

# colesgroup



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## 2020 Sustainability Report

Winning together

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Coles Group Limited  
ABN 11 004 089 936





We want to drive generational sustainability so we are here for another century, creating jobs, supporting our suppliers and making a positive difference in our local communities.

Front cover: The Chittick family, who are fifth generation dairy farmers from Gerrigong in New South Wales, were among a number of dairy farmers in Victoria and on the south coast of New South Wales who became direct suppliers of milk to Coles in FY20. Pictured are Tim and Melissa Chittick with their sons Beau and Mitchell and baby daughter Ruby.

This page: Team members at our Coles Local Rose Bay store wearing polo shirts made from 65% recycled plastic bottles. The store also has doors on most refrigeration units to reduce energy use; zero edible food waste to landfill by donating unsold, edible food waste to SecondBite (one of our food rescue charity partners) or disposed of in organic waste bins; and offers free cardboard boxes for customers to pack their groceries to take home.



Contents

About Coles	3	Coles acknowledges the Traditional Custodians of Country throughout Australia and pays its respects to elders past and present. We recognise their rich cultures and continuing connection to land and waters.
Message from the Chairman and Managing Director and Chief Executive Officer	4	
Sustainability at Coles	6	
How we create value	10	
Sustainable communities	13	Aboriginal and Torres Strait Islander peoples are advised that this document may contain names and images of people who are deceased.
Sustainable products	47	
Sustainable environmental practices	59	
Our stakeholder engagement	70	All references to Indigenous people in this document are intended to include Aboriginal and/or Torres Strait Islander people.
Aligning with global goals	72	
Our data	74	
Assurance statement	78	
About this Sustainability Report	79	

Welcome to the  
Coles Group  
2020 Sustainability Report

Forward-looking statements

This report contains forward-looking statements in relation to Coles Group Limited and its related bodies corporate (together, 'Coles' or 'the Group'), including statements regarding the Group's intent, belief, goals, objectives, 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.

These forward-looking statements are based on the Group's good-faith assumptions as to the 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 and other important factors, many of which are beyond the reasonable control of the Group, that could cause the actual results, performances or achievements of the Group to be materially different from future results, performances or achievements expressed or implied by the statements.

Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements in this report speak only as at the date of issue. Except as required by applicable laws or regulations, the Group does not undertake any obligation to publicly update 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 for future performance.

Reliance on third-party information

The views expressed in this Sustainability Report contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

Some photographs in our Sustainability Report were taken before COVID-19 social distancing restrictions were in place.

About Coles

Just over a year ago, we announced our vision to become the most trusted retailer in Australia and grow long-term shareholder value, as well as our purpose to sustainably feed all Australians to help them lead healthier, happier lives.

Our focus on customers has never been stronger than in FY20, as we were confronted by many challenges including drought, floods, devastating bushfires and the ongoing COVID-19 global pandemic. During this extraordinary year, our team members and suppliers have risen to the challenges of safely providing essential services to all Australians.

Our corporate strategy has three strategic pillars to enable us to deliver our vision and purpose: Inspire Customers, Smarter Selling and Win Together.

Our commitment to Win Together with our team members, suppliers and communities to make a positive difference for all Australians underpinned our approach to responding

to the challenges of FY20. During the year, we continued to prioritise health, safety and wellbeing for our customers and 118,000 team members. We worked with our supply partners to deliver food and essential groceries to communities across Australia.

Our efforts to Win Together were also supported by our LEaD behaviours framework – Look ahead, Energise everyone and Deliver with pride as well as our newly-launched Coles' values – Customer obsession; Passion and pace; Responsibility; and Health and happiness. These behaviours and values are expected to guide the day-to-day decisions and actions of all team members, shaping the way we work together to get things done.

Our strategy.

Our vision is to become the most trusted retailer in Australia and grow long-term shareholder value.



Our behaviours.

LEaD

- Look ahead
- Energise everyone
- Deliver with pride

Our values.

- Customer obsession
- Passion and pace
- Responsibility
- Health and happiness

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

With drought in much of the country, floods in other parts, bushfires and then COVID-19, FY20 was a year like no other. Our focus has been on team and customer safety, and supporting vulnerable Australians in our community.

We want to acknowledge and thank our team members who, together with our supply partners, worked tirelessly to provide Australians with essential food, drinks and fuel. These efforts in FY20 were reflective of our dual objectives to build trust and drive sustainability. The three pillars of our Sustainability Strategy – Sustainable communities, Sustainable products and Sustainable environmental practices – provide the framework for this report.

We proudly support the United Nations Global Compact and this report demonstrates how we are responding to its ten principles, as detailed on page 72.

### Sustainable communities

FY20 presented difficult challenges for our team members, customers, suppliers and the community.

The safety of our more than 118,000 team members and millions of customers remained our top priority as we adapted to new ways of working and shopping. Pleasingly, the total recordable injury frequency rate decreased from 27.8 in FY19 to 22.7 in FY20, an 18.3% improvement.

Recognising the importance of supporting team members' mental wellbeing, our partnership with The Resilience Project was extended to provide educational videos and other resources.

We worked with our suppliers and governments to provide customers with essential food, drinks and fuel in times of extraordinary demand during the height of the pandemic and in response to the impacts of bushfires when communities were isolated.

New safety measures were introduced at our stores, and distribution centres, and store support team members adapted to remote working.

Strong relationships with our suppliers and logistics partners provided us the ability to pivot to new operating models with pop-up distribution centres established and government approval to extend delivery windows to stores.

Community partners SecondBite and Foodbank saw first-hand the impact of the drought, bushfires and COVID-19. In addition to food collection from our supermarkets and distribution centres, we supported them with food and groceries to a retail value of \$7.9 million in response to increasing demand for food relief as a result of the pandemic.

We listened and acted on feedback provided during the year, including that which was raised as part of the shareholder resolution at Coles' 2019 Annual General Meeting. We are committed to transparently sourcing goods and services in an ethical manner, minimising the potential for labour and human rights issues in our supply chains and operations. We worked to strengthen our ethical sourcing program during the year including adding the industry-led Fair Farms initiative and releasing Coles' first Human Rights Strategy. Our first Modern Slavery Statement was also released in accordance with new reporting requirements.

We continue to work to build strong relationships with all our suppliers and importantly with Australian farmers and producers.

In July 2020, Coles expanded its direct sourcing of Own Brand fresh milk to dairy farmers in South Australia which will be followed by Western Australia in October 2020. This direct milk sourcing model follows a successful rollout in Victoria and the New South Wales south coast which commenced in July 2019.

During the year we also announced that we would provide more than \$3.6 million in grants from the Coles Nurture Fund to 15 producers who are planning to improve sustainability, to rebuild after bushfires and to produce more Australian-made food and beverages.

Coles' total community support in FY20 was more than \$139 million, an increase of 21% compared with FY19. This included direct community support of more than \$125 million with an additional \$14 million contributed by customers, team members and suppliers.



### Sustainable products

Our focus on health was supported by our expanding range of healthy products and meal solutions, and the introduction of more meat-free protein alternatives.

We also worked with community partners to promote good health. This included teaming up with the Heart Foundation to raise awareness of heart disease, launching a partnership with The Stephanie Alexander Kitchen Garden Foundation to provide children with food education and announcing a five-year partnership with the Australian Football League.

Responsible sourcing is an important aspect of our Own Brand offering and we are proud of our animal welfare achievements and our responsibly sourced seafood program. In FY20, Coles was again awarded the Marine Stewardship Council's Best Sustainable Seafood Supermarket in Australia. An award we have held since 2017.

We also expanded our Graze range, launching Graze lamb in January 2020 as well as adding to our range of RSPCA Approved products with the introduction of Slow Hills chicken. We are proud to have the broadest range of RSPCA-Approved products of any major Australian supermarket.

### Sustainable environmental practices

As one of Australia's largest companies, we understand our responsibility to minimise our impact on the environment. With the importance of climate change highly visible during the year, this responsibility has never been so clear. This includes maintaining security of food supply as our climate changes to enable us to sustainably feed all Australians.

In FY20, we were the first major Australian retailer to commit to buying renewable energy through a power purchase agreement. The 10-year agreement is in place to purchase power from three solar plants in New South Wales with the projects expected to provide 10% of Coles' national power needs. The solar plants are expected to be operational in FY21.

Food security and reducing food waste are important social and environmental issues. Our focus on reducing food waste has meant that since 2003, the equivalent of more than 147 million healthy and nutritious meals have been provided to people in need through our partnerships with SecondBite and Foodbank.

In FY20, more than 360 million pieces or 1.5 million kilograms of flexible plastic was collected from our stores by REDcycle, an increase of 59% compared with FY19. Since the REDcycle program began in 2011, Coles has diverted more than one billion pieces or 4,300 tonnes of flexible plastic from landfill across Australia.

We understand our customers want us to reduce packaging and to make it easier for them to recycle. We are committed to improving the recyclability of Own Brand packaging while also acknowledging that packaging, including plastic packaging, plays a key role in protecting products during transport, extending product life, keeping food safe and reducing food waste as it travels through our supply chain to our stores.

In November 2019, we were proud to receive the Australian Packaging Covenant Organisation's Large Retailer Sector award for our achievements in sustainable packaging design, recycling initiatives and product stewardship.

### Looking ahead

While FY20 was an incredibly challenging year, it reinforced to us that by working together and supporting each other we could continue to provide Australians with essential food, drinks and fuel. Never has a strong vision, purpose and strategy been more important as we build on our learnings from this year to continue to support team members, customers, supply partners and the community more broadly.

  
James Graham AM  
Chairman

  
Steven Cain  
Managing Director and  
Chief Executive Officer



# Sustainability at Coles

Coles' approach to sustainability is about giving stakeholders confidence that we are driving positive environmental and social change. It is about earning and keeping their trust.

## Our Sustainability Strategy

Coles Sustainability Strategy is focused on:

### Sustainable communities



### Sustainable products



### Sustainable environmental practices



Our Sustainability Strategy is aligned with the United Nations Global Compact (UNGC) and the United Nations Sustainable Development Goals (UNSDGs). More information about the UNGC and the UNSDGs can be found on pages 72 and 73 of this report, and in our response to the Global Reporting Initiative on the Group's website.

 [colesgroup.com.au/sustainability](https://colesgroup.com.au/sustainability)

Our Sustainability Strategy is also guided by social, ethical and environmental policies, which can be found on the Group's website.

 [colesgroup.com.au/corporategovernance](https://colesgroup.com.au/corporategovernance)

Our 2020 Sustainability Report has been reviewed and approved by the Board.

## Sustainability governance

The Board oversees and approves the strategic direction of the Group and the effectiveness of Coles' environmental, sustainability and governance policies. It retains ultimate oversight of material environmental and sustainability risks and opportunities. The Audit and Risk Committee assists the Board in fulfilling its responsibilities.

The Sustainability Steering Committee, a management committee, is responsible for overseeing Group-wide identification and response to sustainability risks and opportunities. It is chaired by the Chief Sustainability, Property & Export Officer, a member of the Executive Leadership Team reporting to the Chief Executive Officer. Its standing members comprise management from functions with key sustainability responsibilities including Risk and Compliance, Sustainability, Own Brand, Company Secretariat and Corporate Affairs.

The Chair of the Sustainability Steering Committee provides regular updates to the Board and the Audit and Risk Committee on sustainability issues.

The Sustainability Steering Committee is supported by other steering committees, subcommittees and working groups including the Human Rights Steering Committee, the Climate Change Subcommittee and the Own Brand, Coles Express and Coles Liquor sustainability working groups.

Information on our overall approach to corporate governance can be found in the 2020 Corporate Governance Statement on the Group's website.

 [colesgroup.com.au/corporategovernance](https://colesgroup.com.au/corporategovernance)



Showing support for regional Victoria following the devastating bushfire season, members of the Coles' leadership team met with team members from local front-line stores at Gapsted Winery near Myrtleford for a thank you dinner. The three-day strategy offsite also included seeing local suppliers such as Beechworth Honey, LaManna Premier Group, Montague, meat processors and producers, Brown Brothers and local representatives from the Country Fire Authority.

## Understanding our key sustainability issues

A sustainability materiality assessment was conducted during FY20 to understand the sustainability issues that matter most to our stakeholders. We gathered insights from customers, surveyed team members, talked to investors and analysts, and reviewed traditional and social media and government and industry trends. The assessment was informed by sustainability risks identified and managed in accordance with our Risk Management Framework, which is based on ISO 31000:2018 Risk management – Guidelines.

The issues and opportunities identified inform our Sustainability Strategy and the disclosures in this report. They should not be viewed individually, as in most cases they are interconnected, and action and progress in one area can lead to improvements in another.

Key events of this year – drought, bushfires and the COVID-19 pandemic (COVID-19) – clearly relate to material sustainability topics including climate change, health, safety and wellbeing, and support for communities and supply partners. These events have focused the way in which sustainability is considered across the business.

### A year of change – aligning our focus

Drought, devastating bushfires, a global pandemic – 2020 brought challenges of exceptional scale not only for our team members and customers but also for our suppliers and operations partners as we worked together to provide the community with essential supplies. And while there were challenges, there were also great stories of resilience and we are proud of our coordinated response as an essential service, supporting communities in need.

Against this backdrop of uncertainty and to also address evolving regulatory and industry-wide responses to key social and environmental issues and impacts – including government commitments and targets, such as the national packaging and waste targets, as well as industry and supplier capability – we examined how our key sustainability ambitions and commitments are established, measured and reported. This approach underpins our focus on continuously improving our management and performance, in regard to social and environmental impacts and opportunities.

As a result, we have recalibrated and refreshed the way some metrics are managed and reported. This has provided greater clarity around definitions and calculation methodology, to provide stakeholders with information that is transparent, well defined, accurate and comparable. Our aim is to continuously improve our reporting as sustainability systems and processes mature.

We have revisited some commitments to ensure they are applicable in these changing and challenging times, and have referenced any updates in the relevant section of the report, acknowledging that future changes may be required should similar challenges or ones without precedent occur.

Coles has a key role to play in driving industry towards sustainable outcomes, focusing on areas where we can influence and create change. We understand the responsibility we have to meet the needs of our team, customers, suppliers and the communities in which we live and work and are committed to making a positive difference.

Understanding and meeting these responsibilities is key to achieving our vision to become the most trusted Australian retailer and to growing long-term value for our shareholders.



## Sustainability achievements



Sustainable communities

**\$139m**

community support  
▲ 21% from FY19



Sustainable products

**Best Sustainable Seafood Supermarket in Australia**  
Awarded by MSC.  
Holder of the award since 2017



Sustainable environmental practices

**1bn+**  
pieces of flexible plastic  
through REDcycle since 2011

**147m+**  
Meals to people in need  
since 2003 (equivalent of)

**Broadest range of RSPCA Approved products**  
of any major Australian supermarket

**65%**  
food waste diversion

**4,700+**  
Indigenous team members  
▲ 16% from FY19

**2,000+**  
Own Brand products displaying the Australasian Recycling Label helping customers to recycle

**79%**  
waste diverted from landfill

**18.3%**  
Improvement in total recordable injury frequency rate from FY19

**2,400+**  
Own Brand products displaying Health Star Rating at end of FY20

**↓36.5%**  
Greenhouse gas emissions (Scope 1 and 2) from 2009

**Most Popular Retail and Fast-Moving Consumer Goods Employer**  
in the Top 100 Graduate Employers 2020 Awards

**Direct milk sourcing with dairy farmers**  
in Victoria and south coast of New South Wales

**Large Retailer Sector award from the Australian Packaging Covenant Organisation**  
in FY20

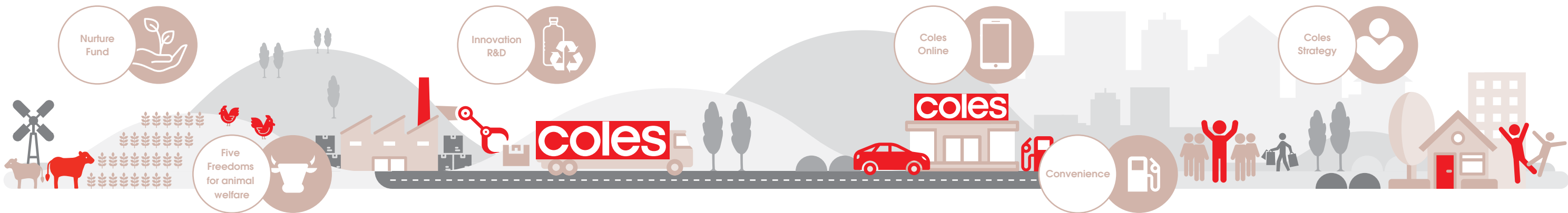


SecondBite and Coles teams mark the milestone of donating the equivalent of 100 million meals to SecondBite since 2011 (top). Coles Chief Sustainability, Property & Export Officer Thinus Keevé and food journalist, TV personality and SecondBite Board member Matt Preston launch the Coles Winter Appeal, which raised nearly \$1 million in less than two weeks for SecondBite (bottom).



# How we create value

We are driven by our purpose to sustainably feed all Australians to help them lead healthier, happier lives, which means we need to consider our social and environmental impacts in all that we do.



### Australian farmers and producers

Coles Supermarkets has an Australian-first sourcing policy to provide our customers with quality Australian-grown fresh produce. By doing this, we are supporting Australian farmers and growers who provide us with healthy, quality products. Our support includes the \$50 million Coles Nurture Fund.

### Suppliers, processors and packaging

Thousands of suppliers provide us with Own Brand and proprietary branded products. We are working with Own Brand suppliers to improve Own Brand packaging recyclability, including labelling on Own Brand products to help customers recycle. REDcycle soft plastics recycling is available in our supermarkets.

### Transport and distribution

Working with our logistics partners, we are reducing our environmental footprint through more efficient fleet movements. We are also ensuring customers are provided with quality, safe products by conducting selected quality checks when produce arrives at our fresh produce distribution centres, with additional checks for chilled products.

### Retail and store network

We support local economic growth through investment in new stores and infrastructure, while continuing to reduce greenhouse gas emissions. Innovation is key to providing online grocery and convenient shopping experiences to make life easier for our customers. Providing safe, responsibly sourced, nutritious products at competitive prices is fundamental.

### Team members

With more than 118,000 team members, including the largest number of Aboriginal and Torres Strait Islander team members in Australia's private sector, our workforce reflects the diversity of our customers and the community. A safe and inclusive workforce for all is our priority.

### Customers and community

Through community partnerships, we are supporting Australians and reducing our environmental impact. Our work with SecondBite and Foodbank provides Australians in need with healthy, nutritious food that might otherwise go to waste. Disaster relief and business continuity plans support customers and communities in times of extreme weather events and other crises.

## Our economic value creation

Suppliers	Team members	Shareholders	Governments	Community
\$29.9bn	\$4.8bn	\$873m	\$2.6bn	\$139m
supplier and services spend	payments and benefits to team members	total dividends paid	cash taxes paid and collected	community support

All figures above are as at 28 June 2020, with the exception of community support (30 June 2020)

### Own Brand and Exclusive Liquor Brands

Coles Own Brand (Own Brand) is the portfolio of food, drink and non-food product brands owned by Coles. It includes Own Brand grocery, fresh produce and meat products sold in our supermarkets and convenience outlets. Standard Own Brand products are those sold throughout the year, while seasonal Own Brand products are those sold as part of special events or celebrations.

Exclusive Liquor Brands (ELB) refers to items sold exclusively in our liquor stores, including brands that are

owned by Coles and brands that are owned by suppliers but exclusive to Coles.

Own Brand and ELB provide Coles with a point of difference from our competitors. We go to great lengths to ensure the products are compelling, high-quality, great value and loved by our customers.

In this report, we refer to brands owned by other companies as proprietary brands.





Michelin-starred chef and Coles ambassador Curtis Stone takes on Essendon Football Club's talented recruits Freda, Jamie-Lee and Aggie as Coles announced a new five-year partnership in February 2020 to support Tiwi Island female footballers through the club's Tiwi Pathway Program.



## Sustainable communities

FY20 presented difficult times for our team members, customers, suppliers and the community as we dealt with unforeseen challenges including drought, devastating bushfires and COVID-19.

The Win Together pillar of our Corporate Strategy guided our response.

The safety of our more than 118,000 team members and millions of customers remained our top priority as we adapted to new ways of working and shopping.

We worked with our suppliers and governments to provide customers with essential food and groceries in times of extraordinary demand during COVID-19 and in response to the impacts of bushfires when communities were isolated.

Community partners SecondBite and Foodbank also felt the impact, and we supported them with additional food and product donations. We thanked rural fire brigades by providing them with more than \$3 million in gift vouchers, and we supported the Country Women's Association and the Australian Red Cross.

By working with our team members, charity partners, suppliers and producers we will continue to Win Together, to create positive change and sustainably feed all Australians to help them lead healthier, happier lives.

### United Nations Sustainable Development Goals



### United Nations Global Compact

Principles 1, 2, 3, 4, 5 and 6





## Our team members

Our team members bring the Win Together strategy pillar to life, and Coles is passionate about being a great place to work. Caring for team members helps them to do a great job supporting our customers, suppliers and the community.

### A great place to work

With more than 118,000 team members, Coles is one of Australia's largest private-sector employers. Our culture, which has health, safety and wellbeing at its core, fosters an inclusive and supportive environment where everyone feels they belong and is respected and valued.

We are the first employer for thousands of Australians with 20% of Coles' workforce aged under 20. We also have many long-serving team members, with more than 7,800 having worked with us for longer than 20 years.

In March and April 2020, as COVID-19 created challenges for any Australian businesses, we recruited and onboarded new team members to work in our supply chain, stores and online services. Working with other large organisations, we recruited some of their employees who were impacted by the crisis and increased the number of Indigenous team members during the same period. Reflective of the difficult times faced by many, more than 600,000 applications were received from people wanting to work at Coles during COVID-19.

Team member engagement continues to improve, with our engagement score increasing by seven percentage points in FY20 alongside record participation of 81%.

### Growing great careers

We understand the importance of supporting team members with opportunities to grow their careers. Our programs include job-specific training and coaching in stores, distribution centres and support centres, as well as formal learning across a broad range of areas delivered both online and in-person. As a result of COVID-19, we have accelerated aspects of the program to enable remote delivery of career development content.

### Developing retailer leaders

The Coles Retail Leaders Program is our pathway for developing leadership capability and talent in supermarkets. In FY20, 645 team members across Supermarkets, Liquor and Express completed retail leadership programs, with 89% of participants holding roles directly related to their training by the end of the year.

### Our graduate program

As one of Australia's largest employers of graduates, Coles' two-year graduate program provides participants with a mix of technical, operational and leadership skills. Throughout the program, graduates are assigned roles with real challenges and responsibilities. At the end of FY20, there were more than 200 graduates in the program across our Store Support Centres, store operations and distribution centres.



In February 2020, Coles was named the **Most Popular Retail and Fast-Moving Consumer Goods Employer** in the **Top 100 Graduate Employers 2020 Awards**. The awards are determined by data analysed by GradConnection, an online graduate sourcing, insight and branding website.

### Planning and coaching

Performance management helps us energise, empower and support our team members to succeed in their roles. In FY20, Performance@Coles was launched. This tool supports line managers and salaried team members to set objectives in line with our strategy and to monitor performance. The new approach emphasises the importance of clear expectations and regular check-ins and has a strong focus on coaching and constructive feedback. The visibility of performance objectives from executive leaders down helps create consistency and alignment across the business.



### Award-covered salaried team member review

In February 2020, Coles announced that it was conducting a review into the pay arrangements for team members who receive a salary and are covered by the General Retail Industry Award 2010. The review does not relate to team members who are remunerated in accordance with approved enterprise agreements and who comprise more than 90% of our workforce. Coles recognised a provision of \$20 million in the FY20 half year report in relation to expected remediation costs.

Coles continues to be supported by a dedicated team of external experts as we complete the review. Remediation to affected current and former team members commenced in June 2020, and at the date of this report, this process is nearing its conclusion.

We aim to make Coles a great place to work for all team members and apologise to those who have been unintentionally affected.

Coles has had ongoing communications with the Fair Work Ombudsman since February.

In May 2020, Coles was notified that a class action proceeding had been filed in the Federal Court of Australia in relation to payment of Coles managers employed in supermarkets. Coles is defending the proceeding. As the court proceeding is at an early stage, the potential outcome and total costs associated with this matter are uncertain at the date of this report.

Coles 2020 graduates in the Store Support Centre, Melbourne (top). Coles was named the Most Popular Retail and FMCG Employer in the Top 100 Graduate Employers 2020 Awards. Long-standing team members Graeme, June, Brenda, Diedre, Leo, Kerry, Ken and Angela, who have all worked at Coles for more than 50 years.

### Team members

# 118,000+

### Aboriginal and Torres Strait Islander team members

# 4,700+

### Team member engagement (percentage points)

# ↑7pp



## Health, safety and wellbeing

The health, safety and wellbeing of team members, customers and contractors is fundamental to our purpose to sustainably feed all Australians to help them lead healthier, happier lives. We are committed to providing a safe working and shopping environment, and are focused on creating a culture with health, safety and wellbeing embedded in our DNA.

Health, safety and wellbeing were key issues in FY20 as we supported team members, customers and suppliers through many challenging situations. In addition to physical health and safety, we also recognised the importance of managing mental health during stressful times.

While we dealt with new demand as a result of COVID-19 and the impacts of devastating drought and bushfires, we also continued to implement other key aspects of our health and safety strategy.

We encourage team members to take an active role in workplace safety. Our five-year Safety and Wellbeing Plan (which is reviewed annually and covers the next five years) provides the platform for continuous improvement by focusing on three key areas:

### Safety leadership and culture

SEE IT, CALL IT  
COACH IT

### Critical risk reduction

Target **zero**

### Health and wellbeing

mind your  
health

The plan is supported by our Safety Management System which is integrated into Coles' operations. This provides the framework for managing the risks and hazards that come with operating across a variety of retail sites, distribution centres, store support centres, manufacturing sites and the supply chain network.

### Safety leadership and culture

We know that safety leadership is essential to embedding safety into our culture. Developing and maintaining a positive safety culture means actively showing that team member and customer safety is our priority. This was demonstrated in FY20, as we implemented new ways of working and shopping for our team members and customers as a result of COVID-19.

In FY20, safety leadership training was delivered across the Group to more than 1,800 leaders, focusing on safety culture, incident and injury management, and food safety.

Leaders receive regular safety performance updates and take part in management reviews to identify areas for action and improvement. Reports are also provided to the Board, the Audit and Risk Committee, the Executive Leadership Team and operational leadership teams. Health and Safety Committees, comprising leadership representatives and team members, also meet regularly.

### Critical risk reduction and training

During FY20, an online training program was developed providing guidance to team members on de-escalating and diffusing threatening situations. This program targeted theft, sexual harassment, aggressive customers, refusal of service and conflict situations.

More than 80,000 team members also participated in safety refresher training in key risk areas such as manual handling, cleaning and hygiene, back of house dock and transport safety, falls from height protection and contractor management.

During COVID-19, team members were faced with many challenging situations, and we provided them with

protective measures and extensive support to help them deal with these situations and help them stay safe.

For more details see **COVID-19** section on page 19.

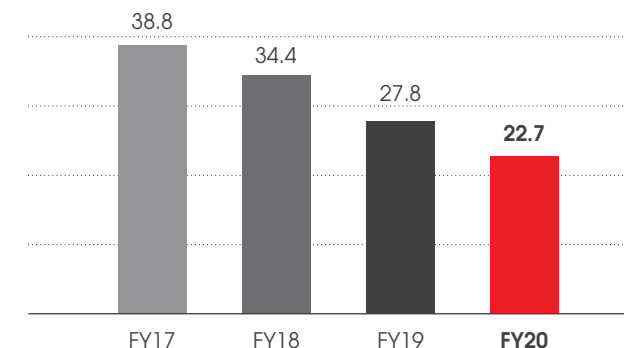
We also looked for opportunities to reduce risks. Boom gates and barriers, installed at 185 back of house areas at Liquor stores and Supermarkets, will help address fall from heights risk as will the 'Solo Unload' process introduced at selected stores where drivers unload their own trailers. Additional electric pallet jacks, scissor lift operation panels and training were provided to support the 'Solo Unload' process.

### Measuring performance

One of the key measurements used to track and monitor safety performance is total recordable injury frequency rate (TRIFR). TRIFR measures the number of medically treated, lost time and restricted duties injuries per million hours worked by team members. TRIFR includes all injury types, including musculoskeletal injuries.

TRIFR decreased from 27.8 in FY19 to 22.7 in FY20. This 18.3% improvement reflects our focus on addressing critical risks and driving a safety culture. We aim to achieve a year-on-year reduction in TRIFR. During the past four years, our TRIFR has decreased by 41.5%.

**Total recordable injury frequency rate (TRIFR)<sup>1,2,3</sup>**  
Number of all injury types per million hours worked



### Health and wellbeing

We recognise that the mental health and wellbeing of team members is as important as their physical wellbeing. The Coles' 'Mind Your Health Program' is built on three pillars of 'I am seen, I am heard, I matter', providing programs for personal support, line manager capability building and personal mental health strategies.

Our Employee Assistance Program (EAP) provides team members and their families with free and confidential 24/7 tailored support across a broad range of work-related and personal issues and includes specialised support lines such as an Aboriginal and Torres Strait Islander helpline, LGBTI helpline, Domestic Violence helpline and an Eldercare helpline.

The Mind Your Health Program provided additional resources to team members during COVID-19. This included extending the EAP to include financial assistance advice and providing a dedicated portal to support flexible work and mental wellbeing strategies.

During the year, we continued to work with Hugh van Cuylenburg and The Resilience Project to deliver mental health strategies to build resilience and wellbeing. In FY20, more than 3,000 leaders and team members attended seminars provided by The Resilience Project. The sessions aim to build personal resilience and positive mental health. This was a continuation of the FY19 program which involved the Executive Leadership Team, State Leadership teams and Store Support Centre team members. Hugh takes participants through his own journey and emphasises the importance of gratitude, empathy and mindfulness.

Our partnership with The Resilience Project was extended during COVID-19 to provide educational videos and other resources to support team members' mental wellbeing. This included a 21-day wellbeing journal, a wellbeing calendar and a connection challenge. For each of the three initiatives, 110,000 packs were either sent to team members directly or made available at supermarkets, distribution centres, liquor stores and Coles Express outlets. They were also accessible online.

Coles also sponsored the development of 'TRP@home', a free online platform that houses The Resilience Project's resources and materials.

Approximately 1,000 leaders also completed mental health first aid training during the year. The training provides leaders with skills to respond to a mental health crisis and create a mentally healthy workplace. Campaigns such as R U OK? Day and Movember were also supported.

In FY20, Coles became a founding member of the Corporate Mental Health Alliance Australia, a business-led, expert-guided member organisation dedicated to improving mental health outcomes for all across Australia's workplaces.

### Help in times of crisis

During the bushfire crisis, an EAP Bushfire Resource Hub was created to provide advice and guidance for team members. EAP services were also extended to our suppliers, their families and their workers.

In response to COVID-19, we worked with Federal and State Governments to develop COVID-19 hygiene practices for supermarkets and distribution centres. Regular COVID-19 communications and team talks were provided to leaders and team members and shared with external regulators. Many new protocols were developed and implemented, such as additional cleaning to help team members and customers stay safe.

<sup>1</sup> TRIFR is the number of medically treated, lost time and restricted duties injuries per million hours worked

<sup>2</sup> FY19 TRIFR restated due to maturation of data

<sup>3</sup> FY20 TRIFR was calculated using Period 9 FY19 hours worked to reflect normalised hours over the financial year



## Supporting customers safety

Providing customers with a safe shopping experience is a top priority. We regularly look for opportunities to improve safety in our stores. For example, in FY20, a new slip-resistant floor finish suitable for supermarkets was trialled.

All our supermarkets are now fitted with automatic external defibrillators (AED) used to help customers or team members during a sudden cardiac arrest situation. Specific team members are trained and accredited in first aid so they can assist in medical emergencies, including using the AED and performing CPR.



### Fighting motor neurone disease

Coles and our customers helped FightMND reach a new fundraising record in FY20.

Representing our single biggest fundraising event ever, we helped raise more than \$5.2 million in six weeks from the sale of beanies and Coles Brand fresh pork in supermarkets, as well as donations from customers and Coles' Australian pork farmers.

The giant FightMND beanie visited Deniliquin, New South Wales. Pictured are Deniliquin team member Eunice, Store Manager Ethan, Cobram truck driver Warren and Echuca residents Liam and Georgia.

For the third year in a row, we donated 10 cents from the sale of each pack of Coles Brand fresh pork sold during the campaign.

Funds raised support research into finding effective treatments and a cure for motor neurone disease (MND).

## Supporting our communities

We also raise funds for health-focused organisations such as Redkite, FightMND, Telethon in Western Australia, Sydney Children's Hospitals Foundation, Ovarian Cancer Australia and Hummingbird House in Queensland and for hospitals caring for sick children across Australia through the sale of Mum's Sause.

To help promote healthy, active lifestyles and improve community health and wellbeing, we partner with a variety of sporting organisations such as Little Athletics Australia, Athletics Australia, Australian Football League (AFL), Rowing Australia and the Collingwood Football Club Community Foundation. Our partnerships with SecondBite and Foodbank also provide nutritious food to Australians in need.



### Mind Your Health

As part of our Mind Your Health Program, Coles launched a company-wide mental health initiative for team members during COVID-19 through an extension of our partnership with The Resilience Project.

Under the program educational videos and other resources were provided to team members to help their mental wellbeing by focusing on the importance of gratitude, empathy and mindfulness.

The program consisted of three, 21-day health and wellbeing challenges to build positive mental health and wellbeing.

Team members were provided with journals to record their progress.

Pictured is team member Cassie (L) and Meat Manager Kumar (R) from our store in Rhodes, New South Wales, reading one of the booklets.



### Reducing manual handling

Milk handling and stair-climbing trolleys and waste bin movers were deployed in FY20 to address manual handling risks. We also invested in automatic wrapping machines and roll cages.

Pictured are team members Georgina (L) and Rafael (R) from our store in Dianella, Western Australia, with one of the new milk handling trolleys.

Air lock isolators were installed across our chilled and composite distribution centre network, reducing the risk of trucks moving while loading or unloading. We also introduced additional engineering controls for trailer coupling.

## COVID-19

Throughout COVID-19 our priorities were clear: protecting the safety of our team members and customers, providing Australians with access to essential goods and services, and supporting communities and people in need.

Coles engaged extensively with Federal and State governments to respond to the challenges confronting the food and grocery industry and the broader community as a result of COVID-19. We participated in the Department of Home Affairs' Supermarket Taskforce and its three retailer subgroups established to address issues including freight movement across borders, team member health and wellbeing, and supporting vulnerable members of the community.

We were also members of the Victorian Food and Grocery Supply Chain COVID-19 Emergency Management Team, the Queensland Agriculture Co-ordination Group and the Federal Food and Grocery Sector Group.

Coles played a key role in obtaining interim authorisation from the Australian Competition and Consumer Commission to engage in coordinated non-price related activities to ensure safe supply during COVID-19.

### Safety of our teams and customers

The health, safety and wellbeing of our team members and customers is always our highest priority and during the pandemic we have worked closely with Federal and State governments to ensure the latest hygiene and safety advice was followed.

We introduced measures including providing team members and customers with hand sanitiser and additional cleaning products, installing clear protective screens at checkouts, regularly and thoroughly cleaning high-contact areas of our stores and introducing social distancing measures. We also increased security in stores for team member and customer safety.

Temperature scans were introduced for distribution centre and Store Support Centre team members.

In addition to providing office-based team members with support to work remotely, physical and mental wellbeing was supported through our Mind Your Health program.

We introduced social distancing measures including floor decals showing customers where to queue at the checkouts and providing them with hand sanitiser and trolley/basket wipes at the front of stores.

Stores were cleaned every night, with team members continuing to clean throughout the day, particularly high-contact areas such as baskets, trolleys and checkouts.

### Access to essential goods and services

We implemented temporary purchase limits on some items to improve availability of key food and grocery items in our supermarkets and to help customers shop safely. The purchase limits helped us manage demand for key staple items and allowed customers to have access to the food and groceries they needed.

### Community Hour

Community Hour was launched in March to provide elderly and vulnerable members of the community with a safer shopping experience and improved access to our stores to purchase essential groceries. It was then extended to healthcare and emergency services workers on Tuesdays and Thursdays. In May, once demand for groceries and product availability stabilised, normal trading resumed.



### Coles Online

During COVID-19, Coles Online Priority Service was launched to support our most vulnerable customers, particularly the elderly and those who could not easily shop in stores.

Our Remote Delivery Service continued to operate for customers in remote areas in Western Australia, the Northern Territory and Far North Queensland. Product restrictions were removed for customers who lived more than 100km away from their local store, allowing them to shop during Coles Community Hour and place bulk orders for pick up.

### Recruiting more team members

To support customers and team members, we recruited new team members across our supermarkets and liquor stores in casual, part-time and management positions. We were proud to offer much needed employment opportunities for Australians working in industries that were impacted by COVID-19.

These new team members undertook a fast-tracked induction process so they could be on the shop floor as soon as possible.

We also hired additional customer service agents to drive Coles Online delivery vans to help meet demand, and created jobs in our supply chain at pop-up distribution centres which increased our capacity to help move stock to stores and replenish shelves faster.

### Working with suppliers

We worked with suppliers to implement a number of contingency measures including rerouting some stock through our distribution centres in selected states, providing some suppliers the opportunity to deliver products direct to stores and introducing pop-up distribution centres in New South Wales, Victoria and Queensland. These distribution centres allowed us to replenish stores as soon as possible for customers.

Our Liquor team extended support to local producers who had been affected by COVID-19 including partnering with Melbourne-based brewery Hop Nation to offer 'Communitinnies', a 24-pack featuring craft beer from some of Australia's best independent brewers.

We also worked with Australian ice cream favourite, Bulla, who experienced an overflow of the iconic movie treat 'choc-tops' when cinemas were forced to shut down due to COVID-19. Bulla reassigned some of its factory workers who were affected by the closure of cinemas to pack the products for sale at Coles.

### Supporting vulnerable Australians

In response to increasing demand for food relief, particularly pantry staples, additional food and groceries were donated to charity partners SecondBite and Foodbank each week. These donations, worth a total retail value of \$7.9 million in additional support, allowed SecondBite and Foodbank to redistribute food and essentials to community charities across Australia to feed a rising number of people in need.

We worked with the Collingwood Football Club and the Salvation Army to provide 2,000 convenience meals and other ingredients, including frozen vegetables, that were used for food hampers. The meals and hampers were provided to more than 150 residents from the Magpies Nest's social houses including women fleeing domestic violence and people sleeping rough in Melbourne's streets.

Our unsold and inedible fruit and vegetables that could not be donated to food rescue organisations were donated to wildlife and animal shelters where possible.

### Supporting Indigenous communities

During COVID-19, Coles worked with Indigenous businesses and local charities to deliver and donate more than 80 pallets – the equivalent of 50 tonnes – of food and grocery essentials to remote Indigenous communities across the Northern Territory.

Coles and organisations including the Northern Land Council, St Vincent's De Paul Society, Larrakia Nation in Darwin, and the Central Land Council, Tangentyere Council and Purple House in Alice Springs, delivered care packages to more than 2,200 community members impacted by COVID-19 across the Territory.

The deliveries provided relief to residents across Darwin and Alice Springs and supported remote and vulnerable communities, such as Santa Teresa, Beswick, Elliott, Hermannsburg, Mt Liebig and Groote Eylandt, impacted by biosecurity zones, enabling them to stay on country.

**Extra food and grocery donations to SecondBite and Foodbank to the retail value**

**\$7.9m**

**Care packages provided to community members in the Northern Territory**

**2,200**



Throughout COVID-19, we prioritised the safety of our team members and customers, providing Australians access to essential goods and services, and supporting communities and people in need. Customers at Coles Southland (top), Brisbane mother Anna with her daughter Olivia using sanitiser in store (middle left), Salvation Army's Major Brendan Nottle with Coles Online team member Matthew and Collingwood Football Club Director of Stadia and Community, David Emerson, with donations of 2,000 convenience meals as well as frozen vegetables and pantry items for residents in Magpie Nest's housing program which accommodates people who have been sleeping rough on Melbourne's streets and women fleeing domestic violence (middle right); and Coles Eastland Store Support Manager Drew delivers groceries to 97 year-old World War II veteran Des (bottom right).



## Better Together

We want to make a positive difference to Australians, and we are Better Together when people feel they belong regardless of their age, disability, race, gender identity, sexual orientation, ethnicity or background.

### Our five Better Together pillars



Better Together, Coles' diversity and inclusion program, supports our strategy and reflects our purpose to help Australians lead healthier, happier lives.

#### Accessibility

We aim to make our workplaces, stores and online platforms welcoming and accessible for everyone, including team members and customers with disabilities.

The Coles Accessibility Action Plan, developed with support from the Australian Network on Disability (AND), focuses on community and engagement, building a great place to work, and products and services. It is publicly available on the Australian Human Rights Commission's website with the next plan currently being developed and expected to launch in FY21.

We participate in the AND Access and Inclusion Index, a bi-annual benchmark that ranks organisations on their inclusion of people with disability. We are striving to score in the top 25th percentile by December 2023; and in FY20, our ranking improved from 10th in 2017 to eighth out of 24 participating organisations. Our overall access and inclusion score has improved by 43% since 2017.

#### Community and engagement

In FY20, we continued to sponsor the A11y Camp, an annual conference on accessibility and inclusion.

We also provide Quiet Hour, a low-sensory shopping experience, by making changes in-store such as reducing noise, lighting and distractions. At the end of FY20, this was offered in 266 Coles supermarkets with an aim to offer it in all eligible stores nationally by December 2023. The Quiet Hour program was suspended from March to May 2020 due to COVID-19.

Coles took steps to support vulnerable customers during COVID-19, including Community Hour and the Coles Online Priority Service. More information can be found in the section of this report on COVID-19.

#### Building a great place to work

We encourage people with disability to consider working with us, and we have inclusion recruitment specialists who support people with disability through the recruitment and onboarding process to enable a great transition into work at Coles.



State General Manager Emma Bridges with the team at Coles' store at Rhodes. We are proud of the fact 50.7% of our team members identify as female.

We have partnered with Get Skilled Access, a specialist disability, accessibility and inclusion consulting organisation. Get Skilled Access designed disability training videos for customer-facing team members across our Supermarket, Liquor and Express teams. The training aims to help store team members increase their awareness and confidence in supporting people with disability.

We have committed that 90% of customer-facing team members across Supermarkets, Express and Liquor will have completed disability confidence training by December 2023. Since launching the training in September 2019, more than 40,000 team members have completed the training, including 94% of service team members or 35% of customer-facing team members.

#### Products and services

 We won **Corporate Website of the Year** in the inaugural **Australian Access Awards** in December 2019. The award recognised Coles for making online content accessible for people with disability. The judging panel included people with experience of disability as well as specialists in the digital access field, using criteria from the World Wide Web Consortium Content Accessibility Guidelines (WCAG).

In May 2020, a new version of the website was launched with more features to assist people with disability. Our website and digital assets meet WCAG 2.0 Standards, and we are working towards WCAG 2.1 Standards.

We promote the National Relay Service (NRS) to make it easier for customers and team members to contact us. The NRS is a free government phone service that assists people who are deaf or have a hearing or speech impairment.

#### Gender balance

We are proud of our gender balance achievements with 50.7% of team members identifying as female. Team members have access to the same opportunities and resources to be successful in their role and have fulfilling careers. We continue to build female representation in management roles as part of the focus on gender balance across the organisation. We want to be recognised as an Employer of Choice for gender equality.

In FY20, the focus was on functions with traditionally less leadership gender balance including the technology team and operations. To support increased gender balance in these areas we:

- Reviewed recruitment, talent and promotion processes;
- Rolled out unconscious bias training for teams in operations, technology and talent acquisition;
- Analysed opportunities and barriers for career progression in operations roles; and
- Profiled role models who champion the value of gender balance at Coles.

We held International Women's Day events at the Store Support Centre and in stores in March 2020. At the events, guest speakers and store managers acknowledged and celebrated the achievements of women.

We lodge annual compliance reports with the Workplace Gender Equality Agency in accordance with the requirements of the *Workplace Gender Equality Act 2012*.

In FY20, Coles became a signatory to the United Nations Women's Empowerment Principles, a set of principles promoting gender equality and women's empowerment in the workplace, marketplace and wider community. The principles will support Coles' work towards our gender balance goals and empowering women in our workplace and communities.



## Women in leadership

For leadership we define gender balance as no fewer than 40% of any one gender, and we have a target of 40% women in leadership by December 2023.

Leadership positions comprise the Executive Leadership Team (ELT), General Managers (GM), team members pay grade eight and above, and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.

At the end of the year, the percentage of women in leadership increased from 33.3% in FY19 to 34.2%. In the context of an expansion of the Executive Leadership Team, the female proportion in this group reduced from 38.5% in FY19 to 33.3% in FY20. The percentage of women senior executives (ELT and GMs) decreased from 40% in FY19 to 39.4% in FY20. The increase in the overall percentage of women in leadership was due to increases in women in pay grade eight and above and supermarket store managers.

Looking more broadly at women in management – a category that includes leadership as well as other key leader roles including Liquor store managers, Coles Express site managers, Supermarket department managers, and people leaders in our distribution centres – the percentage increased from 42.6% in FY19 to 43.3% in FY20. This latter measure reflects our annual reporting to the federal government's Workplace Gender Equality Agency.

Across all roles, our total workplace is in balance with women representing 50.7% of team members.

In addition in FY20, the Board set a measurable objective for its composition of not less than 30% of each gender which aligns with the recommendations of the Australian Securities Exchange (ASX) Corporate Governance Council's Principles and Recommendations (4th Edition). In FY20, women represented 37.5% of the Board.

During FY20, diversity specialist Cognicity was engaged to review recruitment, promotion and talent processes to identify barriers to women in leadership especially in the technology and operations areas. Four inclusive leadership workshops were held for executive and operations leadership teams, and unconscious bias training is being rolled out to team members responsible for recruitment and selection decisions.

## Pay parity

We are committed to achieving pay parity by December 2023 by having the right policies, practices and governance in place to reach balance and offer the same opportunities to all team members to build great careers at Coles.

We completed our detailed pay parity review and have an overall pay parity gap of 1.5%. Plans and investment have been put in place to close the gap by December 2023. In addition, activities required to sustain pay parity have been identified and implementation is underway.

## Flexibility

Flexible working means working in a way that balances team members' individual needs and the requirements of the role. All roles support flexible working. Flexibility can include when and where someone works but will depend on the exact nature of the role as to what flexible working options are most appropriate.

We have a Flexible Working Policy and a range of supporting resources including a flexible working Yammer group where team members share their flexible working experiences.

In March 2020, we demonstrated the effectiveness of commitment to anywhere, anytime work by ensuring we had the right information technology infrastructure and workplaces to create a truly flexible working culture. In one week, we established new ways of working to assist Store Support Centre team members to effectively work from home, with a significantly reduced number of team members continuing to work from store support centres.

Our team members and line managers embraced the technology and tools to enable effective remote working. There were also great examples of innovation as team members connected remotely including more than 4,000 team members viewing our monthly 'Retail Round Up' presentations remotely, nearly 250 team members joining our first Group-wide virtual Pride event as well as regular WebEx presentations and webinars for suppliers.

In April 2020, Store Support Centre team members were asked about work during COVID-19, and 92% reported feeling confident that they could deliver their role and were adapting quickly to changing work conditions such as remote working.

In our May 2020 team member engagement survey (mysay), 80% of team members responded that their line manager supports them if they choose to use flexible work arrangements, indicating the success of current initiatives and our supportive culture.

We offer a range of policies to support team members to balance their work and life commitments.

Under enterprise agreements, the majority of permanent Coles team members have access to unlimited paid leave to participate in emergency response. In FY20, during the bushfire emergency, we increased the paid emergency services leave available for other permanent team members to 20 days. This is another example of Coles supporting our team members' efforts in protecting our communities.

We also offer flexible leave including paid parental leave for permanent full-time and part-time team members. In FY20, 1,186 team members made use of primary parental leave (1,164 women and 22 men) and 759 of secondary parental leave (seven women and 752 men). During the year, 848 team members (834 women and 14 men) returned to work following primary parental leave.



Stan Yarramunua with the Indigenous painting he designed and completed with input from Coles Store Managers and other team members across Australia during FY20. The painting is titled "Community Spirit: a journey for Wisdom" and is displayed in the Coles Store Support Centre.

## Pride

We aim to create and maintain an inclusive culture in which our LGBTI team members feel they can be their authentic selves and have a safe place to work.

We partner with Pride in Diversity, a national not-for-profit support program for employers to support LGBTQ workplace inclusion. With the support of Pride in Diversity, Coles continued to train more LGBTI allies, furthering our commitment to creating a safe and inclusive working environment.

In our May 2020 team member engagement survey (mysay), more than 8,770 team members identified as members of the LGBTI community and more than 39,000 as an ally of the LGBTI community. In total more than 48,000 team members, or 47.5% of respondents, identified as a member of the LGBTI community or an ally of the community, an increase of 6.8 percentage points since April 2019. This reflects the actions we are taking to build inclusion for the LGBTI community and a strong network of allies.



Coles participated in the **Australian Workplace Equality Index** in 2019 and was recognised with a **bronze award**, demonstrating the success of our LGBTI inclusion initiatives. This is in line with our December 2023 commitment to be recognised as an active and influential leader in LGBTI inclusion.

In May 2020, Coles recognised the International Day Against Homophobia, Biphobia, Interphobia and Transphobia with a business-wide event. As a result of COVID-19, the event was held online with approximately 250 LGBTI team members and allies registering. Celebrity guests including Curtis Stone, Dave Hughes, Benjamin Law and Courtney Roulston joined the celebration. During the event, team members shared photos through the Pride at Coles Yammer group.

## Indigenous engagement

We are proud to be Australia's largest private-sector employer of Aboriginal and Torres Strait Islander peoples.

Our Aboriginal and Torres Strait Islander Plan, launched in 2011, sets out Coles' vision to reflect the communities in which we live and work by providing more opportunities for Aboriginal and Torres Strait Islander peoples, organisations, communities and customers to engage with our business. The plan focuses on three key areas – employment, products and services, and customers and community.

Underpinning the plan is a focus on cultural learning and respect, ensuring that as a business, we continue to value and increase understanding and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights.

## Employment

We employ more than 4,700 Aboriginal and Torres Strait Islander people across our stores, store support centres and distribution centres, representing 3.8%<sup>1</sup> of Coles team members. This is an increase of more than 600 team members since FY19.

During the year we launched our Indigenous engagement celebration document, highlighting our achievements over the past 10 years and our updated 2023 Aboriginal and Torres Strait Islander Plan. The Plan outlines our commitment to develop the careers of our Indigenous team members and increase Indigenous team member representation in trade, management and above store positions across the Group.



In FY20, 1.6% of Coles team members in these positions identified as Aboriginal and/or Torres Strait Islander. In FY19, this was 1.3%. Trade positions comprise apprentices and trade qualified /skilled bakers and butchers. Management positions comprise store /site managers, assistant store / site managers, department managers and in-charge roles. Above store positions comprise regional/area managers and all Store Support Centre roles.

In March and April 2020, as part of our response to COVID-19, more than 400 Indigenous team members were recruited in four weeks, providing much-needed employment opportunities at a time when many Australians were seeking work.

#### Indigenous suppliers

Coles has worked with Indigenous businesses in our retail supply chain for more than 18 years. While our original focus was supporting Indigenous businesses to grow native bush foods, our approach has expanded over the years to include products and services across a range of categories.

In FY20, we worked with 59 Indigenous suppliers across categories including employment and training, property, food and beverage, graphic design and promotional material. FY20 was our ninth consecutive year of Indigenous supplier growth.

We are also supporting Indigenous business through the Coles Nurture Fund. In FY20, Midwest Employment and Economic Development Aboriginal Corporation (MEEDAC) was awarded a \$90,000 grant for picking and packing equipment in its new 10,000 square metre climate-controlled shade house near Geraldton, Western Australia. Known as Innovation Park, the horticulture enterprise provides fruit and vegetables to mine sites and local supermarkets. By having picking and packing equipment on site, MEEDAC aims to create more employment opportunities for local Aboriginal people.

#### Customers and communities

An integral part of Coles' Aboriginal and Torres Strait Islander Plan is its focus on building mutually beneficial relationships with Aboriginal and Torres Strait Islander community stakeholders.

While we play a key role as an employer and supporter of Indigenous suppliers, we also recognise and build on other connections including providing assistance during crisis situations such as COVID-19 when we donated food and essential items and expanded our Coles Online delivery service to support more Indigenous communities with their shopping needs.

More information on support for Indigenous customers and communities can be found in the section of this report on COVID-19.



In Darwin, Coles' supermarket at Casuarina is leading the way for Indigenous employment with three generations of Indigenous Australians at the same store. Dolly (middle) has worked at the store for more than 20 years. Her mother Ruth (right) also works at the store in the deli and her daughter Latoya began working there in 2020.

## Human rights

Protecting human rights is a global issue, and we understand our important role in safeguarding human rights in our own operations and in our extended and complex supply chains.

#### Commitment to human rights

We respect human rights, oppose slavery in all forms and believe everyone has the right to live and work freely. The Coles Ethical Sourcing Policy and Supplier Requirements are designed to protect the human rights of workers in our supply chain and has been in place for more than a decade.

We understand that an effective human rights program requires continual improvement and is underpinned by strong stakeholder consultation, where feedback is sought and actioned.

We have listened and acted on feedback provided during the year, including as part of the shareholder resolution raised at Coles' 2019 Annual General Meeting. Since then, significant changes have been made to strengthen our program, with key activities including:

- ✓ Developing and adopting Coles' first Human Rights Strategy
- ✓ Enhancing the governance framework for Coles' Ethical Sourcing Program
- ✓ Obtaining Board endorsement for an ethical sourcing risk appetite statement including key risk indicators to measure performance against the approved appetite
- ✓ Redesigning the organisational structure of the ethical sourcing team including significantly increasing the number of dedicated ethical sourcing team members and team members with specialised skills, as well as accountability moving to our Group Risk and Compliance function
- ✓ Launching a third-party risk management framework (including strengthening due diligence in key areas) for suppliers of goods not for resale (GNFR), utilising the technology platform SAP Ariba
- ✓ Launching online training covering modern slavery and ethical sourcing for team members in buying and technical roles
- ✓ Accepting Fair Farms certification as part of Coles Ethical Sourcing Program to provide further choice for Australian fresh produce suppliers to demonstrate compliance with Coles' sourcing requirements
- ✓ Regularly engaging with unions, from attendance at roundtables and meetings with workers on specific issues and areas of grievance, to forming the Ethical Retail Supply Chain Accord in partnership with the Shop, Distributive and Allied Employees Association (SDA), the Transport Workers Union (TWU) and the Australian Workers Union (AWU), as well as attending farm worker education sessions in partnership with industry and union
- ✓ Becoming a signatory to the United Nations Women's Empowerment Principles



Our Human Rights Strategy

During the year, and with the support of independent human rights experts, a Company-wide Human Rights Strategy was developed. This involved a review of business and stakeholder needs and a review of existing policies, as well as team member interviews and group workshops. The strategy was endorsed by the Board in March 2020.

Our strategy has six pillars to help us address these risks.

As part of developing the strategy, six salient human rights risks were identified for focus and action:

Labour rights

Right to health and safety

Right to equality and freedom from discrimination

Indigenous rights

Cultural rights

Right to dignity and justice

The strategy also sets out our commitments in the following areas:

- Ensuring human rights are understood, respected and upheld in accordance with internationally recognised human rights principles
- Respecting the human rights of workers throughout our supply chain. We expect our partners and everyone in our supply chain to have the same commitment
- Striving to eliminate the potential for labour and human rights issues in our supply chains and operations, highlighting areas of risk and ensuring we make responsible buying decisions
- Robust governance of human rights in our operations and our supply chain
- Listening to the experiences of the most vulnerable by encouraging dialogue and consultation, including a key focus on worker voice and engaging with our stakeholders
- Maturing our operational-level grievance mechanisms to ensure they are accessible, predictable, equitable, transparent, rights compatible, legitimate and a source of continuous improvement
- Recognising the important role played by human rights defenders and being responsive to our stakeholders, Coles supports and welcomes discussion on challenges and our opportunities to improve our respect for human rights
- Creating experiences for our customers that value their unique needs and circumstances
- Serving our customers safely and without discrimination, respecting their privacy and prioritising accessibility for all

Beyond compliance

Trusted to go beyond compliance to prevent harm in our value chain

- Enhanced systems and controls, expanded across business units of the Group and our broader supply chain and partners
- Extended and revised Ethical Sourcing Program across the Group
- Assessment of human rights risks across Coles' value chain

Work culture

A work culture of protecting people from harm and harassment

- Harm identified with worker participation
- Collaborative initiatives with unions
- Formalised training, guidance and monitoring for our team members and suppliers
- Increased resources to build supplier capability on labour standards, human rights, health, safety and environment

People and technology

Put people at the centre of technology and innovation opportunities

- Integrated human rights and social impact assessments
- 'Human rights by design' in technology initiatives
- Use of advanced technology to strengthen safety systems

Governance

- Regular review of salient human rights risks, strategy and commitments
- Defined accountabilities
- Timely and transparent reporting
- Enhanced monitoring
- Cross functional Human Rights Steering Committee
- Risk-based program

Remediation

- Review coverage and effectiveness of existing grievance mechanisms
- Consult with affected stakeholders
- Capability building within our teams to strengthen ability to identify and address human rights impacts

Stakeholder Engagement

- Transparency as a key program attribute including public reporting of substantiated human rights impacts
- Collaboration with unions, non-government organisations, government and suppliers, including on grievance management principles and industry initiatives
- Active participation in industry reporting benchmarks

Patane Produce owners Pennie and Michael Patane began supplying carrots to Coles in 2009 and now with their children Sam, Jessie and Lauren all involved, the family business supplies onions, potatoes and broccoli. Patane Produce is now certified with the Fair Farms Certification Program, which is an industry-led initiative aimed at fostering fair and responsible employment practices in Australian horticulture. Fair Farms was developed and implemented by Growcom, peak industry body for horticulture in Queensland, with support from the Fair Work Ombudsman, the Federal Department of Agriculture and AUSVEG. Pennie is pictured with her two sons.

28

29



## Our Program in action

Our Human Rights Strategy includes Coles' Ethical Sourcing Policy and Ethical Sourcing Supplier Requirements, which set out expectations for suppliers regarding compliance with labour rights, human rights, environment, health and safety, and business integrity. Compliance with the policy and requirements is built into standard trading terms and conditions, and we expect that suppliers apply similar rigour in their own supply chain.

Our Ethical Sourcing Program targets the areas of our supply chain that have a higher risk of modern slavery or human rights issues being present. We actively manage these risks through our Ethical Sourcing Program, which applies a higher level of due diligence and monitoring where increased risks (such as the use of labour hire or migrant workers) are present and where we have the most leverage to facilitate positive change.

During the year, we expanded our coverage to include Own Brand products sold in Coles Express and developed the foundation to expand the program into Liquor and GNFR. Rollout in Coles Liquor is scheduled for completion in the first half of FY21, and GNFR suppliers will be risk assessed at contract renewal and onboarded to the program where ethical sourcing risk is identified as high.

At the end of FY20, there were 2,014 suppliers to Coles Supermarkets and Coles Express participating in our program. This represents 93% of in-scope suppliers.<sup>1</sup>

Figure 1 – Audits of Coles' suppliers by financial year<sup>2</sup>

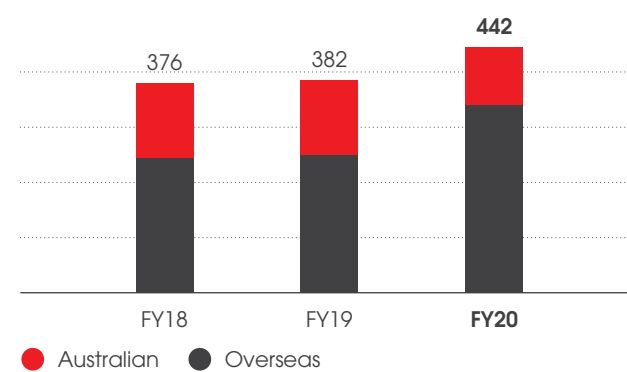
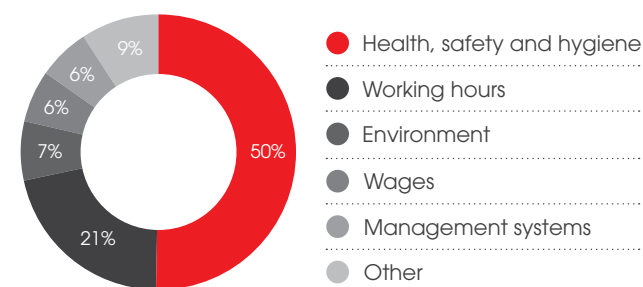


Figure 2 – FY20 non-conformances by category<sup>3</sup>



## Ethical Sourcing Program coverage

BUSINESS AREA	CATEGORY OF GOODS	PRODUCTION TIER
Supermarkets and Express	Own Brand	<ul style="list-style-type: none"> <li>Direct vendors of final product (Tier 1)</li> <li>Packing / manufacturing to final retail form (Tier 2)</li> </ul>
	Fresh Produce (unprocessed fruit, vegetables and flowers) – including those bearing a proprietary brand label	<ul style="list-style-type: none"> <li>Direct vendors of final product (Tier 1)</li> <li>Packing / manufacturing to final retail form (Tier 2)<sup>4</sup></li> </ul>
Liquor <sup>5</sup>	Own Brand, Export	<ul style="list-style-type: none"> <li>Direct vendors of final product (Tier 1)</li> <li>Bottling sites (Tier 2)</li> </ul>
	Exclusive	<ul style="list-style-type: none"> <li>Direct vendors of final product (Tier 1)</li> <li>Bottling sites (Tier 2)</li> </ul>
GNFR <sup>5</sup>	Contracted suppliers of high-risk goods/ services (including but not limited to cleaning, trolley collection, security, transport, construction and catalogue distribution)	<ul style="list-style-type: none"> <li>Direct vendors of final product / service (Tier 1)</li> <li>Subcontractors (Tier 2) – selected circumstances</li> </ul>
	Contracted suppliers with operations in high-risk countries	

<sup>1</sup> Participating suppliers are those that had registered on Sedex, had completed at least 95% of a Sedex assessment questionnaire as at 30 June 2020 and were active (i.e. suppliers which Coles had current, pending or ongoing plans to order from). We do not expect 100% participation at any one time due to suppliers entering and leaving our supply chain.

<sup>2</sup> FY18 and FY19 numbers have been updated from figures disclosed in our 2019 Sustainability Report to include all audits conducted during these years (not a subset of audits) and to state the FY in which the audit occurred.

<sup>3</sup> "Other" includes the following categories 'regular employment', 'discipline/grievance', 'business ethics', 'children and young workers', 'entitlement to work', 'freedom of association', 'discrimination', 'employment freely chosen', and 'subcontracting / homeworking'.

<sup>4</sup> Farms which pack produce on-site are captured by the scope of the Ethical Sourcing Program. In cases where the farm harvests produce then sends it to a packhouse, only the packhouse and supplier of final product are on the program.

<sup>5</sup> In FY20 Coles expanded its Ethical Sourcing Program coverage to include Liquor and GNFR. As they were not in-scope for the program for the whole of FY20, they are not included in the performance metrics in this section.

Coles has set defined timelines by which new suppliers must register and complete assessment questionnaires, and suppliers who do not meet these timelines without reasonable cause may face suspension of orders. Where legitimate reasons are provided for delay, Coles may grant an extension. Such reasons may include operational impacts as a result of COVID-19 or Sedex system-related issues.

Based on risk, selected suppliers on our program are required to have an ethical audit. While most audits are arranged by the supplier, Coles may also conduct unannounced or semi announced audits of suppliers. During the year, 442<sup>1</sup> ethical audits were conducted on Coles Own Brand Supermarkets and Express suppliers.

Coles uses a variety of methods to assess risk in the supply chain. Sedex provides a risk rating based on a combination of country risk, commodity risk, and the answers to a supplier assessment questionnaire. Coles also assesses risk and will consider additional risk drivers including history of compliance or complaints when assessing risk and setting audit plans.

Coles closely monitors non-conformances identified in ethical sourcing audits of our suppliers uploaded by auditors into Sedex. Our focus is on findings which are rated critical (including critical and business critical) and major. During FY20, 1,328 non-conformances uploaded by auditors into Sedex were classified as major or higher by the auditor. Of these, 868 were remediated by the supplier and closed by the auditor on the Sedex platform during FY20, and a further 367 non-conformances were closed from audits which occurred in prior years.

COVID-19 presented substantial challenges in obtaining official closure of non-conformances where auditor availability or ability to exercise auditing related duties was restricted due to the pandemic.

## Increasing capability and governance

This year we reviewed our internal capability to deliver the Human Rights Strategy and reassessed internal organisational design for management of human rights, moving accountability for the Ethical Sourcing Program to our Group Risk and Compliance function. This has provided more opportunity to leverage a whole-of-business approach to protecting human rights throughout the extended supply chain.

This organisational change facilitated the rollout of the program to Express Own Brand suppliers and the planning for rollout to Liquor Own Brand suppliers and selected GNFR suppliers. It also allowed us to align the program with our central governance compliance and risk programs.

We also significantly increased resources in our ethical sourcing team and added new skillsets and roles. This included recruiting an in-house social compliance auditor (certified by the Association of Professional Social Compliance Auditors), a dedicated Program Governance and Reporting Manager and a Group Ethical Sourcing Manager.

<sup>1</sup> This number only includes audits for suppliers who were active at the closure of FY20. Audits of suppliers who were inactive in the system prior to the closure of FY20 have not been counted.

Our governance structure for human rights management ensures accountability for human rights protection in our supply chain is held across the organisation.

Our Board has direct oversight of the program and receives program updates at each scheduled Board meeting, including performance of the program according to appetite and key risk indicators. Since December 2019, ethical sourcing has been a standing agenda item for Board meetings with a report on program status and performance tabled at each meeting. In January 2020, a risk deep dive on the Ethical Sourcing Program was provided to the Board.

Ethical sourcing is identified as a material risk for the Group and the Audit and Risk Committee receives updates on the program as part of Group Risk updates.

Operationally, the Chief Legal & Safety Officer oversees the Ethical Sourcing Program and the Chief Operating Officer, Chief Executive Commercial & Express, and Chief Executive Liquor oversee procurement of goods and services across the Group and compliance with ethical sourcing requirements during procurement.

A Human Rights Steering Committee oversees our Human Rights Strategy and approach. The Human Rights Steering Committee is a management committee that considers, reviews and seeks to ensure that the governance protocols in place across the various areas of the business that impact human rights are operating effectively. The role of the committee also extends to reviewing the application of relevant legislative and regulatory requirements concerning human rights, such as the reporting requirement under the federal government's *Modern Slavery Act 2018*. The committee is chaired by Coles' Chief Legal & Safety Officer with members from across the business, including Legal, Compliance, People and Culture, Merchandise, Procurement, Sustainability, Corporate Affairs and Operations/ Supply Chain. The committee met five times during the reporting period.

## Working with stakeholders

In FY20, Coles joined with three major unions to promote ethical employment practices and treatment of workers throughout the Australian horticulture supply chain.

In a first for the Australian retail sector, Coles worked with unions representing workers from every stage of the Australian fresh produce supply chain to develop the Coles Ethical Retail Supply Chain Accord.

The Accord, signed by Coles and SDA, the TWU and the AWU, aims to achieve a safe, sustainable, ethical and fair retail supply chain for workers regardless of their employment status, citizenship or visa status.

Members of the Accord engage regularly and are working on initiatives to embed ethical principles in the broader retail supply chain, commissioning research on the social and economic benefits of ethical sourcing, as well as liaising on potential regulatory or legislative reforms on workers' rights, including in relation to labour hire providers.



Coles is a member of the Horticulture Industry Reference Group, formed following the Fair Work Ombudsman's 2018 Harvest Trail Inquiry, which supports a multi-stakeholder approach to addressing labour compliance across the horticulture industry.

The group met quarterly and included participants from industry, government, unions, retail, labour hire organisations and suppliers. It provided a platform to share information to help address labour compliance issues, including working conditions and wages, within horticulture supply chains.

During the year Coles' team members also met with the UWU. Our work with the UWU has been multi-faceted and included discussions about specific concerns within the supply chain, to broader discussions regarding risks to workers in the COVID-19 environment and attendance at a joint worker education session in the Sunraysia district of Victoria and another in Elizabeth, South Australia.

### Increasing transparency

The Human Rights section of the Group's website was refreshed during the year, with updated information on our Human Rights Strategy and more detailed content about our Ethical Sourcing Program. We acknowledge the need to protect commercially sensitive information about our suppliers and their workers, while being transparent with our customers and shareholders.

Our refreshed website includes a range of information to give stakeholders a better understanding of our supply chain practices. It includes a table of countries from where Own Brand products are sourced by product category, and a table of anonymised complaints received against Coles' suppliers. The names and locations of suppliers who manufacture 'Mix', our Own Brand apparel range, are also published.

In September 2020, Coles plans to publish its first Modern Slavery Statement as required by the Modern Slavery Act. The statement sets out detailed information about risks of modern slavery practices in our operations and supply chains, and the actions taken to assess and address those risks.

### Complaints

We have several avenues open to team members and workers in our supply chain to raise human rights-related complaints. The Whistleblower Policy was updated this year in line with new legislative requirements. It encourages reporting of any suspected unethical, illegal, fraudulent or undesirable conduct, including suspected adverse impacts on people, communities or the environment. The policy provides various channels for complaints or concerns to be raised. These include the Coles Wages and Conditions Hotline, Coles STOPline and Coles' Protected Disclosure Officers. In support of our supply chain's diverse workforce, this year information on our Wages and Conditions Hotline was made available in several languages.

In FY20, 19 complaints were received against Coles' suppliers through these various channels. Allegations raised were investigated and, for those complaints substantiated, we have overseen remediation or are actively working with our suppliers to develop and implement corrective action plans to close the findings.

While we work with suppliers to remediate wherever possible, where lack of commitment or failure to demonstrate compliance with our Ethical Sourcing Program is evident, Coles reserves the right to cease supply. This occurred three times in FY20, where supply was ceased in line with our policy and supplier requirements.

### Introducing Fair Farms

During FY20, Fair Farms Certification was introduced into the Ethical Sourcing Program. Australian fresh produce suppliers to Coles can now become certified with Fair Farms to satisfy the requirements of the program.

Aimed at addressing problems around workplace compliance and exploitation within the Australian horticulture industry, Fair Farms provides support and training for farm employers on fair employment practices and a pathway to independent third-party audit and certification.

Horticulture industry body Growcom developed the Fair Farms Certification Program with support from the Fair Work Ombudsman, the Federal Department of Agriculture and AUSVEG. Coles contributed to the original design of the Fair Farms Standard.

### COVID-19

During COVID-19, our strategy continued to be implemented although government and travel restrictions meant that many audits and follow up audits, both our own and those conducted by third party providers, could not take place as scheduled. As COVID-19 restrictions in many Australian and overseas jurisdictions began to ease, audit activity recommenced.

Notwithstanding the impact on audits, we continued to require compliance with our Ethical Sourcing Program with a focus on suppliers completing assessment questionnaires and closing audit non-conformances where auditor availability allowed.

We continue to work with unions to understand the challenges faced by workers in the extended supply chain as a result of COVID-19.

As part of Coles' response to COVID-19, and following discussions with unions, communication was sent to Own Brand and proprietary suppliers in May to reinforce our expectations on worker safety and compliance with the Ethical Sourcing Policy. We also liaised with various government bodies to discuss potential risks to workers in the extended supply chain, particularly the agricultural sector, as a result of COVID-19.

 More information on Coles Human Rights strategy can be found at [colesgroup.com.au](https://colesgroup.com.au)

## Supporting Australian farmers and suppliers

We are committed to building strong and collaborative relationships with Australian farmers, producers and suppliers. Their hard work and dedication enables us to provide high-quality products to our customers.

The importance of having strong relationships within our supply chain was never more evident than in FY20. By working together we were able to provide our customers with essential food and groceries during drought, bushfires and then COVID-19.

To meet the challenge of unprecedented customer demand during COVID-19, Coles worked closely with suppliers and supply chain partners to ensure stock was delivered to stores as quickly as possible, including the opening of pop-up distribution centres in New South Wales, Victoria and Queensland.

### Australian farmers

Coles Supermarkets has an Australian-first sourcing policy to provide our customers with quality Australian-grown fresh produce as a first priority. In FY20, 96% of fresh produce, by volume, was sourced from our supply partners from all over Australia, excluding floral, nuts, dried fruit, sauces, dressings and packaged salads. In FY20, 100% of fresh lamb, pork, chicken, beef, milk and eggs and 100% of Own Brand frozen vegetables were Australian grown.

Coles is proud to partner with our Australian fresh produce growers to provide our customers with great quality Australian fruit and vegetables and we are committed to doing so wherever possible. There are some situations where fresh produce cannot be sourced from Australia, and we will continue to work closely with our growers to try and find solutions to these challenges. Instances where Coles may import fresh produce include when: customers want a product that is only available from an overseas grower (such as drinking coconuts); supply is limited during parts of the year and there is customer demand (such as blueberries in summer and cherries in winter); and when our customers want an affordable alternative (such as garlic) where Coles will endeavour to offer both an Australian and imported product to improve customer choice.

We support and comply with the country of origin labelling requirements which makes it easier for customers to identify a product's source.

### Partnership approach

We work hard to build strong, collaborative and where possible, long term relationships with our suppliers.

In addition to complying with the Grocery Code of Conduct, the Coles Supplier Charter has been in place since 2014 and provides Coles commitment to:

- Deal with our merchandise suppliers in good faith, with transparent grocery supply agreements;
- Provide product and shelf ranging principles;
- Pay in full and on time; and
- Provide our suppliers with access to an independent dispute resolution model which includes the ability for suppliers to raise concerns with the Hon. Jeffrey Kennett who is the independent Arbiter.

During the year we entered into new supplier relationships including with Tasmanian producers of Graze lamb, a new range of grass-fed lamb, and with dairy farmers in Victoria and the New South Wales south coast.

Our partnership with fresh produce supplier Blazing Saddles based in Mariginiup, Western Australia, has enabled the chilli farm to invest in hot-house farming technology and increase its supply capacity.

In FY20, we entered into a 6.5 year extension of our existing agreement with Harvey Beef, based in Western Australia.

We also have 10-year agreements with Laurent which supplies artisan-style stone-baked sourdough bread across Australia, TOP Pork farming families, tomato producer Sundrop Farms, and an eight-year agreement with Manbulloo Mangoes.





Grain growers Peter and Renee Burke were awarded The Weekly Times Coles 2019 Farmer of the Year for their innovative approach in the face of drought and reduced water availability in the Riverina, New South Wales. Instead of buying permanent water, they lease it and have been able to grow oats, barley and rice crops at a time when commodity prices were high. The Burkes are also early adopters of variable-rate fertilising and GPS technology, and collect as much crop-performance information as they can.



The Hemphill family from Jinchilla Ag at Kyabram were among a number of dairy farmers in Victoria and on the south coast of New South Wales who signed on as direct suppliers of milk to Coles in FY20. Peter Hemphill is pictured here with his grandchildren.

Coles also has a long-term contract with Simplot to supply Australian-grown frozen vegetables.

### Sustainable dairy farming

In July 2020, Coles expanded its direct sourcing of Own Brand fresh milk to dairy farmers in South Australia which will be followed by Western Australia in October 2020. This direct milk sourcing model follows a successful rollout in Victoria and the New South Wales south coast from July 2019.

The sourcing model offers transparent farm-gate prices enabling farmers to more confidently plan for their future through the choice of one, two or three-year contracts.

During FY20, Coles sourced milk from 34 farms and it is anticipated that this will expand to more than 60 by January 2021. Our farms include fourth and fifth generation dairy farming families as well as sharefarmers both large and small.

The Coles Sustainable Dairy Development Group (CSDDG) has been established to support the direct milk sourcing model. The purpose of the CSDDG is for Coles and its dairy farmers to work together to enhance sustainable farming practices. Farmers participate in the CSDDG through regional meetings which occur throughout the year.

The CSDDG, supported by investment from Coles, has delivered on-farm initiatives including purchasing defibrillators, implementing animal health-care technology trials and providing hand sanitiser in response to COVID-19.

Coles provided exceptional circumstance payments to dairy farmers in the direct sourcing program in FY20 of \$2.6 million to support them through extraordinary conditions such as drought and bushfires.

### Recognising farmers and suppliers

Strong relationships with farmers and suppliers are integral to our success, and the Coles Supplier Awards celebrate their hard work, innovation and quality. In September 2019, more than 1,000 people attended an event at the Melbourne Exhibition and Convention Centre, with suppliers recognised across 14 award categories. Among the winners was Coles' soft plastics recycling partner, REDcycle, which won Sustainability Supplier of the Year.

Ahead of the Supplier Awards, a supplier forum was held where an overview of Coles' strategy and future plans was presented.

Coles also proudly supported innovation and excellence in Australian farming by sponsoring *The Weekly Times Coles Farmer of the Year Awards* for the eighth consecutive year. The awards, held in February 2020 at the Melbourne Cricket Ground, recognised the outstanding work of farmers across Australia with winners from categories including horticulture, sheep, beef, dairy and innovation.

We extended our employee assistance program to support farmers and suppliers during the bushfires.

### Coles small supplier payment scheme

Coles supports our suppliers so they can grow their business alongside us and continue to deliver innovation, great products and services.

We are a signatory to the Business Council of Australia's Australian Supplier Payment Code effective from 1 July 2020. As a signatory to the Code, our commitment includes paying eligible small business suppliers within 30 days, paying suppliers on time, and working with small business suppliers to adopt electronic trading.



## coles nurture fund

We want to win together with Australian producers to be the most sustainable supermarket in Australia. By helping to fund initiatives that increase recycling, reduce water use, increase local production and enhance the environment, we will drive generational sustainability in Australia.

In April 2015, Coles launched the \$50 million Nurture Fund to help small to medium-sized businesses to innovate and grow. Since then, more than 60 small and medium sized businesses across Australia have received support to help them develop new and innovative products, technologies and processes.

In FY20, Coles announced it would provide more than \$3.6 million in grants from the Coles Nurture Fund to 15 producers who are planning to improve sustainability, rebuild after bushfires and produce more Australian-made food and beverages.

We also announced a donation of \$1 million from the Coles Nurture Fund to the Country Women's Association's Drought Appeal to provide drought-affected farming families with financial support to pay household expenses such as medical, energy and grocery bills.

Among the 15 businesses to receive a Coles Nurture Fund grant in FY20 was recycling manufacturer Plastic Forests from Albury, New South Wales, which will receive a \$300,000 grant to manufacture fence posts from recycled plastic. This will provide an end-to-end solution for agricultural plastic such as silage wrap and another recycling option for soft plastics collected at Coles by REDcycle.

Two farming families in New South Wales – the McKay and Clarke families – both of whom were significantly impacted by bushfires near Tumbarumba in January 2020, will receive grants to rebuild fencing using the recycled plastic posts made by Plastic Forests. On average, approximately 250 pieces of soft plastic and five silage bale wraps will be used to manufacture each of the plastic fence posts.

Melbourne-based sustainability organisation RED Group, which provides REDcycle soft plastic recycling in Coles supermarkets, received a \$430,000 grant to purchase new processing technology and three new vehicles to increase collection and recycling of soft plastic across Australia.

Other grant recipients included:

- The Mount Warning Beverage Company – better known for its two brands, Yaru Water and Mount Warning Mineral Water, from the Tweed Valley in New South Wales – will install new equipment to produce a range of native botanical tonic waters made using Indigenous flavours.
- Family dairy farming business Jinchilla Ag will install an on-farm effluent management system for its farm at Kyabram, Victoria. It will allow the Hemphill family to separate solid and liquid material, with the solid material used as crop and pasture fertiliser and the liquid portion recycled daily to flush and clean the feed shed.
- Black River Produce will plant more asparagus and install equipment to process the produce on their farm west of Townsville, Queensland, enabling them to produce Australian-grown asparagus during periods when it is often imported.
- Beechworth Honey will increase productivity and cost efficiencies at its honey packing facility in Corowa, New South Wales, by installing robotic technology to streamline its operations.
- Darren and Mark Todaro from Todaro Farms at Cora Lynn, Victoria, will increase yields and quality by installing frost protection fleece and relocatable hail netting over their vegetables.

Other recipients are pictured on the next page with more information included in the Indigenous engagement and climate change sections of this report.

**National Farmers Federation CEO Tony Mahar** welcomed Coles' support for innovative farmers. "It's inspiring to see that from the challenges of drought and bushfires has come such ingenuity – like the development of fence posts from silage waste, the installation of cutting-edge robotic technology and new high-efficiency irrigation systems," he said.



In FY20, Coles awarded more than \$3.6 million in grants to producers to support innovation and sustainability across the food and grocery sector. Tom and Vickie Tyson from Lachlan Valley Grazing operate the solar system which is powering new irrigation equipment purchased with a grant from the Coles Nurture Fund (top left). Adrian Egan from MEEDAC at the climate-controlled shade house where the company will install new packing and picking equipment thanks to a grant from the Coles Nurture Fund (top right). The Todaro family at Cora Lynn south east of Melbourne will use a Coles Nurture Fund grant to increase yields and quality by installing frost protection fleece and relocatable hail netting over their vegetables (middle left). Natalie Bell and Paul Lloyd from Mountain Blue Farms in Lismore, New South Wales, have used financial support from the Coles Nurture Fund to grow new varieties of Eureka blueberries hydroponically in pots under protective tunnels (middle right). The Olsen family in West Gippsland, Victoria, will dramatically increase the production of sustainable farming equipment thanks to a grant from the Coles Nurture Fund. The Soilkee Renovator is a ground-breaking pasture cropping system that improves soil structure and water and nutrient retention (bottom).



## Community and charity partners

By building strong, resilient communities we aim to help Australians to lead healthier, happier lives. In FY20, Coles' total community support was more than \$139 million, which included direct community support of more than \$125 million with an additional \$14 million contributed by customers, team members and suppliers.

### Community investments

**In-kind donations (direct) \$106.3 million** of which the most significant component is food donated to our food rescue partners SecondBite and Foodbank.

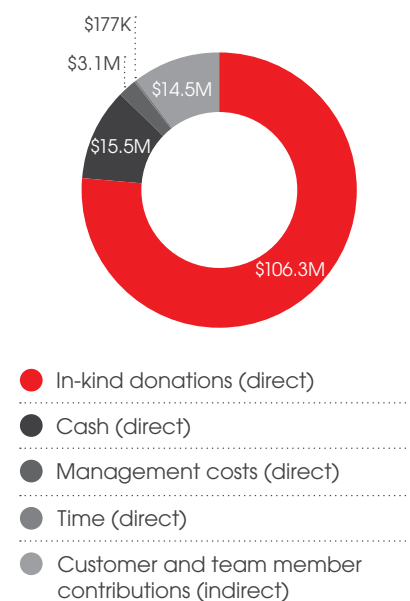
SecondBite and Foodbank provide us with the volume of food donated and we then determine a monetary value by applying a retail value to the goods donated.

**Cash (direct) \$15.5 million** this includes donations through the sale of community bags provided to community partners including Guide Dogs Australia and Clean Up Australia, and through the sale of products such as Mum's Sause, which raises money to help sick children in hospitals, and specially marked Own Brand bread which raises money for Redkite. It also includes cash donations such as those provided to the Red Cross' bushfire appeal and to SecondBite.

**Management costs (direct) \$3.1 million** which include team member time and salaries to deliver our community programs.

**Time (direct) \$177K** for team members volunteering during work hours for organisation such as SecondBite, Foodbank and the Magpies Nest.

**Customer, supplier and team member contributions (indirect) \$14.5 million** from activities including in-store fundraising.



### Community support

**\$139m ↑21%** (21% increase compared with FY19)

Coles references the London Benchmarking Group's (LBG) framework for reporting community contributions. The LBG also review our calculation methodology and data.



Coles' support for national charity, Redkite, helps families across Australia who are impacted by cancer. When Sophie (pictured here with her mother Christine) was diagnosed at six years of age with acute lymphoblastic leukaemia in Newcastle, Redkite supported the family with support from a social worker in hospital, music therapy and an education grant for tutoring.

### Feeding Australians in need

We set ourselves a target to provide the equivalent of 100 million meals to people in need by 2020. In FY20, we met that milestone and by the end of FY20 we had donated the equivalent of 116 million meals to SecondBite since 2011 and the equivalent of 32 million meals to Foodbank since 2003.<sup>1</sup> The majority of this was collected from our supermarkets and distribution centres but also includes bulk donations to both charities.

In FY20, we donated the equivalent of 31 million meals to SecondBite and the equivalent of two million meals to Foodbank.

SecondBite collects edible, unsold food from our supermarkets and our fresh produce distribution centres and distributes it to more than 1,300 community food programs supporting Australians in need. Foodbank collects food from our grocery distribution centres supporting approximately 2,400 agencies and community groups.

We also raise funds for SecondBite through the sale of \$2 donation cards and reusable shopping bags. Our annual Winter Appeal raised nearly \$1 million in June 2020 and Coles Liquor raised more than \$540,000 in its annual Christmas appeal. Across all fundraising activities, more than \$2.2 million was raised for SecondBite in FY20.

In addition to food collection from our supermarkets and distribution centres, this year food and groceries to a retail value of \$7.9 million were provided to SecondBite and Foodbank in response to increasing demand for food relief as a result of the COVID-19 pandemic.

**SecondBite CEO Jim Mullan** said the organisation's national partnership with Coles is instrumental in delivering more food to those in need.

"It's incredible to see how our partnership with Coles has grown over the years and the impact this has had on some of the most vulnerable people in our community," Mr Mullan said.

"Many shoppers wouldn't be aware of the work that goes on behind the scenes to ensure edible unsold food ends up on the plates of those in need, rather than in landfill. We are proud to work with an organisation that is a clear leader with respect to both its social and environmental responsibilities."

### Supporting families through Redkite

Coles has partnered with national children's cancer charity Redkite since 2013. Our partnership has supported counselling services, financial assistance, information resources, education and career support, scholarships and grants to children with cancer and their families.

In FY20, the total raised for Redkite was more than \$3.9 million, with Coles contributing \$2.8 million and our customers and team members \$1.1 million.

Our contribution includes funds raised through bread sales. Coles donates five cents from the sale of every loaf of specially marked Own Brand bread which has raised \$22.5 million over the past six years.

Other fundraising includes \$2 donation cards, team member fundraising and sales of hot cross buns and Christmas cookies. This takes the total raised for Redkite to \$38 million since 2013.

<sup>1</sup> SecondBite uses the conversion of total kilograms donated multiplied by two to determine equivalent meals. Foodbank uses the conversion of total kilograms donated divided by 0.555 to determine equivalent meals.



## Supporting healthy communities

In July 2019, Coles launched a new pasta sauce to raise funds to help sick children in hospitals across Australia. Fifty cents from the sale of every jar of Mum's Sause goes to Curing Homesickness, a fundraising initiative that aims to help sick children get home sooner or make their stay in hospital easier. There are now three sauces in the range, and sales raised more than \$550,000 in FY20.

We also support a range of state and local initiatives for health-focused organisations. In FY20 this support helped raise more than \$680,000 for Telethon in Western Australia, more than \$450,000 for Hummingbird House in Queensland and more than \$300,000 for the Sydney Children's Hospital Foundation in New South Wales.

Coles and our customers helped FightMND reach a new fundraising record in FY20. Representing our single biggest fundraising event ever, we helped raise more than \$5.2 million in six weeks from the sale of FightMND beanies and Own Brand fresh pork in supermarkets, as well as donations from customers and Coles' Australian pork farmers. For the third year in a row, we donated 10 cents from the sale of each pack of Own Brand fresh pork sold during the campaign.

The money raised supports research into finding effective treatments and a cure for Motor Neurone Disease (MND).

Our partnership with the Collingwood Football Club's Community Foundation is helping fight homelessness, assist people facing disadvantage and support women's sport and disability programs.

More information about our support of healthy communities can be found on pages 49 to 51 of this report.

## Coles community bags

Coles has now raised nearly \$4 million to help schools, sporting clubs, disadvantaged people and the environment through the sale of reusable bags.

We stopped providing lightweight, single-use plastic bags in our supermarkets in mid-2018, resulting in the removal of 1.7 billion bags each year. Our bag offer now includes a colourful range of reusable shopping bags designed by Australian school children.

Ten percent of sales of these community bags support Clean Up Australia, Little Athletics, SecondBite, Guide Dogs Australia, Aspect schools and the Collingwood Football Club Community Foundation.

Since June 2018 more than \$3.9 million has been raised through the sale of community bags which at the end of FY20 had provided:

- ✓ The equivalent of 3.6 million meals for SecondBite
- ✓ Support to raise and train 18 life-changing guide dogs for Guide Dogs Australia
- ✓ New equipment for 316 Little Athletics Centres
- ✓ \$500,000 for Clean Up Australia
- ✓ More than \$230,000 for Aspect schools
- ✓ 25,000 for the Collingwood Football Club Community Foundation



Volunteer Sam hands over food donations to SecondBite driver Andrew.



Coles team member and Army Reservist Lieutenant Rory McDonald with Coles Bakery Manager Amber and Bravery Trust CEO Belinda Wilson at Coles Victoria Gardens in Melbourne for the launch of our fundraising campaign for Bravery Trust. In just five days leading up to and following ANZAC Day, Coles raised more than \$232,000 for Bravery Trust to support current and former members of the Australian Defence Force.

## Supporting Australian veterans

In the lead up to and on the weekend of Anzac Day in April 2020, \$232,000 was raised in just five days for Bravery Trust which supports former and current Australian service men and women with medical fees, food vouchers, energy bills and education costs. Coles donated 50 cents from every pack of Own Brand cookies and biscuits and collected customer donations in-store.

## Guide Dogs collections

More than \$1.2 million raised for Guide Dogs through collection dogs at the front of Coles stores, the sale of reusable bags and additional fundraising activities. In total, the collection dogs at Coles have now raised more than \$10 million for Guide Dogs since 1982.

## Team member volunteering

In FY20, approximately 100 team members volunteered at SecondBite to help sort donated food and prepare deliveries, and with Foodbank to pick and pack orders for its charity partners.

Coles Online again offered customers the opportunity to help people in need by contributing to special SecondBite Christmas Donation Boxes. Customers donated grocery items, such as pasta, coffee or cereal, by adding them to

their order. The items were used to make Christmas food boxes for people in need. Coles Online team members picked and packed 1,000 boxes, and the team wrote their own personal messages on the boxes as a way of showing their support.

Through our partnership with the Collingwood Football Club's Community Foundation, more than 200 Coles team members volunteered at the Magpie Nest Café in Melbourne to serve meals to those in need. The Magpie Nest Café, run in partnership with the Salvation Army 614 Team, serves more than 3,000 free meals each week to people in need in Melbourne.

Movember is the leading charity addressing some of the biggest health issues faced by men: prostate cancer, testicular cancer, and mental health and suicide prevention. To raise funds for Movember, 301 Coles team members from across Coles took part in the 2019 Movember campaign. In total, more than \$118,000 was raised. The Coles Liquor team also provided support with a 50 cent donation from the sale of wine from the Choosy Beggars range, adding an additional \$93,000 to our donation total.

More information on our community activities can be found in the sections on Health, safety and inclusion; Better together; Healthy foods and lifestyles; Waste and recycling; COVID 19; and Disaster relief.

**Equivalent meals to Australians in need since 2003**

**147m+** **SecondBite** Ending Waste. Ending Hunger. **FOOD BANK** FIGHTING HUNGER IN AUSTRALIA

**Bananas donated to Little Athletics centres since 2017**

**3m+** **Little Athletics Australia**



## Disaster relief

Coles is part of hundreds of communities and towns across Australia and has a long history of supporting the community during times of need. During the year, many Australians battled drought and bushfire, while others experienced floods. Our role is to support these communities and provide access to essential food and grocery items.

### Drought and floods

In October 2019, Coles donated \$1 million from the Coles Nurture Fund to the Country Women's Association's (CWA) Drought Relief Fund to distribute to farming families affected by drought. In addition, Coles raised more than \$864,000 for the CWA Drought Appeal through customer donations at our supermarkets and liquor stores and from the sale of \$2 donation cards in the lead-up to Christmas.

These funds assisted more than 900 farming families with household expenses such as medical, energy and grocery bills.

While large areas of Australia were in drought, other areas were struck by severe storms. Amid heavy rainfall and flooding in parts of Queensland in February 2020, Coles converted its delivery of goods from rail to road to ensure food and groceries could reach our customers.

### Bushfires

#### Fundraising

In November 2019, when devastating bushfires impacted many parts of the country, we began a fundraising campaign across our stores for the Red Cross Disaster Relief and Recovery Fund.

By double matching customer donations for a specific period, Coles contributed more than \$1 million and together with our customers provided more than \$3.2 million to the fund. This enabled the Red Cross to provide emergency assistance, psychological first aid and longer-term community support to Australians affected by the bushfires.

In response to the bushfires, many Coles' store teams also rallied together to raise money for impacted local communities. In South Australia, for example, the state team organised a trivia night which raised more than \$220,000 for people affected by the Cudlee Creek and Kangaroo Island bushfires.

### Food and grocery donations

To provide local support on the ground during the bushfires more than 120 pallets of food, water and other essentials were donated to Foodbank, state governments and the Australian Army for distribution to relief centres, aged care facilities, emergency services and other community members in need.

Our state and store teams across the country also provided relief. Examples included our supermarket at Ingle Farm, South Australia, which purchased and donated supplies to the Salvation Army to prepare meals for firefighters. In Western Australia, supplies were donated to the Fire and Emergency Services to be flown to travellers stranded at the Caiguna Roadhouse due to bushfires closing the Eyre Highway. In Victoria, the Coles Express team donated 100 cartons of supplies and a pallet of water to CFA and SES volunteers in Bairnsdale.

### Supporting team members

We are immensely proud of our team members for their hard work in supporting their colleagues and communities during the bushfires, not only in stores but throughout the supply chain. In many cases team members volunteered with emergency services.

To support team members affected by the bushfires, we offered counselling as well as organised accommodation and transportation for additional team members to provide relief.

### Supporting our suppliers

With many fresh produce suppliers finding their crops impacted by drought during the year, Coles worked with farmers to vary our product specifications. This provided valuable support to farmers by helping them sell their crops at the best possible price, while ensuring ongoing supply of great quality Australian fruit and vegetables for our customers. During this time, our free confidential independent counselling service was extended to suppliers, their families and their team members.



### \$3 million donation to rural fire brigades

Coles thanked volunteer firefighters for keeping our rural communities safe by donating more than \$3 million in gift cards to around 6,000 rural fire brigades across Australia.

The \$500 gift cards were provided to each brigade so they could hold a thank you event with their members or stock up on food and essential supplies for the stations.

Pictured are our Gawler, South Australia, Store Manager Dallas and Ardrossan Country Fire Service Captain Peter Cook with food purchased using a \$500 gift card donated by Coles.

The gift cards were distributed to rural fire brigades via rural fire services such as the NSW Rural Fire Service, Queensland Rural Fire Service, Country Fire Authority in Victoria, SA Country Fire Service, Tasmanian Fire Service, the ACT Rural Fire Service, Bushfire Volunteers (WA), WA Volunteer Fire and Rescue Service, WA Volunteer Fire and Emergency Service and Bushfires NT.

### Tens of thousands of litres of drinking water to regional NSW

In response to severe water shortages facing residents in the small rural town of Tenterfield in northern New South Wales, Coles stepped in to support the local community.

The devastating combination of drought and bushfires had deprived town residents of potable water. By working with the NSW Farmers local branch and Tenterfield Shire, we donated and delivered around 100,000 litres of bottled water for residents, the local hospital, Meals on Wheels, aged care facilities, the school and fire fighters.

Pictured are Coles Tenterfield Store Manager Kyle with Tenterfield Shire Councillor and NSW Farmers local branch chair Bronwyn Petrie (middle), Tenterfield Shire Deputy Mayor Greg Sauer (right) and local residents Howard and Carmel in October when Coles delivered and donated truckloads of bottled water to the drought and bushfire-affected town.

We also delivered and donated water to residents, fire fighters and community groups in other NSW towns such as Ebor, Guyra, Glen Innes, Dorrigo and Miriam Vale.

### Responding to the impacts of floods

In response to floods in Queensland in February 2020, we used road instead of rail to transport goods to our stores.

Parts of New South Wales including Warriewood in northern Sydney (pictured) were also impacted by flooding.

Our team members also go to great lengths to support our customers and their colleagues.

In early January 2020, more than 50 of our supermarket team members from Sydney travelled to Batemans Bay, New South Wales, to help relieve tired local team members, restock shelves, and serve customers in one of the worst bushfire-affected areas.



## Responsible sale of alcohol and tobacco

Our vision to be the most trusted retailer in Australia carries specific responsibilities when operating our liquor stores in the community. We are committed to the safety and wellbeing of our team and our customers and aim to always promote the responsible sale and consumption of alcohol and tobacco.

### Compliance

We take our liquor retailing obligations seriously and are committed to harm minimisation initiatives to reduce the misuse and abuse of alcohol in the community. We go beyond our legal obligations and are proud of our strong and proactive approach to the Responsible Service of Alcohol (RSA).



The 3 Bees information campaign aims to help team members manage threatening situations by reminding them to breathe, back away and ask for backup.

### COVID-19 response

In response to COVID-19, we worked closely with state governments, regulators and the police to implement measures to keep team members and customers safe. Measures were designed in accordance with national guidelines on social distancing, as well as additional measures deemed appropriate for our liquor stores. In March 2020, we supported Retail Drinks Australia and the industry to voluntarily introduce product and volume limits across our liquor stores nationally. This was separate to the government-imposed limits in Western Australia.

### Key operations compliance initiatives FY20

In August 2019, a new responsible liquor supply and delivery e-learning module was launched for Coles Online Customer Service Agents to support their understanding of key RSA obligations when supplying alcohol in accordance with the Retail Drinks Australia Online Code of Conduct.

In October 2019, we worked collaboratively with Services New South Wales to launch the state-wide rollout of digital driver's licences across all stores in New South Wales.

In March 2020, a solution to accept South Australian Government issued digital driver's licences and proof of age cards was piloted in Coles Liquor stores. Supporting resources have been developed to enable state-wide rollout in FY21.

In June 2020, new resources were developed as part of our National Liquor Compliance Focus Week including:

- simplifying and removing paper-based checklists by switching to the iAuditor mobile web platform to facilitate the proactive identification and rectification of licensing and compliance matters;
- a new liquor restrictions and advertising online training module for the merchandise and marketing teams; and



Responsible service of alcohol includes checking the age of some customers.

- new 'Our Community in Mind' collateral, simplified to one design across all brands, to help educate customers on key RSA laws and the safe refusal of service.

### Training and building capability

We continue to reinforce key RSA obligations through various programs and communications and have comprehensive training, policies and procedures in place. In FY20, these included:

- ✓ A new edition of the Regulatory Compliance and Licensing Booklet issued to stores nationally
- ✓ Additional signage and communications materials in popular school leavers' holiday locations to reinforce RSA compliance
- ✓ Targeted ID25 'Check It Don't Guess It' training materials, including a new eLearning module
- ✓ eLearning on responsible liquor retailing and store manager responsibilities which are in addition to standard RSA requirements
- ✓ Safe refusal de-escalation training e-Learning modules to support store team members in managing difficult customer situations

### Public commitments and community partnerships

Coles Liquor is a founding member and key contributor to DrinkWise, an independent not-for-profit organisation that aims to promote a healthier and safer drinking culture through informative and educational campaigns. Coles Liquor has been using the DrinkWise pregnancy warning label on its private label and exclusive products since 2012.

In FY20 Coles Liquor partnered with DrinkWise for a tailored responsible drinking message encouraging customers to 'Stay Safe and DrinkWise', particularly during COVID-19.

Coles Liquor is a member of key industry bodies Alcohol Beverages Australia (ABA) and Retail Drinks Australia (RDA). As part of our membership with RDA, we comply with the voluntary Online Alcohol Sale and Delivery Code of Conduct (the Code). We also have a provision for customers to self-exclude and request to not be sold liquor products in line with the Code.

Coles also supports other voluntary industry initiatives, for example, we are a signatory to the Alcohol Beverage Advertising Code, which requires that advertisements, communications and product labelling include messages promoting responsible alcohol consumption.

We are a member of more than 180 Liquor Accords nationally and work collaboratively with community groups, the police and regulators to help find local solutions to local issues related to alcohol harm in the community.

### Responsible sale of tobacco

Coles takes its tobacco retailing responsibilities seriously and has policies, procedures and training in place to ensure that team members understand their legal obligations when selling tobacco products. Only authorised team members that are over 18 years of age are permitted to serve tobacco products and team members are required to apply ID25 to every transaction. Team members must complete online training before they are able to sell tobacco products and complete mandatory tobacco refresher assessments as required under the various jurisdictions.





Harvey Giblett and his grandchildren Sacha and Riley in the apple orchard at Manjimup in Western Australia. A supplier to Coles for more than 30 years, Newton Orchards produces its own juice and cider to dramatically reduce food waste. In FY19, the Giblett family also began supplying apples for Coles' new "I'm Perfect" range.



## Sustainable products

We want to make life easier for our customers by offering quality, safe and trusted products – sourced in an ethical, transparent and responsible way – to help them make healthy and sustainable choices.

Our focus on health and nutrition is supported by our expanding range of healthy products and meal solutions in both Coles Supermarkets and Coles Express, where we are providing more choices for customers on the move.

As customers’ needs are changing, we are offering new ranges and products. An affordable health food range has been launched and we are providing more meat-free protein alternatives. Our Own Brand food and drink standard range is now free of artificial colours and artificial flavours.

We are also supporting programs that encourage healthy lifestyles from grassroots programs for children through to elite sports for men and women.

We are committed to providing our customers quality, safe products and we have a comprehensive food safety program to mitigate risk.

Responsible sourcing is key to our Own Brand offering and we are proud of our animal welfare achievements and our responsibly sourced seafood program.

### United Nations Sustainable Development Goals

<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>14</b> LIFE BELOW WATER 	<b>15</b> LIFE ON LAND 
<b>17</b> PARTNERSHIPS FOR THE GOALS 			



## Healthy food and lifestyles

We are supporting the health and wellbeing of our customers, as well as providing them with great value and choice.

### Supporting healthy food choices

We work with food industry bodies and public health groups to address key public health challenges including through our participation in the federal government's Healthy Food Partnership. Coles also sits on the Vegetable Intake Strategic Alliance committee, chaired by the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Australia's national science agency.

### Expanding our range

Our range of healthy food and meal solutions has grown significantly in recent years and there is a strong focus on fresh food in our supermarkets. The fresh produce area is almost always located at the entry, providing customers with easy access to fresh fruit and vegetables.

Our focus on health and nutrition is supported by our expanding range of healthy products and meal solutions.

In our supermarkets, we have introduced brands such as Wellness Road, which is free from artificial colours and artificial flavours, made with reduced levels of sugar and salt, and free from trans fats from partially hydrogenated oils. During FY20, we expanded our Wellness Road range to include nut spreads, with plans to add more products in FY21.

In FY20, Good Yums was launched to provide delicious, healthier options for children. Good Yums granola cereals have less than four grams of sugar per serve and include nutritious whole grains and seeds.

In partnership with the Glycemic Index (GI) Foundation, we launched a range of low GI bread and rolls in our supermarkets that have in-store bakeries.

Our range of I'm Free From products makes it easier for customers with front-of-pack labelling stating whether products are free from common allergens such as wheat, gluten, dairy, eggs and nuts.

### Improving nutritional profile

Through product reviews and reformulations, nutritional value is being improved while maintaining great quality, value and taste.

While in FY19 our focus was on reformulating some existing products to reduce sugar and salt, including removing 110 tonnes of salt and 150 tonnes of sugar from Own Brand products, in FY20 we concentrated on ensuring new Own Brand products in our health food ranges had optimal nutritional profiles.

Coles' healthy ranges – Wellness Road, Low Glycaemic Index Bread and Good Yums – have nutrition and health criteria specific to each brand. We launched 66 products across these brands in FY20, all meeting these requirements.

We continue to work towards meeting the Healthy Food Partnership targets. The Partnership has set recommended salt targets for products across bakery, barbecue meat, breakfast cereals and convenience meals. In FY20, we launched 64 products from the Coles Kitchen chilled convenience range that met the recommendations.

We recognise that these products represent only a portion of Own Brand, and we will continue to look for opportunities to improve nutritional profiles across our ranges.

We are working towards removing manufactured trans fats from applicable Own Brand foods by substituting them with healthier unsaturated fats, while still delivering high product quality and taste, with plans to label trans fats in the nutrition information panel of relevant Own Brand food and drink products.



In FY20, we focused on optimising the nutritional profile of Own Brand products by adding positive nutrients where possible, such as the addition of vegetables and whole grains to ready meals and bakery products.

Since FY19, Own Brand's food and drink standard range products have been free from artificial colours and artificial flavours, having been replaced with natural ingredients such as fruits, spices, plants and vegetables.

### Easier choices with Health Stars

The Health Star Rating helps customers make healthier choices when buying packaged foods. While it is a voluntary rating, it is displayed on the front-of-pack labelling on eligible packaged Own Brand products. Coles has played an active role in the five-year review of the Health Star Rating to help improve the usability of the system.

At the end of FY20, Health Star Ratings were displayed on more than 2,400 Own Brand products.

### Alternative proteins

With more customers looking for vegetarian and vegan options, we have increased our range of plant-based and alternative protein products.

During FY20, Coles' Nature's Kitchen plant-based range expanded to include meat-free burgers, sausages, pizzas, curries and ravioli. Herb & Sons, a new range featuring beefless mince and sausages, was launched as well as chicken-free schnitzels and nuggets. For Christmas 2019, we offered Coles' first ever plant-based roast to cater for the growing demand for vegan options.

Coles' free monthly magazine includes plant-based recipes, products and tips to encourage Australians to include plant-based meals in their diets.

Our small format Coles Local stores also have a focus on healthy options and catering for changing customer tastes. Coles Local Rose Bay, which opened in May 2020, has the largest vegan and vegetarian range of any Coles store in New South Wales, with more than 200 plant-based products, including Coles' Nature's Kitchen and proprietary brand Beyond Meat.

### Growing healthy communities

Our community partnerships also reflect our purpose to sustainably feed all Australians to help them lead healthier, happier lives.

### Fresh 5 Challenge

The popular in-store promotion Stikeez focuses on healthy eating activities for families. In FY20, this included the Coles Fresh 5 Challenge, a fun initiative to translate the Australian Dietary Guidelines into simple messaging for children.

The campaign aimed to educate families on the Five Food Groups and recommended servings, encouraging children to eat from the different food groups and track their daily intake against the recommended serves based on the Australian Dietary Guidelines.

Following community feedback, customers could also return any duplicate, old or spare Stikeez to Coles supermarkets to be recycled. They were also wrapped in responsibly sourced paper that was fully recyclable in kerbside recycling bins.

### The Heart Foundation

In FY20, we teamed up with the Heart Foundation and some well-known Australian chefs to raise awareness about heart disease and raise funds through the Cook with Heart challenge. The challenge encourages home cooks to create and share heart-healthy recipes.



We matched community donations to the value of \$100,000 and used our regular 'What's for Dinner' segment during Channel 7's 6pm news to promote the work of the Heart Foundation and the importance of cooking heart-healthy recipes.

#### The Stephanie Alexander Kitchen Garden Foundation

Our new three-year partnership with the Stephanie Alexander Kitchen Garden Foundation supports our purpose to help Australians lead healthier, happier lives. The Foundation gives thousands of children, at more than 2,000 schools and early learning centres around Australia, access to food education to help them develop a healthy relationship with food, as well as build self-confidence and life skills.

Recognising the importance of the program in helping families to stay well and connected during COVID-19, Coles produced a series of cooking tutorial videos and donated \$100,000 to the Foundation's 'Kitchen Garden Program at Home' to allow the program to continue in the home environment. This dedicated online resource includes themed garden activities, recipes and curriculum links designed to teach children about growing, harvesting, preparing and sharing while learning from home.

#### Australian Football League

In FY20, a five-year partnership with the Australian Football League (AFL) was announced to promote healthy and active lifestyles in the community and grow participation at all levels of the game.

We are investing in both women's and men's football from grassroots local football to the elite professional game, with healthy lifestyles at the heart of the partnership.

Coles and the AFL will work together and focus on issues that are of importance to both organisations including health, nutrition, inclusion and community support.

**AFL General Manager Commercial Kylie Rogers** welcomed the partnership with Coles and the extra support for the AFL's Bushfire Community Relief Fund. "The partnership is a natural fit, with both the AFL and Coles dedicated to giving back to local communities and providing opportunities for all Australians. Our commitment to each other ensures we can continue to invest back into our sport to promote participation and growth at all levels of the game."

During the year, Coles teamed up with the Essendon Football Club to create opportunities for female footballers from the Tiwi Islands to make their way through Essendon's Tiwi Women's Pathway Program to the Victorian Football Leagues Women's (VFLW) Competition and potentially join the Australian Football League Women's (AFLW) competition. Footballers from the Tiwi Islands will live, train and play in Melbourne for Essendon's VFLW team and receive mentoring and support from Coles.

Through our partnership with the Collingwood Football Club Community Foundation, Coles also supports the club's elite female football and netball teams in the AFLW, VFLW and Suncorp Super Netball League competitions as well as grassroots multicultural and schools initiative in zones in Victoria and Tasmania.



Together with Curtis Stone, Coles announced a new partnership with the Stephanie Alexander Kitchen Garden Program in February 2020. Providing thousands of children across Australia access to a food education program helps them develop a healthy relationship with food, self-confidence and life skills.



Commonwealth Games high jump gold medallist and Coles team member Brandon Starc (middle) with Baldavis Little Athletics participants in Western Australia. Coles donates bananas to Little Athletics to provide children with a healthy and nutritious snack.

#### Little Athletics and Athletics Australia

Since 2017, we have been providing support to athletes around the country to foster athletics in the community through our partnership with Little Athletics Australia and Athletics Australia.

Around 450 Little Athletics centres benefited from weekly banana donations during the winter and summer seasons in FY20. More than three million bananas have now been donated to Little Athletics centres since 2017 to provide children with a healthy, nutritious snack during athletics sessions. A 'Health Station' was also introduced at selected schools, national and state athletics competitions.

The 'Coles Little Athletes, Big Dreams' program was launched in October to inspire little athletes to dream big. Olympians Sally Pearson, Brandon Starc and Matthew Denny visited 35 Little Athletics centres over eight weeks to share their training tips with thousands of little athletes and their families.

In January, 24 young Indigenous athletes from Athletics Australia and Melbourne University's 'Raise the Bar' Academy visited the Coles Store Support Centre for workshops in cooking, nutrition, resume writing and interview skills.

Since November 2018, more than \$1.1 million in grants has been provided for new sports equipment to 316 Little Athletics centres across Australia. Funds for the grants are raised through the sale of specially marked chiller bags designed by Australian children. For every bag sold, 25 cents is directed to the Coles Little Athletics Community Fund to provide sport equipment grants.

#### Rowing Australia

Coles' sponsorship of Rowing Australia includes providing fresh food and groceries for rowers at the National Men's and Women's Training Centres in Canberra and Sydney as well as supporting the Australian Rowing Championships, Australian Masters Rowing Championships and the Australian Indoor Rowing Championships, which is a participation-based initiative to encourage people in the community to try rowing.

Schools and early learning centres supported through partnership with Stephanie Alexander Kitchen Garden

2,000+



Promoting healthy and active lifestyles with

5 year partnership with the AFL





## Providing quality, safe products

We are committed to providing customers with safe, high-quality Own Brand products. Our commitment is supported by our rigorous supplier requirements, our auditing and inspection program and in-store standards.

### Food and product safety

Our comprehensive Food Safety Program covers the production, processing, storage and preparation of fresh, chilled, frozen and grocery products.

Under the program, suppliers must provide detailed product specifications through an online database that supports product traceability and includes strict adherence to quality compliance standards such as declared allergens, certifications and nutritional information.

Suppliers also need to have the factory or facility where food is produced audited annually by approved auditors.

Regular assessments of fresh food are conducted at our national distribution centres and supermarkets. During FY20, our rigorous Own Brand supplier testing program completed more than 67,000 checks covering allergens, imported food, residues, organic products and microbiological safety and quality.

We also performed selected quality checks on more than 1,200 products at our Store Support Centre and conducted more than 119,000 checks on products coming into our fresh produce distribution centres, with an additional 34,000 checks for chilled products, to make sure we are providing customers with quality, safe products.

Product authenticity is included in the testing, allowing us to detect and rectify potential food fraud, including signs of tampering, contamination or damage.

Our Product Safety Program covers non-food products. We work closely with suppliers in terms of compliance with relevant mandatory standards and consumer guarantees under the Australian Consumer Law.

Coles' Quality Academy, in partnership with SAI Global, provides training in food safety and quality management. In FY20, nearly 16,000 hours of training were provided to our suppliers and team members on recalls and withdrawals, compliance auditing, food legislation, and food safety.

We take an active role in various standards committees and working groups to drive food safety and social and environmental sustainability. Coles is a member of, and participates in, the Global Food Safety Initiative Australasia Steering Committee, the Australian Food and Grocery Council Technical Leads Forum, the Allergen Collaboration and the Food Incident Forum.

Our Product and Food Safety Steering Committee, chaired by the Chief Legal & Safety Officer, provides oversight of Coles' Food Safety Program.

### Product withdrawals and recalls

If a product is identified as being unsafe or defective, it is withdrawn and/or recalled and corrective action taken to prevent it happening again.

During FY20, three Own Brand products were recalled due to cleaning chemical contamination and undeclared allergens. In response we issued public communications and worked with regulators and suppliers to promptly mitigate any associated issues.

Any time a customer reports they have suffered an injury or sickness associated with one of our products (proven or unproven), it is reported to the Australian Competition and Consumer Commission (ACCC), as required under Australian Consumer Law.

### Own Brand awards

Own Brand is central to our strategy to inspire customers through best value food and drink solutions. We go to great lengths to ensure these products are high quality, great value and loved by our customers.

Our Own Brand products range from everyday essentials, to organic and health food products, to indulgent treats and the Exclusive Liquor Brand (ELB) range.

In FY20, Own Brand supermarket products were acknowledged with 28 awards and recognitions. This included winning five categories at the **2020 Product of the Year awards**, where more than 10,000 customers voted for their favourite products. **Coles' Drip Cake** won the **cake category**, the **Ash Brie** won

the **cheese category**, **Coles Ready to Roast Crackling Ham** won the **meal solution category** and **Coles Finest by Laurent Sourdough Rolls** the **bakery category**. We also won **household cleaning product of the year** with our **Green Choice Bathroom Cleaner**.



Our ELB products were recognised with 372 medals, awards and accolades in FY20. This included **Tinnies Pale Ale** winning **World's Best Pale Bitter** in the 4.5% to 5.5% Alcohol By Volume category at the **World Beer Awards 2019** in London, a **Platinum Medal** for **Loch Lomond 12 Year Old Single Malt Scotch Whisky** at the **2020 San Francisco World Spirits Competition** and a Trophy for **Best Rosé** at the **2019 Margaret River Wine show** for the **Abbey Vale Premium Margaret River Rosé 2019 vintage**.

These awards reflect the hard work of the Own Brand and ELB teams and suppliers to inspire customers.



Own Brand products were named winners at the 2020 Product of the Year Awards across five categories. The award-winning products included the Coles Drip Cake, Coles Crackling Ham, Coles Finest by Laurent sourdough rolls and Coles Ash Brie.



Responsible sourcing

We know our customers want us to provide Own Brand products that have been responsibly sourced. Coles’ Responsible Sourcing Program focuses on safeguarding animal welfare and minimising environmental impacts.

RSPCA Approved

We have a long relationship with the Royal Society for the Prevention of Cruelty to Animals (RSPCA Australia).

Our Own Brand fresh chicken and fresh turkey sold in Coles supermarkets have been RSPCA Approved since 2014, and Own Brand fresh free-range pork sold in Coles supermarkets has been RSPCA Approved since 2015. In 2018, we were the first major Australian supermarket to launch free-range RSPCA Approved Chicken in Victoria and New South Wales. Since the launch, our free-range RSPCA Approved Chicken products have more than doubled in volume and the range was expanded to sell nationally in FY20. We have the broadest range of RSPCA Approved products of any major Australian supermarket and were the only major Australian supermarket to offer RSPCA Approved Own Brand fresh turkeys for Christmas in 2019.

Back in 2014 Coles led the way for improved chicken welfare by launching RSPCA Approved Chicken in Victoria and New South Wales. Today, nearly 80% of meat chickens grown in Australia are raised under the RSPCA Approved Farming Scheme.

Five freedoms

We care about how the food we sell is produced and sourced, and are committed to working towards a sustainable future that supports local farmers and food producers, while looking after the welfare of animals.

We believe that protecting and improving the welfare of animals in our supply chains is central to gaining and maintaining customer trust.

Our Animal Welfare Policy is based around the five freedoms:

- Freedom from hunger and thirst;
- Freedom from discomfort;
- Freedom from pain, injury or disease;
- Freedom to express normal behaviour; and
- Freedom from fear and distress.

The policy sets out our expectations regarding the treatment of animals and aquaculture species in global supply chains for all Own Brand products sold in Coles supermarkets.

Slow Hills chicken

In September 2019, Coles was the first major supermarket to nationally launch a slower growing poultry offer called Slow Hills. The Slow Hills chickens are raised under the RSPCA Approved Farming Scheme Standards in the Hunter Valley in New South Wales in free-range systems without the use of antibiotics. Slow Hills chickens have access to perches and good quality litter inside the shed, and attractive outdoor areas for ranging during the day.

Graze lamb

In January 2020, Coles was the first major Australian supermarket to offer Graze lamb, Tasmanian grown lamb which is grass-fed, free to roam on open pastures and raised without the use of antibiotics.

The introduction of Graze lamb has created a new market for Tasmanian producers. As of 30 June 2020, 60 Tasmanian lamb producers were part of Coles Graze Lamb Farm Program, either supplying to Coles or preparing to supply.



Coles General Manager of Meat, Charlotte, and Tasmanian lamb producer Scott Colvin discuss the new grass-fed lamb range, Graze, launched by Coles in January 2020.

Animal welfare

Our Animal Welfare Policy sets out our commitment to source animal and aquaculture products sold in Coles supermarkets from farming operations that have a high standard of animal welfare and, where appropriate, hold animal welfare certification.

We are proud that Coles was the first major Australian supermarket to deliver:

Own Brand fresh beef with no added hormones



Own Brand shell eggs cage-free



Own Brand fresh pork, bacon and ham sow stall-free and produced without artificial growth promotants



Own Brand fresh chicken and fresh turkey RSPCA Approved



Own Brand fresh free-range pork RSPCA Approved



Own Brand fresh free-range chicken RSPCA Approved



In FY20, Coles was assessed by the Business Benchmark on Farm Animal Welfare (BBFAW), the leading global measure of farm animal welfare management, policy, performance and disclosure in food companies. We ranked tier three out of six, with tier one being the highest rank possible. This was an increase of one tier compared with FY19 when we were assessed under Wesfarmers.

The BBFAW assesses 150 of the world’s largest food companies and our rating puts us in the top 17 retailers assessed globally.

“RSPCA Australia has worked very closely with Coles and their suppliers for more than a decade to bring the broadest range of RSPCA Approved products to their customers. Coles’ commitment to improving animal welfare in Australia has meant that millions of chickens, turkeys and free range pigs have benefitted from improved conditions and a better quality of life. We’re excited to continue our work with Coles to continue to improve the welfare of Australia’s farm animals.”  
Hope Bertram, Humane Food Manager, RSPCA Australia

Cage free eggs

All Own Brand shell eggs sold nationally are cage-free and in 2019 we also transitioned all proprietary shell eggs in Western Australia to cage-free.

In 2018, we set ourselves a target to be cage-free by 2023 for all shell-eggs sold in our supermarkets including proprietary branded eggs and eggs as ingredients in Own Brand products. Since making this commitment, the egg industry has faced many challenges including access to capital investment as well as the impacts of drought and bushfires both of which have limited the growth of cage-free egg production. The retail industry has set 2025 cage-free targets and we will now align with its dates and plans.

Coles Farm Program

Established in 2014, the Coles Farm Program applies to suppliers of Own Brand cage-free eggs, Graze beef and Graze lamb, the latter which was added to the program in FY20. At the end of FY20, there were 246 suppliers on the program – 26 Own Brand cage-free eggs, 160 Graze beef and 60 Graze lamb. Under the program, farmers are required to meet strict requirements in animal husbandry and environmental management.



Coles' Graze grass-fed standard also specifies cattle and lambs are never fed cereal grains to supplement their diet even in challenging weather conditions. If farmers feed grain to animals because pasture is limited, they can no longer be sold under the Graze range but as conventionally farmed.

The program is a combination of self-assessments and industry body/private organised audits. All suppliers complete a self-assessment when joining the program which is reviewed by the Coles Responsible Sourcing team to confirm adherence to the program requirements. In addition to this, Graze suppliers complete a declaration form for each lot of animals sold in conjunction with the National Vendor Declaration protocol. During FY20, we changed the self-assessment schedule. Rather than self-assessments being due annually at the anniversary of joining the program, both egg and Graze beef suppliers will complete their self-assessments between June and September FY21, and lamb suppliers in November FY21.

Egg suppliers are audited annually for compliance to the industry standard, Egg Standards Australia Level 3. As the Coles Graze Standard is one we developed for our own programs in conjunction with the industry, audits are conducted for Coles by the industry auditing body Aus-Meat. It is our expectation that a minimum of 10% of Graze lamb and beef suppliers will be audited annually.

COVID-19 presented issues with the audit schedule however we anticipate this to be back on track in FY21.

Coles had planned to roll out a grain fed program in FY20. However, as many of our farmers were impacted by the drought we made the decision to suspend the program to minimise pressure being placed on their businesses.

### Responsibly sourced seafood

All Own Brand seafood sold in Coles supermarkets is responsibly sourced



"A critical part of the MSC mission is to work with businesses to find ways of ensuring our oceans are sustainably managed while still delivering a business advantage, ensuring fishing communities' livelihoods are maintained as well as providing invaluable nutrition for a growing global population. The commitment and stewardship Coles has demonstrated in leveraging an international certification scheme like the MSC will go a long way in delivering the United Nations Sustainable Development Goals (SDG 14 Life Below Water) which is only possible through the mobilisation and transformation of businesses, consumers and fishing communities, alongside government policies."

Anne Gabriel, Program Director, Oceania & Singapore, Marine Stewardship Council (MSC)



Dylan Skinnis from Austral Fisheries is a carbon neutral business that supplies Coles with Australian MSC-certified raw banana prawns.

We are proud that all Own Brand seafood sold in Coles supermarkets is responsibly sourced and has been since 2015. Well managed and responsible fishing is essential to maintaining healthy fish populations and habitats, and supporting the sustainability of marine ecosystems.

All Own Brand seafood sold in Coles supermarkets is responsibly sourced to either MSC, ASC, GLOBALG.A.P or BAP certification or independently assessed to the Coles Responsibly Sourced Seafood criteria.

We continue to review our program as fish stocks can fluctuate and the environment in which fisheries operate is complex and ever-changing.

Coles is a signatory to the Australian Seafood Traceability Statement, an industry-led business commitment towards best practice in traceability across the seafood supply chain.

We also have traceability of our tuna supply chain with the ability to trace Own Brand skipjack and yellowfin canned tuna back to the approved fishing boat that caught the tuna.

In FY20, Coles was awarded the **MSC Best Sustainable Seafood Supermarket in Australia**. The MSC has named Coles holder of the award since 2017, recognising that we have the widest eco-labelled fresh seafood range of any Australian supermarket.

We were also awarded the 2020 MSC Best Sustainable Seafood Public Engagement, a direct result of us listening and responding to our customers.



### Certified products and ingredients

Some key commodities are sourced from regions with higher environmental and labour risk. Where practicable, Coles uses independent and internationally recognised certification programs that support ethical practices and environmental protection in these supply chains.

#### Palm oil

While palm oil is used in many products around the world, unsustainable farming practices in some countries where oil palms are grown can impact the environment, wildlife and local communities.

Coles is a member of the Roundtable on Sustainable Palm Oil (RSPO). All Own Brand food and drink products sold in Coles supermarkets contain or support the production of sustainable palm oil. This means that within the food and drink supply chain for Own Brand products sold in Coles supermarkets, Coles requires the supplier using palm oil to:

- obtain RSPO Supply Chain Certification for its own supply chain; or
- be able to demonstrate RSPO Certification for each palm oil ingredient that is incorporated into the Coles brand product.

When developing new Own Brand products, we aim to use sustainable palm oil. This approach encourages palm oil producers to move to sustainable practices, while supporting the livelihoods of those communities dependent on the palm oil industry.

Where palm oil is present in our food and drink products, it is labelled accordingly. Our Palm Oil Policy requires us to identify palm oil specifically instead of using the common term 'blended vegetable oils'.

Coles is also a member of the Retailers Palm Oil Group, a coalition of companies who have the common aim of using sustainable palm oil in their products.

#### Tea, coffee, cocoa and sugar

We use independent certification programs, such as Fairtrade and Rainforest Alliance/UTZ, when sourcing tea, coffee and cocoa to give customers confidence that these commodities have been sourced ethically and sustainably, and to help grow the market for independently certified products.

Single ingredient tea, coffee and cocoa Own Brand products, and cocoa used in Own Brand solid chocolate blocks, sold in Coles supermarkets, are required to be independently certified or verified. Current recognised certifications and verification programs include Fairtrade, Rainforest Alliance/UTZ and Cocoa Horizons. At 30 June 2020, we had one line of tea not certified and we are currently working towards certification. We aspire to increase the use of certified and/or verified coffee, tea and cocoa as ingredients in Own Brand products sold in Coles supermarkets.

Coles supports the Bonsucro program for the sustainable production of sugar cane. With the exception of Own Brand organic sugar, all other Own Brand packaged sugar products including white, brown, raw, caster and soft icing mixture are sourced in Australia from our Bonsucro-certified supplier.

#### Timber and paper

Coles' Sustainably and Ethically Certified Commodities Policy sets out our expectations regarding the use and supply of timber and timber pulp-based paper for Own Brand products sold in Coles supermarkets.

We are working towards December 2020 for Coles supermarkets Own Brand timber, pulp and paper products to be sourced from:

- forest plantations that are independently certified to the Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council® (FSC®) certification schemes; or
- post-consumer recycled fibre (i.e. the material has been part of another product; and at the time a material was removed from that product, it was no longer in use and the material was considered waste).

This excludes timber, pulp or paper used as a component in food and drink products, and in product packaging.

Since June 2020 all Coles Own Brand sanitary protection items containing pulp or paper have been PEFC certified. All Own Brand nappies and nappy pants containing pulp are FSC certified, and Own Brand tissue products (facial tissues, paper towels, toilet paper, serviettes) are PEFC or FSC certified or made from recycled material.



The coffee in our Coles Urban Coffee Culture range and Coles Daley Street coffee range (the latter launched in FY20) are sourced from Rainforest Alliance/UTZ-certified farms.





### Recycling plastic for furniture

Soft plastic collected by REDcycle from our supermarkets is recycled into products such as outdoor furniture and playground equipment. Pictured are Hunter and Chloe from Prospect Primary School in South Australia.

**30m** average number of pieces of plastic collected every month from Coles supermarkets in FY20



Coles team member Matt and REDcycle founder Liz Kasell outside the Gisborne supermarket. In FY20, Coles and REDcycle reached a major milestone, with more than one billion pieces of flexible plastic diverted from landfill across Australia since 2011.



## Sustainable environmental practices

As one of Australia's largest companies, we understand our responsibility to minimise our environmental footprint.

With the impacts of climate change highly visible during the year – with extreme weather events such as floods and drought, and the devastation of bushfires – this responsibility has never been so clear. This includes maintaining security of food supply as our climate changes to enable us to sustainably feed all Australians.

We are developing a Climate Change Strategy and will set new targets to reduce greenhouse gas emissions to provide assurance to stakeholders that this is an issue of which we are acutely aware.

Stakeholders are also concerned about broader environmental issues such as waste and recycling, plastic packaging and single use plastic products. We are also working to address these.

Food waste is a high priority and we continue our work with partners SecondBite and Foodbank to provide unsold, edible food to Australians in need. Food security and reducing food waste are important social and environmental issues.

Our focus on reducing food waste has meant that since 2003, the equivalent of more than 147 million healthy and nutritious meals have been provided to people in need through our partnerships.

### United Nations Sustainable Development Goals



### United Nations Global Compact

Principles 7, 8 and 9





## Climate change

As one of Australia's largest companies, we have a responsibility to minimise our environmental footprint. Our business is also impacted by climate change, and we need to adapt in order to respond to extreme weather events and maintain security of food supply to sustainably feed all Australians.

We support the United Nations (UN) Sustainable Development Goals including Goal 13 (Climate action), the UN Global Compact Principles (including Principles seven, eight and nine which relate to the environment) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). More details on our response to the TCFD, particularly governance, strategy and risk management, can be found in our 2020 Annual Report.

### Achievements to date and next steps

We met our 2020 emissions reduction target, to reduce combined Scope 1 (direct) and Scope 2 (indirect) greenhouse gas emissions by 30% from a 2009 baseline, in 2016. At the end of FY20, we had reduced combined Scope 1 (direct) and Scope 2 (indirect) greenhouse gas emissions by 36.5% from 2009.

We have achieved this largely through a focus on energy efficiency and refrigeration management. These and other achievements are detailed on the following pages.

During FY20, an external consultant was engaged to complete a gap analysis of Coles' previous reporting against the TCFD recommendations. While the analysis found we are partially aligned with the majority of the TCFD recommended disclosures, we are continuing to refine and enhance our disclosures as our Climate Change Strategy is developed and embedded within our business.

We also prepared a detailed road map and action plan to enhance our climate change response and support Coles' transition to a lower-carbon economy. The roadmap, which was endorsed by the Board, also highlights the key milestones we need to meet to enable more comprehensive climate change responses and disclosures.

Our first priority was a climate change risk assessment, as described in the section titled Climate Change Risks and Opportunities.

The next steps in developing the Climate Change Strategy will be assessing Coles' corporate strategy against different climate scenarios and releasing new greenhouse gas emission reduction targets for operational emissions. The strategy will also reference and respond to the risks already identified.

### Climate change governance

The Board oversees the effectiveness of Coles' environment, sustainability and governance policies and retains ultimate oversight of material environmental and sustainability risks and opportunities, including those related to climate change. The Audit and Risk Committee assists the Board in fulfilling its responsibilities.

Coles' Sustainability Steering Committee, a management committee, is responsible for overseeing Group-wide identification and response to sustainability risks, including climate change.

Our climate change agenda and program are coordinated by a Climate Change Subcommittee which oversees Coles' climate change approach and reports to the Sustainability Steering Committee and its Chair.

Our approach to climate change governance will continue to develop as we embed roles and responsibilities throughout the organisation, recognising that responsibilities for managing and mitigating climate change are organisation wide.

### Climate change risks and opportunities

Through the application of the Coles' Risk Management Framework, climate change has been identified as a material business risk to the Group.

During FY20, we worked with an external consultant to further understand our climate change risks and opportunities. The qualitative risk assessment applied the risk management



Construction has commenced on the development of a solar farm outside Junee in regional New South Wales. It is one of three solar farms from which Coles will source 10% of its national power needs. The other two solar farms will be located outside the regional centres of Wagga Wagga and Corowa. All three solar farms are being developed and constructed by METKA EGN Australia.

processes defined within Coles' Risk Management Framework and used three climate scenarios to prompt innovative thinking. These scenarios were mainly informed by publicly available reference scenarios developed by the International Energy Agency and the Intergovernmental Panel on Climate Change. Other sources used included ClimateWorks Decarbonisation Futures, the World Bank Group, and literature specific to Australian agriculture, livestock and fisheries productivity and viticulture suitability. The scenarios were:

- 1 Stated policies**  
Where governments deliver on current policies already in place which result in approximately 3.2°C warming above pre-industrial levels.
- 2 Ambitious global action**  
Where there is active movement towards the goals set in the Paris Agreement to keep "global average temperature to well below 2°C, or preferably to 1.5°C above pre-industrial levels".
- 3 Runaway climate change**  
Where there is no limit placed on carbon emissions and warming is set to reach 4°C above pre-industrial levels.

Analysis of the risk exposure considered financial, reputational, health and safety, legal and regulatory, and operational consequences over the next 10 years. The assessment also identified associated metrics and targets used to monitor the management of risks and opportunities and evaluated risk exposure against Coles' climate change risk appetite.

The risks identified have been grouped into the two major categories of climate-related risks identified by the TCFD: risks related to the transition to a lower-carbon economy and physical risks (acute and chronic). More detail on the risks set out below, and on mitigants and opportunities associated with each risk, can be found in the 2020 Annual Report.

The key transition risks for Coles are:

- Reputational
- Changing regulatory requirements
- Carbon pricing
- Export market growth

The key physical risks for Coles are:

- Health and safety
- Supply chain disruption
- Food safety
- Asset integrity and continuity of operations

### Initiatives to address climate-related risks and opportunities

During FY20, we continued development of a comprehensive Climate Change Strategy to enhance the way climate-related risks and opportunities are understood, managed and disclosed. There are also a range of activities underway to address the risks and opportunities provided by climate change.

### Energy Strategy

Our Energy Strategy guides our approach to energy procurement, management, energy efficiency and renewable energy.

In FY20, we were the first major Australian retailer to commit to buying renewable energy through a power purchase agreement. The 10-year agreement is in place to purchase power from three solar plants in New South Wales with the projects expected to provide 10% of Coles' national power needs. The solar plants are expected to be operational in FY21.

We also installed solar power at 37 supermarkets and added a further two systems in July 2020, taking the total number of supermarkets with solar to 69.



Our LED lighting program was delayed in FY20 as a result of the complexity of the program and supplier challenges. Our plan had been to have LED lighting installed in all supermarkets by December 2019. At the end of FY20, LED lighting was installed in 805 (98%) of our supermarkets. We had also planned to install LED lighting at 391 stand-alone Coles Liquor stores in FY20. During FY20, LED lighting was installed at an additional 31 Liquor stores taking the total number to 318.

Our data centres house an extensive network of computer systems needed for our day-to-day operations. These are energy intensive to operate and over the past four years, at one of our centres, we have introduced a range of energy reduction and efficiency measures including open air night cooling, new electrical systems, uninterrupted power supply and replacement of some computer systems. These initiatives have improved energy efficiency by 35% at the data centre which has also decreased associated greenhouse gas emissions.

#### Refrigeration management

Refrigeration is essential for maintaining food safety and quality. However, refrigerant gases can have a major impact on the environment with older refrigerants having high global warming potential and significantly impacting on greenhouse gas emissions.

Our approach to refrigeration management includes investing in transcritical CO<sub>2</sub> refrigerants – natural gas compounds that have little or no impact on the ozone layer and do not contribute to greenhouse gas emissions.

In FY20, transcritical CO<sub>2</sub> refrigeration design was incorporated into our new store design brief as standard for cooler regions of Australia. In FY21, Coles Liquor will be trialling CO<sub>2</sub> refrigeration at six sites.

We also continued with our refrigeration pipe replacement program, invested in leak-detection technology and installed energy efficient variable speed drives in more than 150 stores in FY20.

### Greenhouse gas emissions compared with FY19<sup>1</sup>

↓1.3%

<sup>1</sup> Combined Scope 1 and 2

#### Environmental improvements in new stores

Our design brief sets the standard for new stores and store refurbishments. In addition to including trans critical CO<sub>2</sub> refrigeration on our store design brief, in FY20 we also added other sustainability features to the blueprint such as:

- Added doors to upright refrigerated cases (other than in fresh produce areas);
- Replaced large open box style frozen refrigerated cases with upright units with doors;
- Removed undershelf lighting in the health and baby product aisles;
- Added motion sensing and dimming technology to back of house areas;
- Lowered the entire roof height of our proposed stores to reduce air conditioning requirements; and
- Detailed new water and gas meter requirements to enable remote monitoring.

#### Business continuity planning

We understand that climate change and extreme weather events can also impact supply security and our ability to provide goods to customers. This could include severe or total disruption to the production and transportation of goods due to extreme weather events, as well as production risks associated with climate change.

We seek to manage these risks through business continuity processes to maintain sourcing and delivery of goods to stores during floods, storms and bushfires. For example, in response to floods in Queensland in February 2020, we used road instead of rail to transport goods to impacted stores.

#### Research into supply chain resilience

In FY20, we worked with the CSIRO to understand the security of our fresh food supply chain. Thirty-one categories across meat, seafood, produce, dairy and bakery were quantitatively assessed to identify critical supply nodes, highlight key supply risks and quantify supply chain resilience.

This work with the CSIRO will provide us with a better understanding of the resilience of our fresh food supply chain and its potential exposure to current and future environmental risks, as well as pathways to navigate those risks, including better informing continuity planning.

### Greenhouse gas emissions since 2009<sup>1</sup>

↓36.5%

#### Opportunities for new product development

We understand that minimising environmental impacts of food production is an important issue for many customers, and we have responded by increasing our range of plant-based products.

During FY20, Own Brand developed and launched new products. We expanded the Nature's Kitchen range of plant-based products and introduced Herb & Sons, a new range featuring beefless mince and sausages, as well as chicken-free schnitzels and nuggets. In FY20, our first plant-based roast was launched to cater for the growing demand for vegan and flexitarian meal options at Christmas.

#### Supplier support through the Coles Nurture Fund

Through the Coles Nurture Fund, we are supporting suppliers with grants to help them adapt to climate change as well as to mitigate their own impact.

In FY20, a grant was awarded to Harvey Citrus from Harvey, Western Australia, which will extend the supply of Western Australian-grown citrus over the summer and increase local employment by extending its cool room facility and acquiring solar panels for its packing shed.

Another recipient, Braebrook Pastoral, will produce renewable energy from organic waste by constructing an on-farm biogas system on its pig farm at Willaura, Victoria.

#### Participation in the Australian Beef Sustainability Framework

All Coles fresh beef is 100% Australian grown. As part of our support of sustainable beef production, Coles participates in the Australian Beef Sustainability Framework (ABSF), an initiative of the Red Meat Advisory Council managed by Meat and Livestock Australia.

The ABSF continues to work with industry on strategies to address high-priority sustainability issues in beef production including deforestation and reducing carbon emissions, while the Australian red meat and livestock industry has set the ambitious target to be carbon-neutral by 2030.

#### Metrics and targets

The metrics used to help us understand our environmental and climate change impacts include greenhouse gas emissions and energy use, water consumption and waste diverted from landfill.

#### Greenhouse gas emissions and energy

Our main sources of Scope 1 (direct) emissions include emissions from refrigerant gases, natural gas, transport fuel, stationary LPG and diesel for onsite back-up generators, while Scope 2 (indirect) emissions are those associated with electricity use.

Purchased electricity represents 82% of our combined Scope 1 and 2 emissions, followed by refrigerant gases.



Doors on refrigeration units help to reduce energy consumption.

In FY20, our Scope 1 and 2 emissions were 1,596,102 tonnes CO<sub>2</sub>-e, a 1.3% decrease compared with FY19.

Scope 3 emissions are indirect emissions (not included in Scope 2) that occur in Coles' value chain. Currently, the most reliable and robust data for our Scope 3 emissions include business air travel; transmission-related emissions from electricity, gas and fuel; and waste disposal from stores and sites.

In FY20, our Scope 3 emissions were 275,640 tonnes CO<sub>2</sub>-e, a 9% decrease compared with FY19.

As part of our ongoing work on climate change, we continue to focus on greenhouse gas emission reductions and are in the process of developing new greenhouse gas emission reduction targets. We have also started scoping work to better understand our Scope 3 emissions.

#### Water

We calculate water use across operations including for stores, distribution centres, preparation and manufacturing facilities, and store support centres. In FY20, total water consumption was 2,721 ML compared with 3,363 ML in FY19.

Smart meters have been installed in nearly 260 supermarkets. These meters help save water, mainly through leak detection.

We have supported fresh produce suppliers with grants from the Coles Nurture Fund to be used to reduce water use.

Sutton Farms from Gatton, Queensland, will use a \$400,000 grant to increase water and fertiliser efficiency by introducing grow bag technology and a new irrigation system for its cherry tomatoes grown in the field.

Hall Stanley Premium Chestnuts from Stanley, Victoria, will save water and increase production by introducing new high-efficiency irrigation and fertigation, which reduces evaporation and increases nutrients, with a \$73,000 grant.



## Reducing waste and supporting recycling

Reducing waste is not only important to Coles, but also to our customers. It is about supporting a circular economy where we use our resources wisely.

### Reducing food waste

As a food retailer, we love food and do not want it to go to waste. Every Coles supermarket and distribution centre is connected with a food waste solution, something we first achieved at the end of FY19. Our first choice for unsold, edible food is to donate it to food rescue organisations. Following that, we have other food waste solutions including donation to farmers and animal or wildlife services, organics collections and in-store food waste disposal equipment.

We partner with food rescue organisation SecondBite which collects unsold, edible food either directly from our supermarkets or organises for local charities to collect it on its behalf. In addition to collecting and redistributing food from our stores, SecondBite also collects food from our fresh and chilled distribution centres.

We also partner with Foodbank which collects from our grocery distribution centres across Australia.

During FY20, nearly 14,000 tonnes of unsold, edible food (the equivalent of 28 million meals) was donated to SecondBite and more than 887 tonnes of unsold edible food (the equivalent of 1.6 million meals) was donated to Foodbank from our stores and distribution centres<sup>1</sup>. We also supported them with bulk food donations during the year.

This was an increase compared with FY19, when we provided 12,500 tonnes (the equivalent of 24.9 million meals) of unsold edible food to SecondBite and Foodbank from our stores and distribution centres.

During the year, 99% of Coles supermarkets and 100% of our distribution centres were connected to either SecondBite or Foodbank. The number of stores connected to the program

in FY20 was impacted by COVID-19 with some charities scaling back their services in order to protect vulnerable volunteers and workers.

Food that could not be donated to food rescue was given to farmers for animal feed or donated to animal rescue organisations. In FY20, more than 490 supermarkets supported the farm donation program.

Organic bins were installed in 67 supermarkets during the year, bringing the total number of stores with organic bins to 483 which is 16% more than in FY19.

Our small-format Coles Local stores strive to have zero edible food waste to landfill with unsold edible food collected by SecondBite or disposed of in organics bins or food digestors.

The Australian Government's National Food Waste Strategy sets a goal to halve food waste by 2030. We set ourselves a target to halve food waste in supermarkets by 2020. In FY20, across Coles we diverted<sup>2</sup> 65% food waste that would otherwise have gone to landfill.

### Working with suppliers to reduce food waste

We work with our Australian suppliers to reduce food waste and increase overall crop yields by using produce, which typically would not be sold in stores, in other products such as Own Brand zucchini noodles, sweet potato noodles, sweet potato chips, and broccoli and cauliflower rice, as well as the Own Brand range of banana-based products.

Our range of I'm Perfect fruit and vegetables celebrates produce that tastes great but may be flawed in appearance. The products are not only excellent value but also help to reduce food waste.

### Other waste reduction

We are working with our suppliers to reduce waste in the supply chain.

Plastic crates are used across our fresh produce and meat supply chains, replacing some corrugated cardboard, waxed cardboard and expanded polystyrene boxes. As well as reducing waste, these crates help reduce product damage, which also cuts down on food waste.

We are gradually transferring liners in our loose avocado cartons from plastic to paper; however, this has been impacted by availability as a result of COVID-19. When implemented, the paper liners will be recycled back of house in our supermarkets.

In FY20, we trialled our first zero waste to landfill supermarket at Wentworth Point, New South Wales. The trial examined how in-store processes impact on waste and tested opportunities to partner with new facilities to use waste as a resource, diverting packaged and unpackaged food, cardboard, plastic, metal, glass, waxed boxes, polystyrene and timber from landfill.

We have been working towards diverting 90% of our supermarket waste from landfill by 2022 but progress to meeting this target has been constrained by a range of issues including insufficient recycling industry solutions for all supermarket waste streams in Australia. We are developing new targets which will consider industry achievements to date together with planned industry goals and programs.

In FY20, we diverted 79% of the Group's waste from landfill, compared with 74% diversion in FY19. This improvement primarily resulted from our focus on managing food waste with donations to SecondBite increasing by 21%, donations for animal feed increasing by 42% and the use of organics bins (for composting or renewable energy production) increasing by 45%.

### Partnering with REDcycle

In FY20, soft plastic recycling collection, provided under the REDcycle program, was available in all Coles supermarkets. Customers can recycle plastic bags, as well as other soft plastic packaging that cannot be recycled through most household kerbside recycling services.



Foodbank volunteers Emma and Nat with food to be delivered to disadvantaged people during COVID-19.

Online customers can return soft plastics with their customer service agent for recycling through REDcycle.

In FY20, more than 360 million pieces (1.5 million kilograms) of flexible plastic was collected from our stores by REDcycle. This is an increase of 59% compared with FY19.

Since the REDcycle program began in 2011, Coles has diverted more than one billion pieces (4,300 tonnes) of flexible plastic from landfill across Australia.

In FY20, we announced that REDcycle would receive a \$430,000 grant from the Coles Nurture Fund to purchase new processing equipment and three new vehicles to support increased collection and recycling of soft plastic across Australia.

The soft plastic collected from Coles by REDcycle program is recycled by three Australian manufacturers:

- Replas, based in Ballarat, Victoria, which manufactures a range of recycled products including indoor and outdoor furniture, bollards, and signage;
- Close the Loop, based in Somerton, Victoria, which utilises REDcycle material as a component of recycled asphalt additive for road infrastructure known as Tonerplas; and
- Plastic Forests, based in Albury, New South Wales, which manufactures mini wheel stops, air conditioner mounting blocks and garden edging.

### Total waste diverted from landfill

79%

### Food waste diverted from landfill<sup>2</sup>

65%

<sup>1</sup> SecondBite uses the conversion of total kilograms donated multiplied by two to determine equivalent meals. Foodbank uses the conversion of total kilograms donated divided by 0.555 to determine equivalent meals.

<sup>2</sup> % is calculated using data provided by our waste removal contractor (tonnes). Food waste (diverted) divided by total food waste (diverted and landfill) removed.



## Pieces of flexible plastic through REDcycle since 2011

# 1bn+

### Supporting a circular economy

Through our partnership with REDcycle, plastic collected in supermarkets is converted into a range of products from benches, to playground equipment and is even being trialled as road base.

In June 2020, we announced that recycling manufacturer, Plastic Forests, based in Albury, New South Wales, would receive a \$300,000 grant from the Coles Nurture Fund to manufacture fence posts from recycled plastic, providing an end-to-end solution for agricultural plastic such as silage wrap and another recycling option for soft plastics collected at Coles. In addition, Coles provided grants to two farming families at Tumbarumba, New South Wales, to rebuild fencing using the recycled plastic posts after their properties were impacted by bushfires in January 2020.

Through the Coles Innovator's Fund, \$20,000 was also provided to Plastic Forests, to test and trial new products, including timber alternatives, made from recycled soft plastic.

In September 2019, the Simply Cups recycling program was introduced at our Store Support Centre in Victoria. The cups are collected and recycled into a range of products.

Team members at our Coles Local stores in Rose Bay, New South Wales, and Glenferrie, Victoria, wear polo shirts made from 65% recycled plastic bottles. They also have trolleys made from 75% plastic reclaimed from manufacturing and offer free boxes as an alternative to bags.

We also support container deposit schemes (CDS) in Queensland, New South Wales and the Northern Territory by providing collection points in our supermarkets and supermarket car parks. Western Australia is implementing a CDS in 2020, Tasmania in 2022 and Victoria in 2023.

### Sustainable promotions

Following customer feedback and in line with our sustainability ambitions, we have reviewed some of our marketing promotions.

While very popular, some customers were concerned about aspects of our collectable campaigns and their impact on the environment. In view of this, our second Stikeez promotion, launched in FY20, included a recycling option where customers could return any duplicate, old or spare Stikeez to Coles supermarkets to be recycled. They were also wrapped in responsibly sourced paper that was fully recyclable in kerbside recycling bins.

These Stikeez are being recycled into anti-fatigue mats which can be used by our checkout operators.

In July 2020, we launched the collectable promotion Coles Little Treehouse™ book series. The paper and packaging used to produce the books are FSC responsibly sourced and can be recycled at home like any paper product.

David from Plastic Forests (right) shows Tumbarumba beef farmer Steve McKay the plastic fence posts being manufactured from recycled soft plastic with the help of a \$300,000 grant from the Coles Nurture Fund. The posts provide an end-to-end solution for agricultural plastic such as silage wrap and soft plastics collected at Coles.



Customers were given the option of returning unwanted Stikeez to supermarkets. These are being recycled into anti-fatigue mats which can be used by our checkout operators.



## Sustainable packaging

We understand our customers want us to reduce packaging and to make it easier for them to recycle. We also know that packaging, including plastic packaging, plays a key role in protecting products during transport, extending product life, keeping food safe and reducing food waste.

### Supporting a circular economy

#### National targets and frameworks

Coles is a signatory to the Australian Packaging Covenant and an active member of the Australian Packaging Covenant Organisation (APCO), tasked with delivering the federal government's 2025 National Packaging Targets.

When developing packaging for Own Brand products, including non-food, grocery, chilled and fresh produce, we are aligned with APCO's Sustainable Packaging Guidelines, which provide 10 principles for packaging design:

- 1 **Design for recovery**
- 2 **Optimise material efficiency**
- 3 **Design to reduce product waste**
- 4 **Eliminate hazardous materials**
- 5 **Use recycled materials**
- 6 **Use renewable materials**
- 7 **Design to minimise litter**
- 8 **Design for transport efficiency**
- 9 **Design for accessibility**
- 10 **Provide consumer information on sustainability**

We are continuing work to have all Own Brand product packaging recyclable either through kerbside collection or in-store. Our original intent, to complete this by the end of 2020, has been impacted by a range of issues, including challenges facing the recycling industry.

Coles has now aligned with Australia's 2025 National Packaging Targets. We understand our important role in driving change on behalf of our customers and will strive to take a leadership position working with industry and the APCO to support the targets' delivery.

As part of this process Coles is engaging with Own Brand suppliers to better understand current packaging recyclability and developing action plans to transition to recyclable packaging.

"Coles is a highly engaged, proactive signatory to the Australian Packaging Covenant that is actively supporting the development of a more sustainable approach to packaging – both within its own operations and the wider Australian supply chain. Coles has shown exemplary leadership through its uptake of the Australasian Recycling Label (ARL) program and is working to apply the ARL on more packaging every day to help its customers recycle correctly. Through the provision of in-store REDcycle bins, Coles is providing national leadership for the collection of soft plastics, helping to ensure thousands of tonnes of material stay out of landfill and can be used again in future products and infrastructure." APCO CEO, Brooke Donnelly

#### Recyclable packaging

During FY20, we continued to review the recyclability of Own Brand packaging both through kerbside recycling and through our in-store soft plastic program provided by REDcycle. The Packaging Recyclability Evaluation Portal tool is used to determine the recyclability of different packaging components.


We have made significant progress in bakery packaging, continuing to replace non-recyclable black and silver trays with clear recyclable trays in our cake range. This means each year millions of previously non-recyclable trays can now be recycled in most kerbside collections. Own Brand macarons have moved to transparent recyclable trays from non-recyclable black trays, meaning thousands of trays per year are now recyclable.

Recyclability of meat trays has long been a key focus area. In 2012, Coles was the first Australian national supermarket to adopt Plantic™ meat trays, which are both recyclable and include renewable and recycled material. In FY20, Plantic™ meat trays were used to pack a variety of Own Brand products, including some of our Own Brand fresh beef, lamb, pork mince and poultry products.

We continue to review product packaging with APCO and are looking for best-in-class sustainable solutions that are consistent and easily understood.

In May 2020, new labels were introduced for some Own Brand meat packaging. The old labels were attached to a backing that was not recyclable. The new labels do not have a backing, removing 35 tonnes a year from landfill. The old paper labels also could not be removed from the plastic meat packaging film. This meant the plastic film could not be recycled through REDcycle. The new labels do not have to be removed from the plastic packaging and can be recycled through REDcycle.

As well as increasing the amount of recyclable packaging, we also use recycled content in some products. For example, Coles spring water bottles have been made with 100% recycled plastic since 2014, and our fresh produce bags are made with at least 30% recycled content.

 In November 2019, Coles won the APCO's Large Retailer Sector award for our achievements in sustainable packaging design, recycling initiatives and product stewardship.



#### Helping customers recycle

Knowing what packaging is recyclable and how to recycle can be confusing.

We are striving to roll out the Australasian Recycling Label (ARL) for Own Brand products sold in Coles supermarkets. The ARL, which provides customers with information on how and where to recycle different packaging components, can now be found on more than 2,000 Own Brand products.

We have also made it easier for customers to recycle soft plastics with the REDcycle soft plastics program operating in all Coles supermarkets.



Coles customer Suyin and her child Eric study the Australasian Recycling Label (ARL) on Mum's Sause. The ARL has been rolled out to more than 2,000 Own Brand products.

#### Working with our suppliers

We are working with proprietary brands on product recyclability, as well as reducing waste in the supply chain.

We joined with Unilever in May 2020 to promote its range of products made from recycled plastic, which are also recyclable through kerbside recycling. For every purchase of selected Unilever products sold at Coles, Unilever contributed 10 cents to Clean Up Australia, raising \$76,000 in total in FY20.

Working with Kimberly-Clark, 48 tonnes of plastic will be eliminated each year by removing the plastic wrap around the 32-pack toilet paper and instead placing them directly onto pallets for transport.

#### Single use plastic products

We understand the concerns customers have about plastic both in packaging and as single use products. Some single use plastic products provide a function while others are unnecessary.

During FY20, we stopped selling Own Brand plastic straws in our supermarkets and replaced them with a range of reusable options.

We no longer supply lightweight, single-use shopping bags, having replaced them with reusable options including the Better Bag, which is made from 80% recycled content, and a range of community bags.

We will continue to look at alternatives for other single-use plastic products, working with our suppliers on potential solutions.



## Our stakeholder engagement

We aim to build stakeholder trust by being transparent, responsive and accountable. The following table includes an overview of our key stakeholder groups, how we engage with them and the outcomes of those engagements.

STAKEHOLDER GROUP	HOW WE ENGAGE	HOW WE HAVE MADE A DIFFERENCE
<b>Team members</b>	Team members are encouraged to provide feedback both formally and informally. We communicate through daily store, distribution centre and support centre updates and emails, regular team meetings, internal social media, regular executive email communications, information sessions (retail roundups) at store support centres and mysay, our six-monthly team member engagement survey.	<ul style="list-style-type: none"> <li>Team member engagement continues to improve, with our engagement score increasing by seven percentage points in FY20 alongside record participation of 81%</li> <li>More information about how we are making a difference to our team members can be found on pages 14 to 26</li> </ul>
<b>Customers</b>	We offer our customers a variety of channels to engage with Coles. These include in-store service counters, online Tell Coles surveys, social media, market research and direct calls, letters and emails to the Coles Customer Care Centre.	<ul style="list-style-type: none"> <li>On average 20 million customer transactions across our business per week</li> <li>Flybuys covering 6.8 million active households</li> <li>88.2% customer satisfaction for Supermarkets<sup>1</sup></li> <li>During the year we supported customers during the impacts of COVID-19 (page 19) and extreme weather events (pages 42 and 43)</li> <li>We are making a difference by providing customers with sustainable products (pages 47 to 57)</li> </ul>
<b>Suppliers and manufacturers</b>	Our engagement starts with onboarding and may then include meetings, site visits, audits and/or training. Our online supplier portal contains information about our mandatory compliance standards, as well as other information.	<ul style="list-style-type: none"> <li>More than 10,000 goods for resale suppliers and many more indirect suppliers</li> <li>Enhanced the governance framework for Coles' Ethical Sourcing Program</li> <li>\$3.6 million in Coles Nurture Fund grants announced in FY20</li> <li>More information about how we are making a difference to our suppliers can be found on pages 33 to 37</li> </ul>
<b>Communities</b>	Coles operates and maintains 2,447 stores across Australia, and we have a deep connection in many local and rural communities. To build positive, mutually beneficial relationships we support and engage with communities wherever we serve, including not-for-profit organisations and charitable program partners. Key engagement channels include local giving and fundraising, food donations, team members volunteering and key partnerships and sponsorships that benefit communities.	<ul style="list-style-type: none"> <li>\$139 million community investment in FY20</li> <li>Equivalent of 33 million meals donated to SecondBite and Foodbank in FY20</li> <li>More information on how we are making a difference to communities across Australian can be found on pages 38 to 43, and pages 49 to 51</li> </ul>

<sup>1</sup> Q4 FY20, as measured by Tell Coles.

STAKEHOLDER GROUP	HOW WE ENGAGE	HOW WE HAVE MADE A DIFFERENCE
<b>Shareholders and investment community</b>	<p>Our investment community comprises institutional investors, buy and sell-side analysts and retail shareholders. Key engagement channels include quarterly sales calls, half-year and full-year investor briefings (available to view via webcast on Coles' Investor Centre) and ASX releases.</p> <p>We engage indirectly with our investment community by responding to various investor questionnaires and benchmarking assessments on environmental, social and governance topics.</p>	<ul style="list-style-type: none"> <li>449,652 shareholders in Coles Group Limited as at 26 August 2020</li> <li>In November 2019 held our first Annual General Meeting since becoming an ASX-listed entity</li> <li>Responded to and assessed by global benchmarks including the Corporate Human Rights Benchmark, the Business Benchmark on Farm Animal Welfare, Know the Chain, and the Farm Animal Investment Risk and Return Benchmark and FTSE4Good</li> </ul>
<b>Government</b>	<p>Due to the scale of our business, we regularly engage with Federal, state and local governments on issues that affect Coles, our customers and our suppliers. We participate in public policy discussions and development on various topics through a variety of channels such as responding to government inquiries, working groups, industry associations and forums.</p> <p>Our engagement is direct or through membership of representative organisations.</p>	<ul style="list-style-type: none"> <li>Participation in public policy development including on plastic packaging, climate change and health and nutrition</li> <li>Coles is participating in the Supermarket Taskforce working group to respond to the challenges presented by COVID-19</li> <li>Represented on the Trusted Information Sharing Network for Critical Infrastructure Resilience, Healthy Food Partnership, and Fair Work Ombudsman Horticulture Reference Group</li> </ul>
<b>Trade and industry associations</b>	We work with peak national bodies representing farmers, manufacturers and suppliers across Australia on issues of mutual interest. We are members of industry associations, which provides us with the opportunity to participate in forums and contribute to public policy debate.	<ul style="list-style-type: none"> <li>Participation in the Australian Beef Sustainability Framework, an initiative of the Red Meat Advisory Council and managed by Meat and Livestock Australia</li> <li>Members of the Australian Retailers Association, Business Council of Australia, and Retail Drinks Australia</li> </ul>
<b>Media</b>	We regularly engage directly with representatives from print, radio, TV, social and online media at a local and national level, as well as through media releases and webcasts.	<ul style="list-style-type: none"> <li>More than 25,000 media stories generated in FY20 with an audience reach of 8.2 million</li> </ul>
<b>Unions</b>	We engage with unions that represent our team members and the supply chain workforce. The terms and conditions of employment of 90% of Coles' team members are set through enterprise bargaining agreements. We recognise the right of team members to negotiate either individually or collectively, with or without the involvement of third parties.	<ul style="list-style-type: none"> <li>In FY20 we formed the Ethical Retail Supply Chain Accord to improve and protect the rights of workers within the horticulture supply chain</li> </ul>
<b>Standards and certification bodies</b>	We work closely with industry standards and certification bodies across our products and services.	<ul style="list-style-type: none"> <li>Represented on the Global Food Safety Initiative Australia and New Zealand</li> <li>Independent certification programs including Fairtrade, Rainforest Alliance/UTZ, Roundtable on Sustainable Palm Oil</li> <li>Sedex and Fair Farms</li> </ul>
<b>Non-government organisations and research bodies</b>	To advance positive outcomes for people and our planet, we engage with non-government organisations and research bodies on diverse topics such as human rights, animal welfare, climate change, and health and nutrition.	<ul style="list-style-type: none"> <li>Signatory to the Australian Packaging Covenant</li> <li>Worked with the CSIRO in FY20 on supply chain resilience</li> </ul>



## Aligning with global goals

We support external sustainability goals and frameworks including the United Nations (UN) Global Compact, the UN Sustainable Development Goals and the UN Women's Empowerment Principles. We are a supporter of the Task force on Climate-related Financial Disclosures and report in accordance with the Global Reporting Initiative (GRI) Standards: Core option.



### UN Global Compact

Coles joined the UN Global Compact (UNGC) in FY19. The UNGC's Ten Principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption.

This Sustainability Report serves as our Communication on Progress on how we are implementing the UNGC's principles and supporting its broader development objectives in the areas of human rights, labour, anti-corruption and the environment.

#### UN Global Compact Principles

<b>1. Human rights</b> Businesses should support and respect the protection of internationally proclaimed human rights.	<b>2. Human rights</b> Businesses should make sure that they are not complicit in human rights abuses.	<b>3. Labour</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	<b>4. Labour</b> Businesses should uphold the elimination of all forms of forced and compulsory labour.	<b>5. Labour</b> Businesses should uphold the effective abolition of child labour.
<b>6. Labour</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation.	<b>7. Environment</b> Businesses should support a precautionary approach to environmental challenges.	<b>8. Environment</b> Businesses should undertake initiatives to promote greater environmental responsibility.	<b>9. Environment</b> Businesses should encourage the development and diffusion of environmentally friendly technologies.	<b>10. Anti-corruption</b> Businesses should work against corruption in all its forms, including extortion and bribery.

### Other global goals

Information relating to the UN Women's Empowerment Principles can be found in the Better Together section of this report. We have responded to the recommendations of the Task Force on Climate-related Financial Disclosures in our 2020 Annual Report and the climate change section of this report. This sustainability report is prepared in accordance with the GRI Standards: Core option and our GRI index can be found on the Group's website

### UN Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs) are the UN's plan for a better future for people and the planet. Coles' purpose to sustainably feed all Australians to help them lead healthier, happier lives is aligned with and supports the achievement of the UN SDGs as detailed below. Some UN SDGs align with several elements of our Sustainability Strategy such as SDG 17 which is supported by sustainable communities and sustainable products, and SDGs 14 and 15 which are supported by sustainable products and sustainable environmental practices.



In May 2020, we were named by the World Benchmarking Alliance as one of the world's 2,000 most influential companies with ability to impact the achievement of the UN SDGs.

Sustainable communities	Sustainable products	Sustainable environmental practices
  <p>As a major retailer, providing access to healthy, nutritious and affordable food and donating unsold edible food to Australians in need, supports these goals and reduces food waste. These goals are also at the core of our business purpose to sustainably feed all Australians to help them lead healthier, happier lives.</p>	 <p>Responsible Consumption and Production aligns with our plans to reduce waste, source products ethically and improve the sustainability of Own Brand product packaging. During FY20, we released a new Human Rights Strategy and updated our Ethical Sourcing Policy and Supplier Requirements.</p>	 <p>Our investments in renewable energy, energy efficiency and alternative refrigerants all advance the objectives of Climate Action. We are developing a Climate Change Strategy setting out further actions including greenhouse gas emission reduction targets.</p>
  	 <p>We harness the power of partnerships to deliver sustainable outcomes to local communities and in our supply chains.</p>	  <p>Our Own Brand Responsibly Sourced Seafood Program and Own Brand products certified to third-party standards support the objectives of Life below water and Life on land.</p>

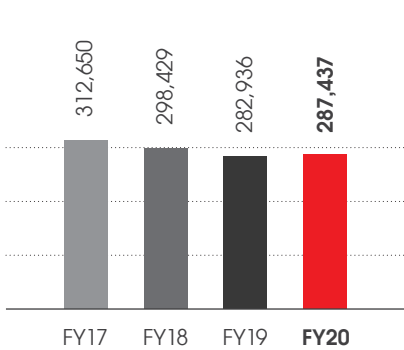
In FY20, through our Better Together and health and safety programs, we supported the goals of Gender Equality, Reduced Inequality and Decent Work and Economic Growth.



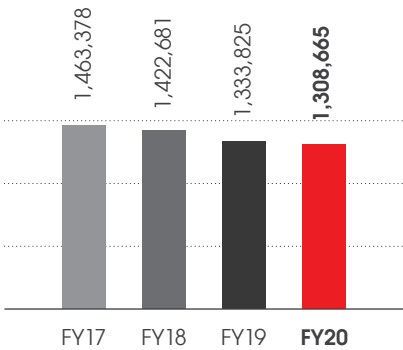
# Our data

## Environment

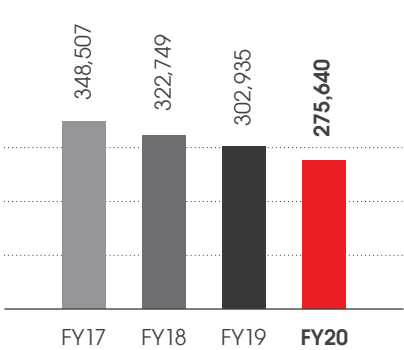
Scope 1<sup>1</sup> Greenhouse gas emissions (tonnes CO<sub>2</sub>-e)



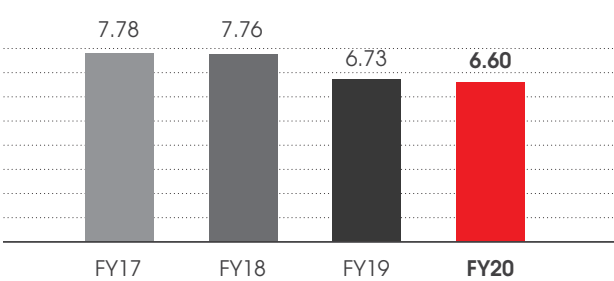
Scope 2<sup>1</sup> Greenhouse gas emissions (tonnes CO<sub>2</sub>-e)



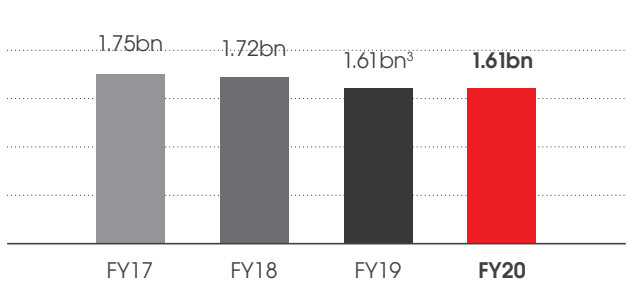
Scope 3<sup>2</sup> Greenhouse gas emissions (tonnes CO<sub>2</sub>-e)



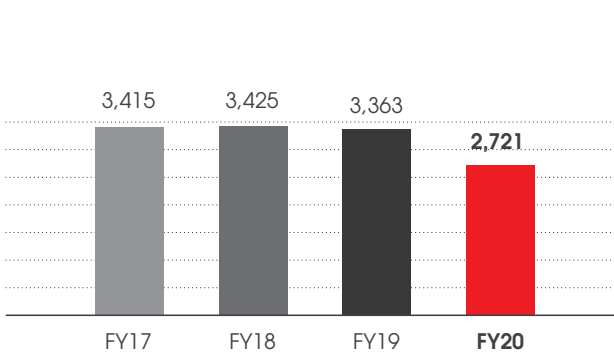
Energy (PJ)



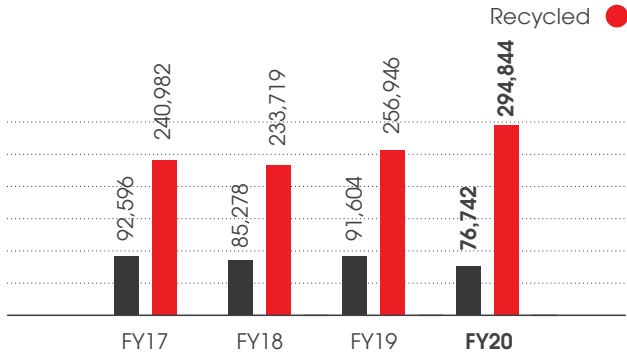
Electricity (kWh)



Water use (ML)<sup>4</sup>



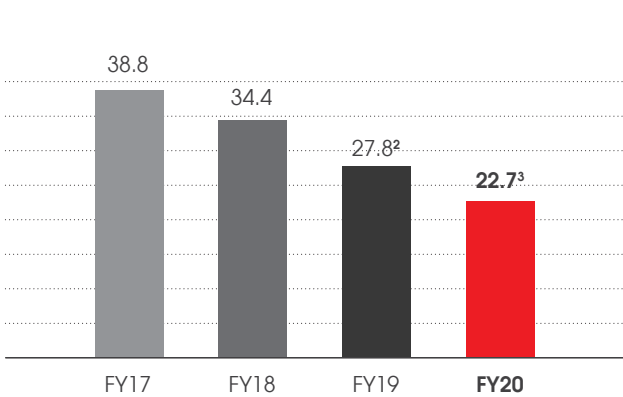
Waste (tonnes) – disposed<sup>5</sup> and recycled<sup>6</sup>



1 Scope 1 and 2 data includes emissions for businesses where we have operational control under the NGER Act  
2 Scope 3 data includes the indirect component of our Scope 1 and 2 emissions such as transmitting the electricity we use, emissions from waste disposal and air travel  
3 Data has been adjusted since previously reported  
4 In FY20, Coles Express water consumption data has been calculated based on water invoices received  
5 Waste to landfill  
6 Material diverted from landfill eg. reused, recycled, repurposed, composted or converted to energy

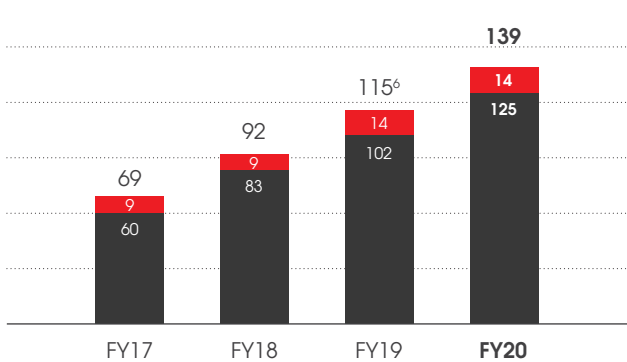
## Health & Safety

Total recordable injury frequency rate (TRIFR)<sup>1</sup>



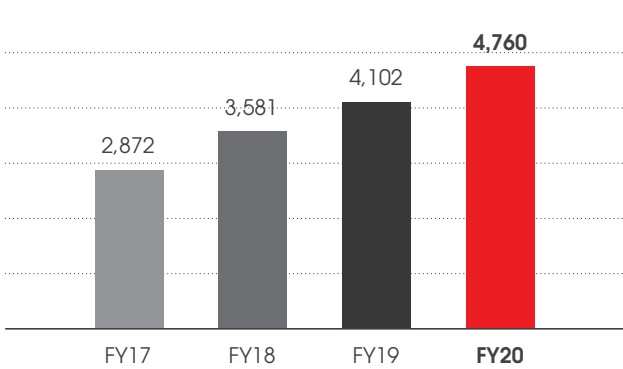
## Community

Community contributions (\$ million) direct<sup>4</sup> and indirect<sup>5</sup>



## Team members<sup>7,8</sup>

Indigenous employment



1 TRIFR is the number of lost time injuries and medical treatment injuries per million hours worked  
2 Restated due to maturation of data  
3 FY20 TRIFR was calculated using Period 9 FY19 hours worked to reflect normalised hours over the financial year  
4 Direct contributions include cash, time, in-kind contributions and management costs. Coles references the London Benchmarking Group (LBG) framework for reporting community contributions  
5 Indirect contributions are those made by others where a Coles business facilitated and supported the contribution, such as customer donations to an appeal at point of sale. Coles references the LBG framework for reporting community contributions  
6 Total has been rounded down to the nearest million  
7 Excludes Retail Ready Operations Australia (RROA) processing plant team members, Chef Fresh New South Wales, Chef Fresh Victoria and the China Office  
8 As at 28 June 2020



Team members (continued)<sup>1</sup>

Team members by category and diversity<sup>2</sup>

	Non-executive Directors <sup>3</sup>	Executive Team and General Managers <sup>3</sup>	All salaried team members <sup>4</sup> (Managers/ Professional)	All team members <sup>4</sup>
Total	7	71	11,953	118,593
<b>Gender</b>				
Female	3 (42.9%)	28 (39.4%)	5,143 (43.0%)	60,160 (50.7%)
Male	4 (57.1%)	43 (60.6%)	6,810 (57.0%)	58,433 (49.3%)
<b>Age group</b>				
Under 30	–	–	2,484 (20.8%)	59,119 (49.9%)
30-39	–	9 (12.7%)	4,243 (35.5%)	22,723 (19.2%)
40-49	2 (28.6%)	41 (57.7%)	3,205 (26.8%)	17,107 (14.4%)
50 and Over	5 (71.4%)	21 (29.6%)	2,021 (16.9%)	19,644 (16.6%)

Team members – employment type, gender and region<sup>4</sup>

	Permanent total	Permanent Full-time	Permanent Part-time	Fixed term	Casual	Total
Total	72,062	24,800	47,262	979	45,552	118,593
<b>Gender</b>						
Female	37,715	10,406	27,309	546	21,899	60,160
Male	34,347	14,394	19,953	433	23,653	58,433
<b>Region</b>						
ACT	991	328	663	3	715	1,709
NSW	20,315	6,658	13,657	165	13,365	33,845
NT	623	259	364	2	427	1,052
QLD	14,967	5,132	9,835	144	8,666	23,777
SA	4,344	1,473	2,871	28	3,274	7,646
TAS	1,360	395	965	37	1,021	2,418
VIC	20,850	7,707	13,143	515	13,652	35,017
WA	8,612	2,848	5,764	85	4,432	13,129

Team member turnover by employment type

	Average Headcount <sup>4</sup>		Turnover <sup>5</sup>		% Turnover		
	Female	Male	Female	Male	Female	Male	Overall %
Permanent total	37,715	34,347	4,034	4,685	10.7%	13.6%	<b>12.1%</b>
- Permanent full-time	10,406	14,394	729	1,395	7.0%	9.7%	<b>8.6%</b>
- Permanent part-time	27,309	19,953	3,305	3,290	12.1%	16.5%	<b>14.0%</b>
Fixed Term	546	433	98	95	17.9%	21.9%	<b>19.7%</b>
Casual	21,899	23,653	8,130	9,930	37.1%	42.0%	<b>39.6%</b>
<b>Overall</b>	<b>60,160</b>	<b>58,433</b>	<b>12,262</b>	<b>14,710</b>	<b>20.4%</b>	<b>25.2%</b>	<b>22.7%</b>

1 Excludes Retail Ready Operations Australia (RROA) processing plant team members, Chef Fresh New South Wales, Chef Fresh Victoria and the China Office

2 These positions are defined through job evaluation methodology

3 As at 28 June 2020

4 Weekly average from 1 July 2019 to 28 June 2020 (all numbers are rounded)

5 Turnover relates to 1 July 2019 to 28 June 2020

Team members (continued)<sup>1</sup>

Team member hires and turnover by gender, age group and region<sup>2,3</sup>

	Team member new hires	Team member turnover
Total	36,745 (31.0%)	26,972 (22.7%)
<b>Gender</b>		
Female	16,518 (27.5%)	12,262 (20.4%)
Male	20,227 (34.6%)	14,710 (25.2%)
<b>Age group</b>		
Under 30	27,083 (45.8%)	17,496 (29.6%)
30-39	4,590 (20.2%)	4,480 (19.7%)
40-49	2,547 (14.9%)	2,503 (14.6%)
50 and Over	2,525 (12.9%)	2,493 (12.7%)
<b>Region</b>		
ACT	644 (37.7%)	604 (35.4%)
NSW	10,837 (32.0%)	7,930 (23.4%)
NT	399 (38.0%)	386 (36.7%)
QLD	7,319 (30.8%)	5,262 (22.1%)
SA	2,129 (27.8%)	1,435 (18.8%)
TAS	747 (30.9%)	454 (18.8%)
VIC	10,698 (30.6%)	7,607 (21.7%)
WA	3,972 (30.3%)	3,294 (25.1%)

Gender balance

Population <sup>4</sup>	Target	FY19 female representation	FY20 female representation
Board of Directors <sup>5</sup>	30%	37.5%	37.5%
Executive Leadership Team <sup>6</sup>	<b>40% women in leadership positions</b>	38.5%	33.3%
Senior Executives <sup>7</sup>		40.0%	39.4%
All leadership roles <sup>8</sup>		33.3%	34.2%
All management roles <sup>9</sup>		42.6%	43.3%
All roles <sup>10,11</sup>		51.1%	50.7%

1 Excludes Retail Ready Operations Australia (RROA) processing plant team members, Chef Fresh New South Wales, Chef Fresh Victoria and the China Office

2 New hires and turnover relates to 1 July 2019 to 28 June 2020

3 New hire and turnover percentages use the weekly average headcount from 1 July 2019 to 28 June 2020

4 As at 28 June 2020 unless otherwise stated

5 Includes Chief Executive Officer

6 Executive Leadership Team (ELT) and Chief Executive Officer

7 ELT and General Managers

8 ELT, General Managers, team members pay grade eight and above, and Supermarket store managers

9 ELT, General Managers, team members pay grade eight and above, Supermarket store managers and Liquor store managers, Coles Express site managers, Supermarket department managers, and people leaders in our distribution centres

10 Weekly average from 1 July 2019 to 28 June 2020 (all numbers are rounded)

11 Total workplace



## Our Conclusion:

Ernst & Young ('EY', 'we') was engaged by Coles Group Limited ('Coles') to undertake limited assurance as defined by Australian Audit Standards, hereafter referred to as a 'review', over selected disclosures included in Coles' 2020 Sustainability Report ('the Report') for the year ended 30 June 2020. Based on our review, nothing has come to our attention that caused us to believe that the selected disclosures presented below, have not been prepared and presented fairly, in all material respects, in accordance with the criteria detailed below.

## What our review covered:

We reviewed Coles' selected disclosures, listed below, as disclosed in the Report, for the year ended 30 June 2020.

Selected Disclosures		Page
People	Indigenous employment (Aboriginal and Torres Strait Islander peoples) (Headcount)	75
	Total average workforce in FY20 (by gender, region, age and employment type) (Headcount, %)	76
	Women in leadership positions (Headcount, %)	24, 77
Health and Safety	Total recordable injury frequency rate (TRIFR)	75
Environment	Scope 1 and 2 greenhouse gas emissions (tCO <sub>2</sub> -e)	74
	Scope 3 greenhouse gas emissions (tCO <sub>2</sub> -e)	74
	Energy consumption (GJ)	74
	Water consumption (ML)	74
	Waste recycled and disposed (Tonnes)	74
Supply Chain	Number of suppliers participating in the ethical sourcing program as at 30 June 2020 (Number)	30
	Number of independent audits conducted during the period 1 July 2019 to 30 June 2020 (Number)	31
	Product safety recalls (Number)	52
Packaging	Performance statements made in relation to the recyclability of Coles Own Brand packaging within the 'Sustainable packaging' section of the Sustainability Report for the FY20 period.	69

## Criteria applied by Coles

In preparing the selected disclosures, Coles applied:

- Specific criteria from the Global Reporting Initiative Standards
- Section 19 of the *National Greenhouse and Energy Reporting Act 2007* and subordinate legislation
- Coles' publicly disclosed criteria as detailed in the Report.

## Key responsibilities

### EY's responsibility and independence

Our responsibility was to express a limited assurance conclusion on selected disclosures included in the Report based on the evidence we obtained. We were also responsible for maintaining our independence and confirm that we have met the requirements of the *APES 110 Code of Ethics for Professional Accountants* including independence and have the required competencies and experience to conduct this assurance engagement.

### Coles' responsibility

Coles' management was responsible for selecting the Criteria, and fairly presenting the selected disclosures in accordance with that Criteria. This responsibility included establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

## Our approach to conducting the review

We conducted this review in accordance with the *Australian Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information* ('ASAE 3000'), *Assurance Engagements on Greenhouse Gas Statements* ('ASAE 3410') and the terms of reference for this engagement as agreed with Coles on 9 April 2020 and amended on 29 July 2020.

## Summary of review procedures performed

A review consists of making enquiries, primarily of persons responsible for preparing the selected disclosures and related information, and applying analytical and other review procedures including:

- conducting interviews with key personnel to understand Coles' process for collecting, collating and reporting the selected disclosures during the reporting period;
- checking that the Criteria has been reasonably applied in preparing the selected disclosures; for example, comparing the classification of safety incidents against Coles' Standard Operating Procedures to determine classification accuracy;
- checking the reasonableness of assumptions;
- inquiring of personnel to identify risks of underreporting and quality controls;
- undertaking data analytics to check the reasonableness of the data supporting disclosures;
- performing recalculations of performance metrics to confirm quantities stated were replicable;
- assessing evidence on a sample basis; for example, reports of audits of suppliers to confirm the existence and country of audit location;
- checking aggregation of selected disclosures and transcription to the Report; and
- checking the appropriateness of the presentation relating to the selected disclosures.

Due to restrictions on movement resulting from COVID-19 our procedures did not include a site visit or work at Coles' head office.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

## Limited Assurance

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

## Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance statement, or on the selected disclosures to which it relates, to any persons other than the management and the Directors of Coles, or for any purpose other than that for which it was prepared. Our review included web-based information that was available via web links as of the date of this assurance statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.



Ernst & Young  
Melbourne, Australia  
24 September 2020



Meg Fricke  
Partner

# About this Sustainability Report

## Reporting scope

Unless otherwise stated, our Sustainability Report covers the period 1 July 2019 to 30 June 2020 (FY20) for the Group. FY20 financial performance data included in this report aligns with the retail calendar (1 July 2019 to 28 June 2020). All financial data in this Sustainability Report is in Australian dollars.

The report focuses on topics that matter most to our stakeholders and our business, as determined through our 2020 materiality assessment.

The structure of the report reflects the focus areas of our Sustainability Strategy: Sustainable communities, Sustainable products, and Sustainable environmental practices. Material topics are grouped under these areas.

The report has been prepared in accordance with the GRI Standards: Core option. The GRI Content Index for this report, which also contains our alignment with the UNGC Principles and the UN Sustainable Development Goals, is available on the Group's website:

 [colesgroup.com.au/sustainability](https://colesgroup.com.au/sustainability)

Anyone seeking to use information in this Sustainability Report to draw conclusions from the data presented should email [investor.relations@colesgroup.com.au](mailto:investor.relations@colesgroup.com.au) for assistance.

## Report boundary

In this report, the terms 'Coles', 'the Group', 'our business', 'organisation', 'we', 'us', 'our' and 'ourselves' refer to Coles Group Limited and its related bodies corporate.

This report contains information for all Coles' wholly owned businesses as at the date of this report and, for wholly owned businesses that were part of the Group during the current or comparative period, information up to the date ownership was transferred (unless otherwise stated).

Information presented for Coles Supermarkets includes information for Chef Fresh New South Wales, Chef Fresh Victoria and Retail Ready Operations Australia (RROA).

RROA is our meat processing facility located in Erskine Park, New South Wales. Chef Fresh Victoria is the value-added facility, providing convenience food solutions, located in Geelong, Victoria. Chef Fresh New South Wales refers to our ready-meals facility located in Banksmeadow, New South Wales, which was acquired in May 2020.

In addition, this report includes information relating to the retail liquor business that forms part of Coles' incorporated joint venture with Australian Venue Co Pty Limited.

## Corporate directory

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## Feedback

We welcome feedback on this report. For more information or to provide comments, please contact us at: [sustainability@coles.com.au](mailto:sustainability@coles.com.au)



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.





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