers and unlicensed labour hire providers across three farms under the same management.	<p>Site 1 - <b>Closed</b>. Investigation conducted. Allegations were not substantiated.</p> <p>Site 2 - <b>Closed</b>. Unannounced visit conducted. Allegations were not substantiated.</p> <p>Site 3 - <b>Closed</b>. Audit conducted. Allegations were unable to be substantiated.</p>
Oct – Dec 2021	Unspecified Produce suppliers (indirect)	Alleged engagement of illegal labour and underpayment of workers at multiple unspecified Berry sites.	<p><b>Closed</b>. Investigation conducted on site demonstrated that the site and labour hire provider had inadequate working rights and payroll/ personal record keeping enabling compliance to be assessed. Illegal labour was not identified.</p> <p>All identified issues have been rectified.</p>
Oct – Dec 2021	Produce supplier (direct)	Alleged non-compliance regarding the election of Health and Safety representatives.	<b>Closed</b> . Allegations unsubstantiated. An investigation by the relevant regulatory authority verified that the election process was valid.
Oct – Dec 2021	Convenience supplier (direct)	Alleged underpayment of workers and cash in hand payments.	<b>Closed</b> . An unannounced audit was conducted and the complaint was substantiated and the findings have been closed.
Oct – Dec 2021	Produce supplier x 3 (2 direct, 1 indirect)	Anonymous complaint. Alleged use of undocumented workers and underpayment of workers by labour hire providers at three sites. Allegation that workers are not receiving payslips and that the site is not paying contractors correctly.	<p>Site 1 - <b>Closed</b>. Investigation conducted. Allegations were not substantiated.</p> <p>Site 2 - <b>Closed</b>. Investigation conducted. Allegations were not substantiated.</p> <p>Site 3 - <b>Closed</b>. Audit Conducted. It was identified the site had deficiencies in records of worker classification and inadequate processes to monitor labour hire provider compliance, but no instances of undocumented workers or underpayment were identified.</p>
Jul – Sept 2021	Deli supplier (direct)	Alleged excessive and involuntary overtime, incorrect payment of wages and concerns with overall working conditions.	<b>Closed</b> . Partially substantiated. An audit identified that some workers did not feel free to decline overtime and that part time contracts did not specify working hours. All findings from the audit were addressed.





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