



Pictured: John Said, CEO of Fresh Select Australia speaking to children as part of the 'Explore a Farm' program.

Sustainability

The achievement of our sustainability strategy is integral to our ability to deliver on our vision to become the most trusted retailer in Australia and grow long-term shareholder value.

FY23 highlights

Reduction in Scope 1 and 2 emissions from FY22

27.7%

Improvement in TRIFR from FY22

9.2%

Equivalent meals donated to SecondBite and Foodbank (20.3m kg, valued at \$133m)

40.1m¹

During FY23 we have continued to make good progress against our sustainability strategy, particularly in relation to introducing more sustainable packaging, reducing our operational emissions, fostering diversity and inclusion and supporting communities.

Our sustainability strategy, themed under two key focus areas of 'Together to Zero' and 'Better Together', sets our ambition to reduce our impact on the environment and work together with our team members, suppliers, customers and community to make a real difference.

In FY24 we will be refreshing our sustainability strategy, both to ensure we continue responding to the issues that matter most to our stakeholders, and to manage the sustainability risks and opportunities we expect to emerge in the future. The updated strategy will reflect our recently refreshed purpose and focus our action on high impact sustainability and community initiatives.

We understand that if we are to effect real change and deliver positive social and environmental outcomes we cannot work in isolation – only by working together with our team members, customers, suppliers and other partners will we be able to help create a more sustainable future.

A summary of our performance is discussed on the following pages, with

detailed information on our progress available in our 2023 Sustainability Report.

Together to zero

Energy and emissions

We have continued to work towards our target of sourcing 100% renewable electricity by end of FY25 through onsite solar and large-scale generation certificate (LGC) arrangements which match our consumption. In July 2022, we commenced our agreement with CleanCo in Queensland to purchase electricity and LGCs and began our long-term agreement with Lal Lal Wind Farms in Victoria.

In addition to our renewable electricity agreements, we entered into a three-year arrangement with Origin with the aim of installing 20 MW of solar panels on top of 100 stores, with batteries to be installed at one third of the stores to capture and store excess electricity generated on-site.

We have reduced our Scope 1 and 2 emissions from FY22 by 27.7% (33.5% reduction from FY20 baseline).

While continuing to reduce our operational emissions, we are also focused on reducing our Scope 3 emissions. We have recently announced we will work in partnership with more than 75% of our suppliers, by spend, to help them set science-based emissions

¹ In addition to unsold edible food, the figure also includes additional bulk food and grocery donations to SecondBite and Foodbank.



Pictured: Coles team members, including store manager Jake, at the opening of the new Coles Local Toorak Village store.

reduction targets by the end of FY27. Whether a supplier is in the early stages of planning their emission reductions, or they have already made significant progress, we are committed to working together to support the net zero transition.

For further information on how Coles is managing the risks and opportunities associated with climate change, see pages 43-52.

Waste

As a large retailer we recognise we have an important part to play in reducing waste (including food waste) and packaging in support of Australia's transition to a circular economy.

One of the most significant challenges this year was the collapse of the REDcycle soft plastics recycling program in November 2022. It was disappointing not only for Coles, but also for the thousands of customers who were committed to collecting and returning their soft plastics to our stores for recycling.

Since the collapse of the program and following approval from the Australian Competition and Consumer Commission, Coles has been working as part of the Soft Plastics Taskforce with Government and industry towards the reintroduction of soft plastics recycling for Australian consumers.

The Taskforce has released a Roadmap to Restart, outlining the steps needed to launch a new supermarket soft plastics collection scheme.

Unfortunately, the cessation of the REDcycle program had a negative impact on our target to support industry to achieve 100% recyclable, reusable or compostable packaging by 2025. At the end of FY23, 83.8% of Coles Own Brand packaging was recyclable, down from 94.6% in FY22.

With respect to the progress we have made to reduce waste across our own operations, in FY23 we diverted 84.0% of the Group's solid waste from landfill (against a target of 85% by the end of FY25), compared with 82.5% in FY22 and 80.6% in FY21.

While continuing to focus on reducing food waste in store, we are also supporting our producers by seeking to use as much of the crop yield as possible, for example, through our I'm Perfect fruit and vegetable range. Unsold, edible food is also donated to our food rescue partners, SecondBite and Foodbank, for distribution through community food programs. Our partnership with SecondBite reached a major milestone this year – together we achieved the equivalent of more than 200 million meals donated since 2011, helping to support vulnerable Australians.

Better together

Sourcing and farming

Working together with our farmers, suppliers and industry partners, we are seeking to reduce negative environmental and social impacts associated with our business.

Ethical sourcing

Fundamental to the way we operate is our commitment to respecting and protecting human rights throughout our own business, as well as in our supply chains.

More than 2,000 suppliers are in scope of our Ethical Sourcing Program (as at end FY23) and more than 1,100 independent ethical audits have been conducted. More than 4,900 ethical sourcing audit-related non-conformances were remediated in FY23.

Sustainable products and ingredients

We seek independent certification or verification of Coles Own Brand products associated with higher environmental and labour risks.

In recognition of the impacts of food production on nature and biodiversity, building on work commenced in FY22 to better understand the impacts of our Coles Own Brand products, this year we completed a deeper assessment on the commodities identified as having the highest potential environmental impacts – this included meat, eggs and dairy, as well as soy in livestock feed, sugar, rice and wheat. This work has provided Coles with valuable insights that will inform further enhancement of our Responsible Sourcing Program.

Supporting Australian producers

We want to build strong, multi-generational, collaborative relationships with Australian farmers and producers. Their hard work and dedication enables us to provide high-quality products to our customers. In FY23, more than 96% of fresh produce, by volume, was sourced from suppliers all over Australia.

Coles' ongoing commitment to sustainable dairy farming is evidenced by our ongoing offer to farmers of either one, two or three-year agreements, providing them with pricing transparency

and income certainty. This year Coles also launched the Dairy Farm Sustainability Accelerator Fund, allocating \$1.5 million per year for FY24 and FY25 to fund sustainability initiatives across the Coles dairy farmer group.

The Coles Nurture Fund – helping Australian food and liquor producers innovate and grow – has now awarded more than \$33 million in grants to farmers and producers since 2015 for initiatives to reduce food waste, expand local production, and protect the environment. In FY23, Coles invested \$3.6 million in grants to support eight new projects, including a plan to develop a carbon neutral banana range, a system to divert packaged food waste from landfill, and a new farrowing system to improve animal welfare standards in pork production.

Protecting animal welfare

We care about how the food we sell is produced and sourced, and we are committed to working with farmers and food producers over the long term, while safeguarding animal welfare. Where possible, we source higher welfare meats, eggs and milk for Coles Own Brand products.

This year we progressed our commitment towards phasing out all caged shell eggs in store by 2025. All Coles Own Brand shell eggs sold nationally are cage-free. We have had a Coles Own Brand cage-free (barn) egg offering in Western Australia since 2019 and in FY23 we expanded these products to the rest of the states, achieving a major milestone of selling more than six million cartons from the newly launched range.

Team and community

Great place to work

Our team members reflect the diverse communities in which we operate, and we pride ourselves on providing an engaging environment, inspiring

leadership and great development opportunities.

This year we achieved our highest ever employee engagement score in our *mysay* engagement survey, an increase of three percentage points from FY22. Our team members also told us that Coles is a great place to work because they feel a sense of belonging, and that they can make a positive difference to their teams, customers and communities.

A team that is better together

We are in the final year of our five-year 'A Team that is Better Together' strategy, which incorporated 15 performance improvement targets under our five focus areas of Belonging, Gender equity, Indigenous engagement, Accessibility and Pride.

We continued to focus on gender representation in the workforce, with every function across the Group now having a gender balance plan. Pleasingly, this year we achieved 41.5% women in leadership, exceeding our target of 40%.

Our Aboriginal and Torres Strait Islander workforce representation increased from 3.2% to 3.5% this year. While this was short of our 5% target, we remain committed to Aboriginal and Torres Strait Islander team member representation across our workforce and we continue to drive recruitment, retention and leadership programs in this area.

This year, Coles was a presenting partner of WorldPride and Sydney Gay and Lesbian Mardi Gras, and we launched the 'Everyone is welcome at our table' campaign, providing a catalyst for stores across the country to celebrate and show support.

Health, safety and wellbeing

We are committed to providing our team members, customers and visitors with a safe place to work and shop, and we seek to foster a culture that supports both physical and mental wellbeing.

In FY23, we introduced a new safety metric across the Group. The Safety Index comprises ten key lead and lag safety indicators applicable to all business units. The Index includes TRIFR, in addition to other metrics involving the proactive identification and management of safety risks, including training and return to work programs.

Supporting communities across Australia

Coles has a long track record of supporting the communities in which we live and work, and this year contributed \$40.7 million in community support¹.

We are investing in partnerships and programs that support the physical and mental health of Australians, particularly children, as well as improving access to food for the most vulnerable, supporting farmers and producers, conserving our environment, and helping our local communities in times of natural disaster.

FY23 fundraising highlights include:

FightMND	\$8.6m
Redkite	\$3.8m
Curing Homesickness	\$1.7m

Providing relief in times of natural disaster

Coles again stepped up during the year to provide aid to communities directly affected by natural disasters.

Coles Online delivered more than 7,500 essential groceries and sanitary products to the evacuation centre at Forbes High School, and hampers to residents in Eugowra, New South Wales, following severe flooding. In Victoria, we donated 44 pallets of essential groceries, nappies and cleaning products to the local Emergency Relief Centre in Shepparton, and five pallets to the Njernda Aboriginal Corporation in Echuca for residents.



For more information, please refer to the 2023 Sustainability Report, available at www.colesgroup.com.au



¹ Includes Coles' direct contribution of cash, time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations valued at \$133m is not included in this number. Coles' community support is verified by the Business for Societal Impact (B4SI) framework.