colesgroup

2025
Sustainability Report

Pictured: cover – Sheree Hearman, from Hearman Ag (Coles supplier and Coles Nurture Fund recipient) with Coles Group State General Manager WA/SA/NT, Pat Zanetti.

Pictured: here – John Hearman and Coles Fresh Produce Manager Glenda.

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Coles launched its Nurture Fund in 2015 to help Australian producers innovate and grow.

Since then, we have awarded more than $40 million to 119 small and medium sized businesses to help them transform their business, deliver market-leading products and drive sustainable operations.

In FY25, Coles awarded $3.5 million in grants to support 11 new projects, including Hearman Ag, a fourth-generation orchard and cattle farm, which was awarded a $138,000 Coles Nurture Fund grant. The grant was awarded to support the installation of an AI-driven solar pumping system to reduce water usage and lower the orchard's environmental impact.

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Acknowledgement of Country

Coles Group acknowledges the Traditional Owners of Country throughout Australia.

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

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

Our 2025 reporting suite

Our corporate reporting suite contains detailed information on Coles' strategy, financial and non-financial performance, risk management and governance frameworks.

The suite also includes our progress against our sustainability and human rights commitments. We continually evolve our reporting suite in response to shareholder and stakeholder feedback, and to align with legislation, disclosure frameworks and leading practices.

To view these reports visit **colesgroup.com.au**

- 2025 Annual Report
- 2025 Corporate Governance Statement
- 2025 Sustainability Report
- 2025 Modern Slavery Statement
- 2025 Economic Contribution Report

This report is interactive

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Forward-looking statements

This report contains forward-looking statements in relation to Coles Group Limited ('the Company') and its controlled entities (together, 'Coles', 'Coles Group', or 'the Group'), including statements regarding the Group's intent, belief, goals, objectives, opinions, initiatives, commitments or current expectations with respect to the Group's business, market and financial conditions, results of operations 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', 'likely', 'aim', 'aspire' and other similar expressions. Similarly, statements that describe the Group's objectives, plans, goals or expectations are forward-looking statements.

Any forward-looking statements are based on the Group's current knowledge and assumptions as at the date of this report. They are not guarantees or predictions of future performance or outcomes and the Group does not give any assurance that the assumptions will be correct. The forward-looking statements involve known and unknown risks, uncertainties and assumptions, many of which are beyond the control of the Group, that could cause the actual outcomes to be materially different from the relevant statements. Factors that may affect forward-looking statements include legal and regulatory change, industry competition, changes to consumer behaviour, technological changes and economic and geopolitical factors, including global market conditions.

Readers should not place undue reliance on forward-looking statements and such statements should be considered together with the risks, uncertainties and assumptions associated with the relevant statements particularly given the inherent unpredictability of future policy, market, and technological developments. Except as required by applicable laws or regulations, the Group does not undertake to publicly update, review or revise any of the forward-looking statements in this report 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. This document may contain statements that have been prepared by Coles on the basis of information from publicly available sources, and other third-party sources, and this information has not been verified by the Group. The Group does not make any representation or warranty as to the currency, accuracy, reliability or completeness of such information in this report.

This report also includes forward-looking statements regarding climate change including energy transition and other environmental scenarios. The long-term nature of sustainability targets also means related forward-looking statements are inherently uncertain and should not be relied upon, as outlined above.

Report scope

Unless otherwise stated, this Sustainability Report covers the period 1 July 2024 to 29 June 2025 (FY25) for the Group. This is our retail calendar, a reporting calendar based on a defined number of weeks, with the annual reporting period ending on the last Sunday in June.

The report focuses on topics that matter most to our stakeholders and our business, as determined through our 2025 materiality assessment, detailed on page 10.

This report has been prepared in accordance with the Global Reporting Initiative (GRI 1: Foundation 2021). Our 2025 Sustainability data pack (available at colesgroup.com.au/sustainability) includes the GRI Content Index for this report, as well as our alignment with the United Nations (UN) Global Compact Principles and the UN Sustainable Development Goals (SDGs).

Ernst & Young (EY) has provided independent limited assurance[1] in respect of this report, including considering whether the appropriate indicators have been reported in accordance with GRI Sustainability Reporting Standards. A copy of EY's independent assurance report is on pages 71 to 74.

Report boundary

In this report, the terms 'Coles', 'the Group', 'Coles Group', 'our business', 'organisation', 'we', 'us', 'our' and 'ourselves' refer to Coles Group Limited and its controlled entities. This report contains information for Coles Group Limited and its controlled entities collectively during FY25 (unless otherwise stated).

Refer to pages 67–70 in the Appendix for a glossary of terms included in this report.

Feedback

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

1. With the exception being greenhouse gas and energy metrics, which are subject to reasonable assurance.

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FY25 sustainability snapshot

100%
renewable electricity[1] sourced for our operations

88.0%
of total solid waste[2] diverted from landfill

42.3%
of suppliers have set Scope 1 and 2 science-based[3] emissions reduction targets

87.6%
of packaging across Coles Own Brand and Coles Liquor Own Brand is recyclable[4]

71.4%
reduction in combined Scope 1 and 2 emissions from FY24 (81.3% reduction from FY20 baseline year)[5]

39.1m
equivalent meals donated to SecondBite and Foodbank[6]

42.7%
women in leadership roles[7]

Awarded
Platinum Status
in the Australian Workplace Equality Index (AWEI)

3.5%
of team members[8] identify as Aboriginal or Torres Strait Islander

1. Renewable electricity percentage includes voluntary large-scale generation certificate (LGC) surrendered by us, renewable power percentage (RPP), jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. The JRPP is only applicable in the Australian Capital Territory, where the electricity supply is legislated to be 100% renewable. For all other Australian jurisdictions, the RPP is used to represent the renewable content of grid electricity unless specific renewable procurement (e.g. LGC surrender) is demonstrated. FY25 electricity consumption includes one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data. — 2. Excludes liquid waste except high-strength sludges (which contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers). — 3. Coles uses SBTi's Supplier Engagement Guidance to assess whether a supplier's emissions reduction target is science-based. This guidance defines the key criteria that includes, but is not limited to: a) target boundary (coverage of scopes, emission types and subsidiaries), b) target coverage (≥95% of scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3), c) target type (absolute, intensity, or engagement), d) base year (≥2015), e) target year (near-term maximum 10 years and long-term maximum 2050), f) target reduction/ambition (Scope 1 and 2 1.5°C, Scope 3 near-term well below 2°C and long-term 1.5°C). — 4. Based on packaging data overlaid with unit sales over a 52-week period until June 2025. — 5. FY25 Scope 1 emissions and Scope 2 emissions include one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data and is calculated on a Scope 2 market-based methodology using LGCs. Coles has not relied on the use of carbon offsets for the achievement of our Scope 1 and 2 emissions reduction. — 6. In addition to unsold edible food, these figures also include bulk food and grocery donations to SecondBite and Foodbank. — 7. Leadership positions comprises the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles. — 8. Based on results of our May 2025 *mysay* team member engagement survey (69% participation).

Pictured: Coles Livestock Buyer Campbell Nettleton with Kent Rochester from K&M Farming. Beef producers, Kent and Michelle Rochester were awarded a Coles Nurture Fund grant to expand their eShepherd virtual fencing program.

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Message from our Chairman and CEO

We are pleased to share with you Coles Group's Sustainability Report for FY25, which details the progress we have made against the key areas of our sustainability strategy this past financial year.

In FY25, we have refreshed our sustainability strategy, incorporating an extended strategic focus out to FY30 on three key environmental pillars – climate, nature and circularity. These are the areas where we aim to have the most significant impact, and which we see as helping to enhance long-term business resilience.

Importantly, our work under these pillars is supported by our ongoing commitment to human rights, enable and develop teams; diversity and inclusion, health, safety and wellbeing, community support and healthy, safe and affordable food.

Advancing our approach to climate, nature and circularity

The objective of our **climate** pillar is to progress towards decarbonisation of our operations and work with our suppliers and partners to reduce emissions to drive a more resilient food system for Australia.

This year we met our target to source 100% renewable electricity for our operations. We also achieved a 71.4% reduction in combined Scope 1 and 2 greenhouse gas emissions (from FY24).[1]

We also set a new target this year to reduce emissions in our supply chain, related to forest, land and agriculture (FLAG) sectors.

With approximately 55% of our total Scope 3 emissions related to these sectors, this will be a key area of activity in the coming years.

Nature continues to be an area of focus for Coles, as we seek to better understand our nature-related impacts and dependencies and collaborate with farmers and suppliers to drive more climate and nature resilient supply chains.

We acknowledge our shareholders have provided feedback that they would like to see increased reporting on nature impacts, including deforestation and salmon farming, and we have included more information on these topics in this report.

Within our **circularity** pillar, we are focused on reducing waste across our value chain, in collaboration with our industry partners, suppliers, producers and customers.

Reducing food waste continues to be a priority, not only because of its impact on the environment, but also because food insecurity continues to be something many Australians experience.

In FY25, we provided the equivalent of 37.9 million meals to SecondBite and 1.2 million meals to Foodbank. Coles has partnered with SecondBite since 2011, and over that time has donated the equivalent of 296 million meals, as well as the equivalent of 47 million meals to Foodbank since 2003.[2]

Supporting the community

Our organisational purpose of 'helping Australians eat and live better every day' is reflected in the support we have given throughout the year to the communities in which we live and work.

For the fifth consecutive year, Coles placed #1 for our contribution to the community as a percentage of profit[3] – something we could only have achieved with the help of our customers, team members and suppliers.

This year many parts of Australia experienced natural disasters, including multiple floods, cyclones and ongoing drought, severely impacting local communities.

Despite the challenging circumstances, our team members stepped in to support our suppliers and customers, with some tremendous examples shining through of team members living our values.

Overall, we are pleased with the progress we have made this year. We know, however, there is more to do. Whether it is continuing to improve customer satisfaction, reducing unnecessary single use plastic packaging or making it easier for our customers to shop healthier and more affordable food, we are committed to maintaining our focus to create lasting and positive change.

Finally, on behalf of the Board and Executive team, we would like to thank our team members who go above and beyond every day to serve our customers and support our local communities. You are what makes Coles such a great place to work – and without you, the many achievements set out in this report could not have been made possible.

Peter Allen
Chairman, Coles Group Limited

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

1. For more detail on our emissions reduction and renewable electricity targets, refer to pages 14–15 of this report. — 2. For more detail on our community contributions, refer to page 51 of this report. — 3. On a three-year rolling basis in the 2024 Giving Large report from Strive Philanthropy.

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Our business and strategy

Coles is one of Australia's leading retailers, with an extensive national supermarket and liquor store footprint and a range of digital platforms allowing us to deliver a full service omnichannel experience for customers.

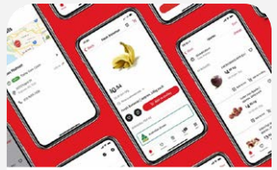
We employ more than 115,000 team members, engage with more than 8,000 suppliers, have more than 400,000 shareholders and welcome millions of customers through our store network and digital platforms every week.

Our strategy is centred around our purpose of 'Helping Australians eat and live better every day'. It is comprised of three strategic pillars and underpinned by Win Together and Foundations.

Our strategic pillars

Destination for food and drink

is how we tailor our product range, quality and value to meet and surpass our customers' needs



Accelerated by digital

is how we create a more seamless, personalised and enjoyable omnichannel experience

Delivered consistently for the future

is our focus on making our operations more efficient and investing in our network for the future

Win Together

is recognition that we only succeed together with our team, community and suppliers

Foundations

of financial discipline, technology, and data help us deliver on our strategic pillars and enable us to drive value for our stakeholders

Our vision

To become the most trusted retailer in Australia and grow long-term shareholder value.

Our strategy

Our values

We are proudly coles

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Our approach to sustainability

Our approach to sustainability continues to evolve as we build on the strong foundations established in recent years.

Our progress to date has been shaped by our sustainability strategy, and is underpinned by an understanding of the environmental and social challenges facing our industry.

This year, we refined our approach further, to align more closely with our most material issues and stakeholder expectations, and also prepare for changing regulatory and reporting requirements including the mandatory Australian Sustainability Reporting Standards (ASRS) from FY26.

Our refreshed FY26–FY30 Sustainability Strategy is focused on three strategic pillars – **climate**, **nature** and **circularity**. These are the areas in which we aim to have the most significant impact, enhancing long-term business resilience and delivering shareholder value. Each strategic pillar has an objective describing what we are seeking to achieve.

Supporting these three strategic pillars is our ongoing commitment to: **human rights; enable and develop teams; diversity and inclusion; health, safety and wellbeing; community support and healthy, safe and affordable food.** These are the foundations of our sustainability strategy, integral to our operations and aligned with our purpose and values.

We set public targets to support the delivery of our sustainability strategy and help us to drive the action under each of our strategic sustainability pillars. We are committed to disclosing our progress against them annually.

This year we refreshed our suite of sustainability targets to support the achievement of our goals out to FY30.

See more on Coles' FY26–FY30 sustainability targets and commitments on page 8.

1. Refer to the *Sustainable products and ingredients* section of this report pages 21–23 for further details on our Coles Own Brand products containing higher-risk commodities.

Our FY26–FY30 Sustainability Strategy

Strategic Pillars

Climate

Progress towards decarbonisation of our operations and work with our suppliers and partners to reduce emissions to drive a more resilient food system in Australia

Nature

Collaborate with farmers and suppliers to drive the delivery of resilient supply chains, mitigate potential environmental impacts across Coles Own Brand products containing higher-risk commodities[1] and support animal welfare outcomes

Circularity

Transition towards a circular economy by materially reducing waste through recycling, reuse and product stewardship

Foundational Pillars

- Human rights
- Enable and develop teams
- Diversity and inclusion
- Health, safety and wellbeing
- Community support
- Healthy, safe and affordable food

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FY26–FY30 sustainability targets and commitments

Climate

- Deliver net zero Scope 1 and 2 greenhouse gas emissions by 2050.
- Reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% (FY20 baseline year) by the end of FY30.[1]
- Maintain sourcing of 100% renewable electricity.[2]
- Achieve Scope 3 supplier engagement target (SET) of: 80%[3] of suppliers by spend (covering purchased goods and services, upstream transportation and distribution, capital goods, waste generated in operations, and upstream leased assets) to have science-based[4] emissions reduction targets by the end of FY29.
- Deliver 30.3% reduction in Scope 3 Forest, Land and Agriculture (FLAG) sector emissions by the end of FY30 (FY24 baseline year).

Nature

- Ambition to achieve no deforestation across material Coles Own Brand primary deforestation-linked commodities[5] (no later than 31 December 2025).
- Maintain appropriate animal welfare and responsible sourcing standards[6] within Coles Own Brand.
- Maintain greater than 85% of cage-free shell egg supply.
- Achieve 100% of cage-free eggs used as ingredients in Coles Own Brand products.

Circularity

- Maintain greater than 85% diversion of the Group's solid waste[7] from landfill.
- Deliver average of 30% recycled content in eligible packaging[8] by the end of FY30.
- Continue to phase out problematic and unnecessary eligible single-use plastic packaging by the end of FY30.
- Achieve greater than 85% of eligible packaging being reusable and/or recyclable by the end of FY30.

1. Coles does not plan to rely on the use of carbon offsets for the achievement of our FY30 Scope 1 and 2 emissions reduction target. — 2. Renewable electricity percentage includes voluntary large-scale generation certificate (LGC) surrendered by us, renewable power percentage (RPP), jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. The JRPP is only applicable in the Australian Capital Territory, where the electricity supply is legislated to be 100% renewable. For all other Australian jurisdictions, the RPP is used to represent the renewable content of grid electricity unless specific renewable procurement (e.g. LGC surrender) is demonstrated. — 3. The Supplier Engagement Target originally set in FY24 was '75% of suppliers, by spend, covering purchased goods and services, and upstream transportation and distribution, will have science-based emissions reduction targets by the end of FY27'. During SBTi's recent validation of our FY30 FLAG target, Coles was required to separate FLAG sector emissions from the SET boundary and include additional emissions categories in target spend coverage to meet the SBTi target boundary requirements. As a result, our target has been modified from 75% to 80% and the target date extended from the end of FY27 to the end of FY29. Reporting against the updated target boundary will commence in FY26. For more information see page 17. — 4. Coles uses SBTi's Supplier Engagement Guidance to assess whether a supplier's emissions reduction target is science-based. This guidance defines the key criteria that includes, but is not limited to: a) target boundary (coverage of scopes, emission types and subsidiaries), b) target coverage (≥95% of scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3), c) target type (absolute, intensity, or engagement), d) base year (≥2015), e) target year (near-term maximum 10 years and long-term maximum 2050), f) target reduction/ambition (Scope 1 and 2 1.5°C, Scope 3 near-term well below 2°C and long-term 1.5°C). — 5. The scope of Coles' no deforestation ambition includes targeted high-risk/high-volume products across the following commodities: beef, cocoa, palm oil, soy (sourced for livestock and aquaculture feed) and timber/pulp/paper. It excludes Coles Own Brand products not sold in supermarkets; Coles Own Brand pet food; goods not for commercial sale; and Exclusive Proprietary and Proprietary branded products. — 6. For Coles, this means implementing animal welfare and responsible sourcing practices that support the current program of Coles Own Brand sustainable sourcing commitments. — 7. Excludes liquid waste except high-strength sludges (which contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers). — 8. Eligible packaging is defined as all of Coles Own Brand product packaging and Coles Liquor Own Brand packaging.

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Sustainability governance

Our sustainability strategy relies on a strong governance framework, and meaningful and authentic engagement with both internal and external stakeholders. We also recognise managing sustainability-related risks and opportunities across the Group is essential to achieving our strategic goals.

The Board oversees and approves the strategic direction of the Group, and oversees the effectiveness of Coles' sustainability and governance policies and practices, including exposure to environmental and social risks and opportunities. The Audit and Risk Committee supports the Board in fulfilling its responsibilities by evaluating the adequacy and effectiveness of the Group's identification and management of environmental and social sustainability risks and its disclosure of any material exposures to those risks, including financial and non-financial risks.

The Chief Commercial & Sustainability Officer (CCSO), a member of the Executive Leadership Team (ELT) reporting to the Chief Executive Officer (CEO), provides regular updates to the Board on current and emerging sustainability issues. Standardised quarterly reporting, with performance monitoring against our sustainability commitments, is provided to the Board.

The Executive Sustainability Committee, a subgroup of the Executive Leadership Team, was established in FY25 to provide dedicated oversight of the strategic sustainability pillars under Coles' FY26–FY30 Sustainability Strategy, the implementation of ASRS requirements and the monitoring of Coles' performance against its climate risks and opportunities.

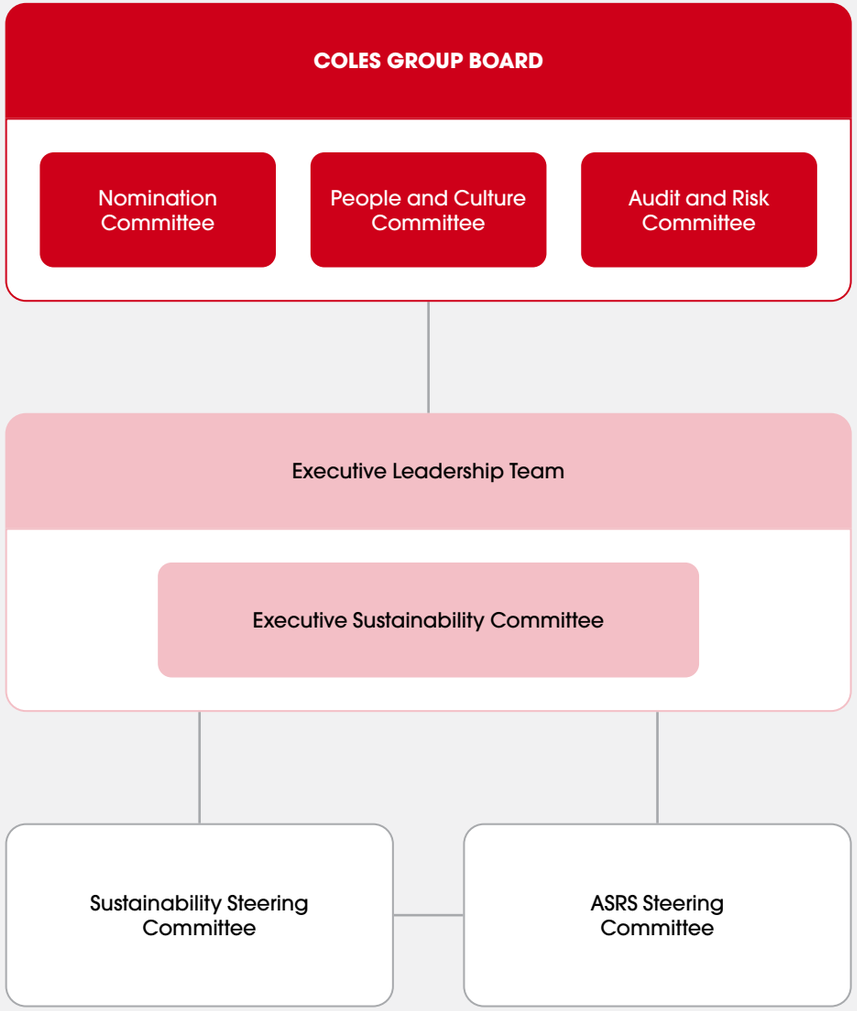
The ASRS Steering Committee, which was established in FY24, oversees progress towards the Group's implementation of ASRS.

The Sustainability Steering Committee is the key management committee overseeing Coles' sustainability strategy implementation and performance.

Chaired by our CCSO, the Sustainability Steering Committee has senior representation from across the business. It meets bi-monthly and one of its primary responsibilities is to consider Coles' response to its current and emerging environmental, social and governance obligations, risks and opportunities. Updates are provided to the Sustainability Steering Committee from working groups and other steering committees with oversight of key sustainability issues.

Feeding into the Sustainability Steering Committee are two newly formed working groups, focused on climate and nature, and circularity. The two working groups are supported by workstreams led by Group Sustainability.

They are attended by subject matter experts from across the business to support cross-functional delivery of our FY26–30 sustainability strategy and targets.



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What matters most

Our annual materiality assessment enables us to identify and prioritise our relevant sustainability issues – those issues where we may have the most impact on people, society and the environment, and present the greatest potential impact on our business.

This assessment assists us to better align our sustainability strategy and external disclosures with the expectations of our stakeholders.

In FY25, we engaged an independent consultant to undertake interviews with representatives of 20 of our key stakeholders. These included investors, capital providers, suppliers, industry bodies, community and non-government organisations, academia and research organisations. Stakeholders engaged in the materiality assessment provided feedback on the sustainability-related areas they felt Coles could have the greatest impact or influence on.

In line with requirements of the Global Reporting Initiative Standard (GRI 1: Foundation 2021), we incorporated the key outcomes of the interviews with the outcomes of a desktop review of a range of inputs including media scans and customer feedback received throughout the year.

Our top ten material sustainability issues for FY25 were:

1. Climate change
2. Sustainable sourcing
3. Healthy, safe and affordable food
4. Plastics and packaging
5. Health, safety and wellbeing of our team
6. Food waste
7. Circular economy (including prevention of waste to landfill)
8. Stakeholder engagement
9. Biodiversity and nature
10. Human rights and ethical sourcing

Stakeholders continue to rank climate change as the top issue, and this year we saw stakeholders emphasising the importance of sustainable sourcing and healthy, safe and affordable food.

The issues identified inform 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 may impact other areas.

We recognise there are other issues in addition to those identified both of interest to stakeholders and of relevance to our business – a number of which are covered in our strategy and discussed within this report.

Aligning with Sustainable Development Goals

Coles has been a signatory to the United Nations (UN) Global Compact (UNGC) since 2019. This Sustainability Report informs our annual Communication on Progress on how we are implementing the UNGC's 10 principles and supporting its broader development objectives in the areas of human rights, labour, anti-corruption, and the environment. Coles is also a signatory to the UN Women's Empowerment Principles.

We are committed to the UN Sustainable Development Goals (SDGs) and consider that business has a key role to play in their achievement.

Our sustainability strategy is aligned with, and supports, 11 of the 17 SDGs.

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Stakeholder engagement

We consider that to deliver systems-level change – and positively contribute to the significant global sustainability challenges such as climate change and biodiversity decline – we must collaborate and engage with stakeholders across our value chain.

Collective action via strong and collaborative relationships with stakeholders helps drive the delivery of our purpose of 'Helping Australians eat and live better every day'.

Stakeholder engagement is a fundamental part of Coles' approach to sustainability, and we actively seek to listen and respond constructively to what matters most to our stakeholders.

See Appendix on pages 64–66 for the full table detailing our main stakeholder groups, their key areas of interest and examples of how we engage with them.

Pictured: A Coles customer shops at the Tooronga store.

SPOTLIGHT

Customer engagement

Every week Coles serves millions of customers in store and online through our digital platforms, ensuring we are listening to and responding to customer feedback is crucial to the success of our business. We are conscious many of our customers keep experiencing cost-of-living pressures. In some parts of Australia, this has been compounded by severe weather events, including drought and floods.

Cost of living

During the year we undertook a range of initiatives to deliver value to our customers, including:

- Lowering the price on hundreds of products as part of seasonal 'Great Value, Hands Down' value campaigns.
- Maintaining thousands of products on every-day low prices.
- Personalising offers and making it easier to redeem points for Flybuys loyalty program members.
- Expanding our Exclusive to Coles portfolio which provides value at all price points including our Coles Finest and Coles Simply value brands.

Customer insights

We actively seek customer feedback which, together with the information we gather from independent consumer research, helps us to better understand the needs and wants of our customers – including in relation to sustainability. Some of the ways in which we collect customer insights include:

- **Tell Coles** – a national post-shop survey with more than 30,000 responses from customers per week that provides an understanding of their experience across our in-store and online networks.
- **Market Experience Tracker** – tracks Coles' reputation, perceptions and customer experience to provide a view of how customers are feeling about our brand and business.
- **Customer listening sessions** – tailored focus group listening sessions to deep-dive into conversations with customers around the country, covering a wide range of topics.

Pictured: Blueberry cardboard-based punnets were trialled across 34 Coles stores located on the North Coast of NSW in 2024.

By using data and insights to understand our customers better and adapt to market trends, Coles is well placed to deliver a better customer experience. It can also help us to understand what aspects of sustainability are important to our customers.

By implementing initiatives such as those discussed throughout this report – including reducing unnecessary packaging in our stores, minimising food waste, and continuing to focus on responsible sourcing and animal welfare across our Own Brand products – we aim to provide practical ways for our customers to identify opportunities to make sustainable choices.

1. Data sourced from Coles customer insights May 2025 report.

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Stakeholder engagement continued

Industry engagement

Industry associations provide a collective voice for individual businesses within an industry. They also provide Coles with forums where we can discuss issues and seek to establish best practice within our industry on matters including sustainability, inclusion, and economic productivity.

We seek to reach consensus on positions that align with Coles' values and strategy. Where values or policy positions misalign, Coles will review the divergence and assess its impact against the benefits provided by association with the relevant body.

Throughout the year we engaged regularly with a range of associations, including:

- **Climate**: Climate Leaders Coalition, Carbon Market Institute, Electric Vehicle Council, Green Building Council of Australia, and the Energy Users Association of Australia.
- **Circularity**: End Food Waste Australia (EFWA), Australian Packaging Covenant Organisation (APCO), Planet Ark's Australian Circular Economy (ACE) Hub, and the Battery Stewardship Council.
- **Nature**: AUSVEG, Hort Innovation, Dairy Australia, Australian Chicken Meat Federation, Meat & Livestock Australia, Cattle Australia, the Zero Net Emissions from Agriculture Cooperative Research Centre (ZNE-Ag CRC), the Australian Government's Healthy Food Partnership, Global Food Safety Initiative Australasia Steering Committee, the Allergen Collaboration, the Food Incident Forum and HARPS (Harmonised Australian Retain Produce Standard).
- **Team and community**: Diversity Council Australia, Australian Disability Network and Reconciliation Australia.

Coles also has formal relationships and regular engagement with the Business Council of Australia (BCA) and the Australian Retailers Association (ARA), including involvement in relevant working groups, contributing advice on policy matters.

Coles Liquor is a founding member and signatory of Retail Drinks Australia and DrinkWise and also signatory to the International Alliance of Responsible Drinking and the Alcohol Beverages Advertising Code Scheme.

Pictured: Newly opened Coles and Liquorland Thurgoona Village in NSW.

Soft Plastics Taskforce

Coles has worked as part of the Soft Plastics Taskforce since 2022 to manage the legacy stockpile of soft plastics following the cessation of the REDcycle program, and to find a path forward for recycling soft plastics in Australia.

The formation of the Taskforce was made possible with the authorisation granted by the Australian Competition and Consumer Commission (ACCC) for Coles to cooperate with other major supermarkets on soft plastics recycling. This formal permission acknowledges the importance of working together and provides the opportunity for a new way to solve shared sustainability challenges.

Soft Plastics Stewardship Australia was registered in August 2024 with a goal to make it easier for households to recycle soft plastics.

Read more on this in the *Packaging* section on page 38.

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Climate

Our impact

Origin Zero Alliance generating

9,821 MWh

of renewable electricity annually

104

supermarkets now using natural refrigerants

42.3%

of suppliers have set Scope 1 and 2 science-based emissions reduction targets

Pictured: Coles and Liquorland Romsey in Victoria opened in February.

CASE STUDY

Designing more sustainable stores

In February 2025, Coles opened a new supermarket and Liquorland in Romsey, Victoria, designed with sustainability front of mind.

Featuring onsite rainwater harvesting tanks, two electric vehicle charging stations for customers, smart energy efficient lighting, smart switchboards, 100% electrified heating and cooling, and refrigeration using natural refrigerants – as well as the largest solar panel system delivered to a Coles store through the Origin Zero partnership with Coles. The 305 kW solar system is expected to generate 407 MWh of electricity per year for the store, which would meet approximately 31% of the store's electricity needs per year.

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Climate

Climate change is an important environmental, social and economic challenge facing the global community.

Coles seeks to contribute to the goals of the Paris Agreement[1] by setting targets to reduce our greenhouse gas emissions, taking actions to address operational emissions[2] and working with suppliers to reduce emissions in our value chain.

As part of our sustainability strategy, we have set a long-term net zero by 2050 target[3], for Scope 1 and 2 emissions, and a near-term FY30 Scope 1 and 2 emissions reduction target[4]. We are addressing Scope 3 emissions with a Forest, Land and Agriculture (FLAG) sector emissions reduction target of 30.3% by end of FY30[5]. In addition, we have a supplier engagement target of 80% of suppliers by spend to have science-based[6] emissions reduction targets by the end of FY29.[7]

As we continue to work towards our climate targets, we commit to engaging with stakeholders on our progress, including identifying challenges and limitations as we develop our climate transition plan.

Our FY30 Scope 1 and 2 emissions reduction target, our revised Scope 3 supplier engagement target, and our new FLAG target are all validated by the Science Based Targets initiative (SBTi)[8].

Since FY20, we have been identifying, assessing and managing climate-related risks and opportunities using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This year we have also been considering the requirements of Australia's forthcoming mandatory climate-related financial disclosure regime – the Australian Sustainability Reporting Standards – against which we will be required to comply from FY26.

Our climate-related financial disclosures are available in our **2025 Annual Report**.

Scope 1 and 2 (operational) emissions

Our main sources of Scope 1 emissions include emissions from refrigerant gases, natural gas and transport fuels, with a small contribution from stationary LPG and diesel for onsite back-up generators. Scope 2 emissions are those associated with our electricity purchases.

In FY21 we set ourselves a target to reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75%[9] by the end of FY30. **We achieved our target this year.**

In FY25, we achieved a 71.4%[9] reduction, compared to FY24, and a 81.3% reduction from our FY20 baseline year. This has been achieved through our ongoing commitment to the installation of on-site solar, our renewable electricity contracts, as well as energy efficiency measures and refrigeration upgrades.

Pictured: Wind turbines at MacIntyre Wind Farm.

1. An international treaty on climate change with an overarching goal to hold 'the increase in the global average temperature to well below 2°C above pre-industrial levels' and pursue efforts 'to limit the temperature increase to 1.5°C above pre-industrial levels. — 2. This refers to Scope 1 and 2 emissions. — 3. Target is to 'Deliver net zero Scope 1 and 2 greenhouse gas emissions by 2050'. — 4. FY20 baseline year. — 5. FY24 baseline year. — 6. Coles uses SBTi's Supplier Engagement Guidance to assess whether a supplier's emissions reduction target is science-based. This guidance defines the key criteria that includes, but is not limited to: a) target boundary (coverage of scopes, emission types and subsidiaries), b) target coverage (≥95% of scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3), c) target type (absolute, intensity, or engagement), d) base year (≥2015), e) target year (near-term maximum 10 years and long-term maximum 2050), f) target reduction/ambition (Scope 1 and 2 1.5°C, Scope 3 near-term well below 2°C and long-term 1.5°C). — 7. The Supplier Engagement Target originally set in FY24 was '75% of suppliers, by spend, covering purchased goods and services, and upstream transportation and distribution, will have science-based emissions reduction targets by the end of FY27'. During SBTi's recent validation of our FY30 FLAG target, Coles was required to separate FLAG sector emissions from the SET boundary and include additional emissions categories in target spend coverage to meet the SBTi target boundary requirements. As a result, our target has been modified from 75% to 80% and the target date extended from the end of FY27 to the end of FY29. Reporting against the updated target boundary will commence in FY26. For more information see page 17. — 8. The SBTi was formed as a partnership between CDP, the United Nations Global Compact, World Resources Institute and the World Wide Fund for Nature. It provides an independent assessment and validation of science-based targets in line with climate science. — 9. FY25 Scope 1 emissions and Scope 2 emissions include one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data and is calculated on a Scope 2 market-based methodology using LGCs. Coles has not relied on the use of carbon offsets for the achievement of our Scope 1 and 2 emissions reduction.

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Renewable electricity

It takes a lot to power our more than 1,800 retail outlets nationally, keeping our fridges, lights, point-of-sale machines all working, and our distribution centres open every day.

As a significant user of electricity, we are committed to supporting the transition to renewable electricity generation in Australia.

In FY21, we set ourselves a target to source 100% renewable electricity by the end of FY25. **We achieved our target this year** and are committed to maintaining 100% as part of our FY26–FY30 sustainability strategy.

Like many businesses in Australia, we need to draw much of our electricity from national and regional electricity grids. This means that we do not always control the source of the electricity we directly consume. Instead, we enter into our large-scale generation certificate (LGC) arrangements that match what we consume.

We have multiple agreements in place with a range of clean energy generators and retailers, to purchase electricity and LGCs.

Our LGC-bundled power purchase agreements and long-term LGC agreements source the certificates from wind and solar farms across Victoria, NSW, South Australia and Queensland.

During FY25, the MacIntyre Wind Farm, delivered by ACCIONA Energia, commenced generation, with an expected final operative capacity of 923 MW. The wind farm is expected to progressively reach full capacity over the next 12 months. CleanCo Queensland Limited (CleanCo) purchases LGC-bundled power directly from the MacIntyre Wind Farm and supplies it to Coles under a separate Electricity Sale Agreement. Through this arrangement, approximately 15,450 MWh of LGC-bundled renewable electricity was provided to Coles during the financial year.

In addition to our LGCs, we now have 139 sites with solar panels, bringing total generation of renewable electricity to 33,803 MWh in FY25.

In FY24, we installed a 2 MW solar system at our automated customer fulfilment centre (CFC) in Truganina, Victoria. In FY25, this was energised and has been performing at its expected output of 2,202 MWh/annum since October 2024.

Origin Zero Alliance

The partnership between Coles and Origin Zero continues to yield significant benefits, notably reducing our grid consumption through the expansion of solar installations on our store rooftops. Through the Alliance, we aim to install 20 MW of solar panels on top of our stores by the end of 2026.

Since FY23, we have installed solar systems at 41 sites, as well as batteries at five sites, expected to generate 9,841 MWh of electricity for us annually.

Coles also now has flexible load solutions at 150 stores, where we can switch electricity off, as required, to support grid stabilisation. These systems allow equipment like refrigeration units and heating, ventilation and air conditioning (HVAC) systems to be temporarily scaled back during periods of grid stress.

Our partnership with Origin Zero has presented us with an opportunity to turn energy management into a strategic advantage. Blending rooftop solar, with battery storage and load-shifting technologies, we are not only lowering emissions but reducing our energy costs.

Refrigeration and energy efficiency

Within our stores and distribution centres, refrigeration systems account for between 50–60% of total electricity usage.

Refrigeration, which is vital for maintaining and extending food quality and reducing waste, is therefore a focus area for energy efficiency measures.

Upgrading our refrigeration systems is a key activity for Coles. Our aim is to transition from high Global Warming Potential (GWP) to lower GWP (or natural) refrigerants by the end of 2050, and we have a phased program in which 20–30 systems per year are upgraded. We convert systems towards the end of their life cycle, where it is practical and commercially viable, and in alignment with the store refurbishment program.

Additionally, when building new supermarkets, the majority (>90%) now use natural refrigerants, which have close to no GWP compared with older synthetic refrigerant gases which have higher GWP. At the end of FY25, natural refrigerants were in use in approximately 12% of our supermarkets (104 supermarkets in FY25, compared with 78 in FY24) and at 80 Coles Liquor stores (56 in FY24).

To reduce refrigerant gas loss, we also continued to invest in our refrigeration pipe replacement program, helping to reduce refrigerant gas leakage and our overall Scope 1 emissions.

As part of the lifecycle management program for store-based assets, we also trial and adopt other energy efficiency initiatives – such as energy efficient lighting, electrified heat pumps, and HVAC systems – when financially viable.

Our demand-based HVAC program

Over the last five years we have implemented a demand-based HVAC program across approximately 460 stores. This initiative included the upgrade of HVAC control systems, enabling the application of improved, demand-driven control strategies. These enhancements have led to a measurable reduction in energy consumption while maintaining optimal in-store conditions and comfort levels.

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Climate continued

Scope 3 emissions

Scope 3 emissions are the indirect greenhouse gas emissions associated with our value chain and make up more than 90% of our total greenhouse gas emissions. This encompasses both upstream and downstream activities.

Upstream emissions

arise from the production of goods and services we purchase, with the primary source coming from suppliers and partners within our supply chain.

Downstream emissions

occur from the use of the products and services we offer, end-of-life treatment of sold products and investments.

During FY25, we calculated our inventory for Scope 3 emissions covering the Greenhouse Gas (GHG) Protocol categories[1]. Both upstream and downstream categories, and related percentages, are detailed in the 2025 Sustainability Data Pack, available on our website **colesgroup.com.au**.

1. Consistent with guidance in the GHG Protocol, Category 9 – Downstream transportation and distribution (customer travel to retail stores) and Category 11 – Indirect use of sold products, are excluded from our Scope 3 emissions inventory on the basis that these emissions sources are optional to report. Category 10 – Processing of sold products, Category 13 – Downstream leased assets and Category 14 – Franchises, are not relevant to Coles Group. We will continue to monitor and reassess our inventory over time.
2. Based on reporting Category 3 emissions under the market-based method. Under the location-based method, Coles' total Scope 3 emissions were 19.1m tonnes CO_2-e FY25 (19.1m tonnes CO_2-e in FY24).
3. Refer to our 2025 Sustainability Data pack for details.

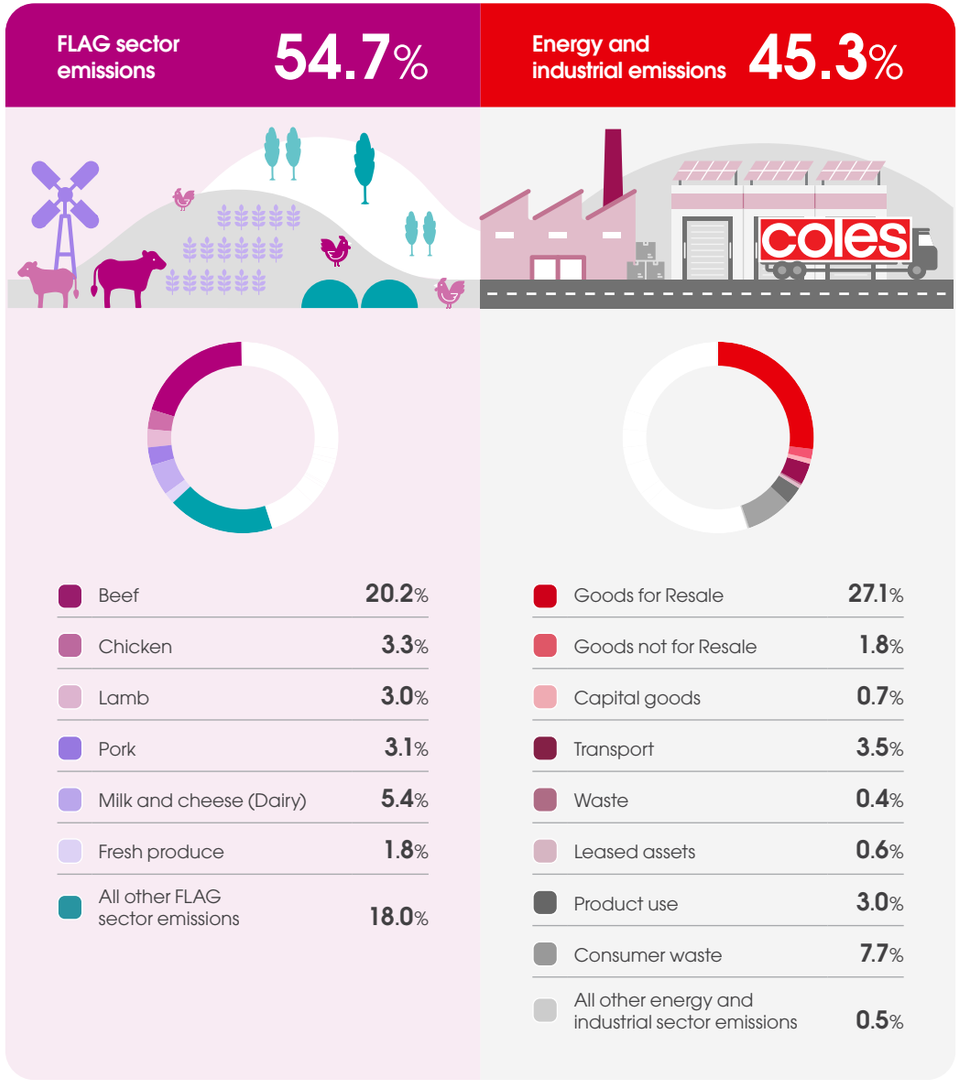
We undertook several activities during the year to help address these emissions, including:

- engaging with suppliers to set emissions reduction targets, as part of the supplier engagement program
- engaging with suppliers to encourage the use of methane-reducing feed supplements for cattle
- investing in energy efficiency and renewable measures
- collaborating with suppliers to optimise the use of our Coles Collect backhaul transport fleet
- increasing landfill diversion rates.

Coles' total Scope 3 emissions were 19.0m tonnes CO_2-e in FY25[2]. Category 1 emissions from purchased goods and services contributed to more than 80% of Coles' total Scope 3 inventory in FY24 and FY25.

Approximately 55% of our Scope 3 emissions originate from FLAG sources which are generated up to the 'farm gate' and includes on-farm activities like fertiliser use, manure management, and livestock management. The remaining 45% is generated from energy and industrial sources. These can be broadly defined as the greenhouse gas emissions from fossil-based activities, including transportation and manufacturing processes.

Scope 3 emissions breakdown[3]



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Supplier engagement

With more than 90% of our FY25 emissions originating from within our supply chain, meaningful engagement and collaboration with our suppliers is essential to the success of Coles' decarbonisation pathway. Together, we are supporting industry-wide efforts to reduce emissions.

Coles set a supplier engagement target (SET) in August 2023. The target, validated by the SBTi, was:

- 75% of suppliers by spend will have science-based emissions reduction targets[1] (covering purchased goods and services and upstream transport and distribution) by the end of FY27.

During SBTi's recent validation of our FY30 FLAG target, Coles was required to separate FLAG sector emissions from the SET boundary and include additional emissions categories in target spend coverage to meet the SBTi target boundary requirements. As a result, our SET has been modified and from FY26 will be:

- 80% of suppliers, by spend (covering purchased goods and services, upstream transportation and distribution, capital goods, waste generated in operations, and upstream leased assets) to have science-based targets by the end of FY29.

Since setting our target, we have been building the infrastructure and processes to support our sustainability supplier engagement program.

We understand the importance of supporting suppliers with effective and useful resources to measure emissions, identify decarbonisation pathways and set emissions reduction targets. During FY25, we:

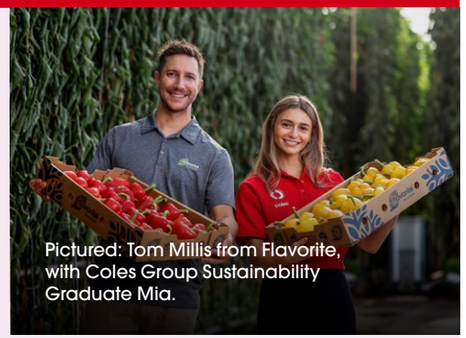
- established a dedicated sustainability supplier engagement team
- delivered training across our commercial business – building the capability of our category teams to support suppliers to decarbonise
- developed a dedicated 'emissions' section within our supplier portal – an online resource for suppliers to access educational material, case studies and guidance documents
- established due diligence processes for assessing supplier targets that have not been validated by SBTi – the process starts with conducting desktop research for publicly available information leading into direct engagement where suppliers provide responses to a checklist related to their alignment against SBTi criteria as defined by SBTi's Supplier Engagement Guidance[2].

As at the end of FY25, 42.3%[3] of suppliers have set Scope 1 and 2 science-based emissions reduction targets, and 38.4%[3] of suppliers have set both Scope 1 and 2, and Scope 3 science-based emissions reduction targets.

CASE STUDY

Supporting Flavorite with its sustainability ambitions

Australia's largest glasshouse operator, Flavorite[4], grows various sizes and types of tomatoes, cucumbers, capsicums and blueberries across four sites in Victoria.



Pictured: Tom Millis from Flavorite, with Coles Group Sustainability Graduate Mia.

Employing more than 1,200 people, Flavorite is a vertically integrated business, that grows, packs, markets and sells fresh produce every day of the year.

Flavorite has been supplying Coles for more than 30 years and is one of the suppliers within the boundary of our supplier engagement target.

It has undertaken a range of initiatives over recent years to improve its sustainability performance, including:

- Investing in a 1.3 MWh solar system at its Warragul site.
- Replacing old and outdated equipment such as its Warragul chiller system with an advanced chiller system to reduce its annual grid energy consumption.
- Donating more than 162 tonnes of fruit and vegetables in FY25 to food relief organisations including SecondBite and Foodbank.

"We consider sustainability practices good for business because we want a supply system that is here for the long-term," said Chris Millis, Flavorite's Chief Operating Officer.

"Topics like 'emissions reductions' however are not our area of expertise, so my advice to other suppliers is just to start, do your analysis, understand your business, and go for the low hanging fruit. Also, lean on your partners – like we've done with Coles – to figure out how to move forward and align together," said Chris.

Like Flavorite, many of Coles' suppliers are already taking steps to reduce their greenhouse gas emissions and looking for further ways to deliver more sustainable outcomes.

In FY26, we will continue to engage with and support our supply chain partners to measure emissions and set targets, with a focus on sharing learnings and facilitating collaboration.

1. Coles uses SBTi's Supplier Engagement Guidance to assess whether a supplier's emissions reduction target is science-based. This guidance defines the key criteria which includes, but is not limited to: a) target boundary (coverage of scopes, emission types and subsidiaries), b) target coverage (≥95% of scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3), c) target type (absolute, intensity, or engagement), d) base year (≥2015), e) target year (near-term maximum 10 years and long-term maximum 2050), f) target reduction/ambition (Scope 1 and 2 1.5°C, Scope 3 near-term well below 2°C and long-term 1.5°C). — 2. See website: SBTi's Supplier Engagement Guidance. — 3. Target progress is based on 11 months of data (June 2025 data was not available at the time of reporting). — 4. Home | Flavorite | Fresh Produce | Australia.

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Climate continued

Forest, Land and Agriculture

Approximately 55% of Coles' Scope 3 emissions are associated with FLAG. This includes livestock emissions (such as methane from cattle), fertiliser use (nitrous oxide emissions), and land conversion.

In FY25, we designed and modelled a pathway to reduce FLAG sector emissions in our supply chain by 30.3% by end of FY30 (FY24 baseline year). This target was subsequently validated by the SBTi.

Emissions reduction activities have been grouped into three key areas:

Supplier activity

Engaging with suppliers on science-based targets to help them reduce FLAG-related emissions.

Farm efficiency

Supporting farmers within our value chain to assess and benchmark their current emissions profile to identify initiatives aimed at reducing emissions or nature impacts; for example, optimising fertiliser use, increasing ground or crop cover, or electrifying diesel farm equipment.

Commercial strategy

Reviewing our commercial and category strategies, making changes to our offering that reduce emissions while meeting business and customer needs.

CASE STUDY

Reducing emissions in meat and dairy

For the past three years Coles' Livestock team has worked directly with beef and lamb suppliers – in partnership with agri-environmental consultancy Integrity Ag – to measure carbon footprints and deliver workshops focused on emissions reduction.

We have conducted workshops across our supplier base, predominately with beef suppliers. In FY25 we held sessions that included a combination of:

1) carbon workshops, where 'Coles product' carbon footprints were completed; and
2) emissions-reduction field days, where producers examined and documented the next steps in their emissions reduction plans and gained practical insights into where production efficiencies can be made on-farm.

While we recognise there is no short-term solution to reducing emissions on-farm, we are starting to see positive outcomes from our engagement, with some suppliers improving individual animal data capture, measuring whole of life weight gain, reducing days to slaughter, and examining performance through genomics.

This year we also developed the Coles Dairy carbon workshops, building on the existing program of work delivered by our Livestock team.

These workshops, to be launched in FY26, are designed for our direct sourcing dairy farmers to help them create emissions baselines and develop individual farm emission reduction strategies.

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Transport

We are focused on reducing energy consumption and greenhouse gas emissions associated with transportation – both within our direct operations, and throughout our broader supply chain.

Supply chain

The opportunity to reduce emissions in supply chain transportation is significant, as Coles transports products around Australia every day via road, rail and ships, from distribution centres to stores.

In FY25, through our alliances and partnerships, we reduced emissions associated with transport through the following initiatives:

- Introducing our first electric prime mover truck to our grocery delivery network, in partnership with Linfox. The heavy-duty electric vehicle is now completing about 25 grocery deliveries a week to stores across Victoria and can save more than 65 tonnes CO_2-e emissions per year, compared to a regular diesel-powered prime mover. It will also be able to travel up to 300 kms on a single charge and save approximately 25,000 litres of fuel every year.[1]
- Launching a new transport management system – Manhattan – designed to help the Supply Chain team deliver routing efficiencies for products moving between suppliers, distribution centres and stores. For inbound freight from a supplier to a Coles distribution centre, the system automatically looks to partner and pair up freight from nearby suppliers, helping minimise fuel consumption, reduce travel time and kilometres travelled, and reduce emissions.
- Expanding our direct delivery model with liquor supplier Asahi, building on work undertaken with Lion in FY24. The removal of a fleet of smaller trucks and consolidation of deliveries to Coles Liquor's distribution centres is estimated to reduce emissions by an additional 300 tonnes CO_2-e a year.

Pictured: Linfox CEO Australia and New Zealand Mark Mazurek, and Coles Group Chief Operations and Supply Chain Officer Matt Swindells, unveiling the new electric prime mover truck at Coles Laverton distribution centre in Victoria.

Home delivery

We want to reduce the emissions created when we deliver products to our customers' homes.

Our Coles Online delivery fleet consists of more than 200 electric-powered refrigeration units that are designed for both electric and diesel-powered vehicles. These units feature a range of innovations that are helping to introduce lower emissions technologies (as compared to petrol/traditional refrigeration) to our transport refrigeration, which also assists us in complying with increasing regional and national regulations aimed at reducing noise and greenhouse gas emissions.

Our trial of a fully electric powered delivery van 'Sparky' ran between July 2023 and July 2024 in Queensland. It offered insights on how Coles can explore more sustainable ways of delivering to our customers. Importantly, it also highlighted limitations with public electric vehicle infrastructure in Australia, which is crucial to meeting the needs of a national home-delivery electric fleet. The trial has been paused while we consider how best to access the right charging technology and locations for a broader roll out of these vans.

While we recognise fleet electrification is critical to reducing emissions in our home delivery transportation, looking ahead we are also exploring additional transportation strategies including:

- creating more efficient routes, as part of our planning processes to minimise fuel consumption
- improving driver behaviour to avoid rapid acceleration, hard breaking and excessive idling to reduce emissions
- enhancing the maintenance of our fleet to keep the vans in good condition to increase fuel efficiency
- constantly 'rightsizing' our fleet to reduce the overall number of vans.

1. Calculated based on an estimated electric prime mover travel distance of 90,000km per year.

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Nature

Our impact

Supporting the development of the world's largest seagrass restoration nursery through our partnership with the

Great Barrier Reef Foundation

Continued to offer the broadest range of RSPCA Approved products of any national retailer, with

316

products

$2.5m

Invested via the Coles Sustainable Dairy Development Group towards supporting sustainable dairy farming projects

Pictured: Matt and Luise Fowles from Fowles Wine with their family at Avenel in regional Victoria.

CASE STUDY

Coles Nurture Fund

Fowles Wine was awarded a $500,000 grant from the Coles Nurture Fund to develop 'BatNavs' for natural vineyard pest control.

By embracing the way microbats navigate – echolocation – BatNavs will help guide microbats to feed on key insect pests throughout the vineyard. The project aims to reduce pesticide use while creating microbat habitats and engineering echolocation solutions.

Fowles Wine Owner and Director Matt Fowles said the project is about rethinking how farming and nature can work together. "We live by the idea of 'farming in nature's image' which means finding ways to work with nature, rather than against it. Working with microbats to manage pests in the vineyard is a great example of this ethos," he said.

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Nature

In recognition of the importance of nature to our operations and supply chain, nature is a key pillar within our FY26–FY30 Sustainability Strategy.

We seek to foster nature-positive outcomes by collaborating with Australian farmers to drive the delivery of resilient supply chains that our customers can trust. Our approach includes efforts to protect forests, acknowledging their crucial role in mitigating climate change. It also encompasses animal welfare, responsible sourcing, and operational water management.

We understand nature is inextricably linked with climate and, to the extent possible, we will seek to integrate nature into our approach to climate change.

Our Nature Roadmap

In FY24, we commenced the development of a Nature Roadmap (the Roadmap) to identify and support actions to reduce our impact on nature.

The Roadmap will set out actions for Coles to take in the coming 18-months and beyond, focussing on four key areas:

- **Define:** identify and agree nature-related issues to inform strategy and future disclosures
- **Integrate:** embed nature into enterprise processes (where appropriate, integrating nature into our climate response), to promote oversight and management of nature at a Group level
- **Engage:** engage and partner with internal and external stakeholders to help deliver on nature ambitions and support a responsible transition towards being nature positive
- **Report:** develop nature-related commitments, collect data to support nature-related assessment and monitoring, and make nature-related disclosures.

This year our focus has been on the 'Define' aspect of our Roadmap. We undertook a high-level nature scan – drawing on the Taskforce for Nature-related Financial Disclosures (TNFD) Locate, Evaluate, Assess & Prepare (LEAP) framework – to understand our impacts and dependencies on nature across the Group.

Through this work we have identified where nature risk is potentially present in our value chain, which will help us subsequently determine where to focus more granular nature risk and opportunity assessments and prioritise future action.

In summary, our nature impacts[1] and dependencies[2] (and most likely manifestation of risk) are concentrated in our upstream supply chain with products that are farmed or fished. When overlaid with financial materiality, key upstream categories we will consider for more in-depth analysis include animal proteins, and dairy.

Water management across our operations

In FY25, we formed a cross-functional workstream, the aim of which is to develop a collective understanding of current water consumption across our operations.

Water is used in our stores, distribution centres, and manufacturing sites for several purposes including cleaning and washing equipment, cooling, amenities, and as an ingredient in food products. Some stores have implemented water efficiency measures such as rainwater capture and reuse, and low-flow appliances.

At Chef Fresh, our meal production facility, water efficiency measures include switching to more water efficient hose nozzles, using sensors to control water usage, and optimising processes for washing equipment.

A challenge in understanding our water use is a lack of water meters across all sites, requiring an estimation of water consumption when calculating our baseline. Manufacturing sites are also faced with the challenge of balancing water efficiency measures with food safety requirements, especially in terms of cleaning equipment. These are issues we will work through in FY26.

1. Nature impacts: freshwater and land use, greenhouse gas and non-greenhouse gas emissions, water use, soil and water pollution, and solid waste generation.
2. Nature dependencies: extreme weather, water quality and availability, the availability of biomass and genetic material, soil retention and quality, regulation of water flow, solid waste remediation and biological pest and disease control

Responsibly Sourced products and ingredients

We work closely with our farmers, suppliers, and industry partners to support responsible sourcing practices that help reduce the environmental impacts associated with our Coles Own Brand products.

Our approach to certifications and verification programs

We support our customers to make responsible choices by using independent and internationally recognised certification and verification programs across Coles Own Brand products that contain higher-risk commodities (see table on pages 22–23).

In 2021, we developed a product certification review framework enabling us to test and better understand the rigour of responsible sourcing third party certifications, verifications and internal standards. This is supported by our Responsible Sourcing Product Certifications and Internal Standards Policy which requires Coles to assess product certifications, verifications and internal standards against a range of criteria including, but not limited to, objectives, customer expectations, independence, robustness, transparency and continuous improvement approach.

In FY25, we have been reviewing our approach to certifications and in the coming year we will continue to explore ways to enhance our due diligence practices with respect to sourcing.

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Our progress on managing higher risk commodities for environmental impact

Commodity	Our approach	FY25 progress
Timber, pulp and paper	All Coles Own Brand timber, pulp and paper products source material from forest plantations independently certified to the Programme for the Endorsement of Forest Certification (PEFC) or Forest Stewardship Council® (FSC®) certification schemes, or from post-consumer recycled fibre.[1]	We have maintained our approach.
Palm oil	All Coles Own Brand food and drink products that contain palm oil, sold in Coles supermarkets, support the production of sustainable palm oil through the Roundtable on Sustainable Palm Oil (RSPO) certification.[2] This means that within the food and drink supply chain for Coles Own Brand products sold in Coles supermarkets, Coles requires suppliers using palm oil to: • obtain RSPO Supply Chain Certification for their own supply chain; or • be able to demonstrate RSPO Certification for each palm oil ingredient that is incorporated into the Coles Own Brand product.[3] We require all our Coles Own Brand product labelling to identify palm oil specifically, rather than using the common term 'blended vegetable oils'.	We commenced a collaborative project with Rainforest Alliance to map our palm oil supply chain in Coles Own Brand which will support a deforestation risk assessment at plantation, mill or supply chain level. See case study in the *Our actions to support no deforestation* section on page 26 for further information. We continue to convert Coles Own Brand non-food products that support the production of sustainable palm oil through the Roundtable on Sustainable Palm Oil (RSPO) certification. 95% of these products have achieved RSPO certification, and we continue to offset our impact of the remaining percentage by purchasing RSPO 'book and claim' credits,[4] which support smallholder palm oil farmers.

1. Excludes Coles Own Brand packaging, Timber, Pulp and Paper used as a component in food and drink products and Coles Own Brand products made from viscose, bamboo, rice, hemp, cellulose, rattan, bark, cork, osier, vegetable parchment or other plant-based fibre other than timber. — 2. For further information see – A global partnership to make palm oil sustainable – Roundtable on Sustainable Palm Oil (RSPO). — 3. RSPO Certification can be achieved in relation to different sourcing models including mass-balance, segregated, and identity preserved. As part of our responsible sourcing program, Coles accepts the mass-balance sourcing model. As part of our initial no deforestation ambition, Coles is aiming to transition certain in-scope products containing palm oil to a higher level of certification to support achieving no-deforestation for these products - refer to '*Our actions to address deforestation*' section on page 26 and our Protecting Forests Statement for further information. — 4. An RSPO credit is proof that one tonne of certified palm oil was produced by an RSPO-certified company or independent producer and has entered the global palm oil supply chain. By purchasing credits, buyers encourage the production of certified sustainable palm oil.

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Our progress on managing higher risk commodities for environmental impact continued

Commodity	Our approach	FY25 progress
Cocoa, tea, coffee and sugar	All tea, coffee and cocoa used in Coles Own Brand products sold in Coles supermarkets, are required to be independently certified or verified to the programs of Fairtrade, Rainforest Alliance[1] or Cocoa Horizons. Our Coles Own Brand caster, raw, brown, white and icing single ingredient packet sugars are Bonsucro certified.	In FY25 we maintained our certification and verification schemes across tea, coffee and cocoa products.[2] We worked with our supplier to also secure Bonsucro certification for our Australian Certified Organic raw sugar. With this transition, all Coles Own Brand single ingredient packet sugars[3] are now Bonsucro certified.
Soy sourced for livestock and aquaculture feed	As part of our initial no-deforestation ambition, Coles is aiming for soy used in feed for Coles Own Brand fresh chicken, turkey, farmed salmon and trout products to have a third-party certification and/or independent supply chain validation that supports no-deforestation by 31 December 2025.[4] The third-party certification and independent supply chain validation systems include: • Roundtable on Responsible Soy (RTRS) • International Sustainability & Carbon Certification (ISSC) • ProTerra • Viterra Deforestation-Free Soy • Louis Dreyfus Deforestation-Free Soy • Cargill Triple S • Compliance with the European Union Deforestation Regulation (EUDR). For further information, refer to *Our actions to address deforestation* section on page 26 and our Protecting Forests Statement available on the Coles Group website at **colesgroup.com.au/sustainability**	Last year we baselined our soy in feed sources for livestock and aquaculture and engaged key suppliers and importers on the topic of deforestation and our governance and roadmap programs. Building on this, Coles has undertaken extensive industry consultation with respect to its Coles Own Brand Soy Sourcing Requirements in FY25. This has involved commodity traders, feed mills, farmers and suppliers, who have tested the requirements and provided feedback to improve the process. The requirements were ratified and released to our suppliers in May 2025. In accordance with SBTi FLAG guidance, Coles will disclose further information on its progress with respect to the products in scope of our no deforestation ambition within six months of 31 December 2025.

1. Home|Rainforest Alliance. — 2. Coles Own Brand products containing cocoa are currently sourced using mass-balance sourcing certification models. As part of our initial no deforestation ambition, Coles is aiming to transition certain in-scope cocoa products to a higher level of certification to support achieving no-deforestation for these products. Refer to 'Our actions to address deforestation' section on page 26 and our Protecting Forests Statement for further information. — 3. Derived from sugarcane. — 4. In-scope products are Coles Brand fresh chicken, turkey, salmon and trout products, which are high volume users of soy used in livestock and aquaculture feed. Excludes soy in human food and drink, and all other animal species diets including layer hens (chickens).

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Seafood

Our Responsibly Sourced Seafood Program recognises a range of certifications and assessment programs, helping provide assurance that seafood is from a well-managed and sustainable fishery or farm. This means the fishery or farm can maintain or increase production without impacting the structure and function of the surrounding ecosystem. The Program applies to fresh, thawed, frozen and canned seafood, and food products that contain seafood as a primary ingredient.[1]

For farmed (aquaculture) seafood Coles Own Brand products must be certified by:

- Aquaculture Stewardship Council (ASC).
- Best Aquaculture Practices (BAP); or
- GLOBALG.A.P.

For wild-caught seafood Coles Own Brand products must be:

- certified to the Marine Stewardship Council (MSC) Standards; or
- independently assessed as meeting the Coles Wild Seafood Assessment Framework (Assessment Framework).

For wild seafood sources covered via our Assessment Framework, it is important we account for the latest fishery science and management advice when updating our Approved Sourcing List – a process that is undertaken annually in collaboration with MRAG Asia Pacific.

In FY25, we successfully transitioned our entire Coles Own Brand canned tuna range to MSC certified sources[2] – positioning Coles as offering the largest MSC certified Own Brand range of any Australian supermarket.

We were also awarded MSC Best Sustainable Seafood Supermarket, at the Sustainable Seafood Awards Australia, for the seventh time since 2017, in addition to winning the MSC Best Sustainable Seafood Product in 2025 for our Coles Simply canned tuna range.

Impacts of farmed seafood

In FY25, we undertook a desktop assessment[3] to determine if aquaculture is a significant threat to any species in the regions Coles sources farmed seafood from, which includes:

- black tiger prawns from Queensland and NSW
- barramundi from WA and Victoria
- oysters from SA and NSW
- Atlantic Salmon from Tasmania.

We reviewed the *Environment Protection and Biodiversity Conservation Act 1999* (Cth) (EPBC Act) threatened fauna list, focusing on critically endangered, endangered, and vulnerable species.

Aquaculture is specifically listed as a threat in relation to two species classified as endangered: the Maugean skate (a species endemic to Macquarie Harbour, Tasmania), with reduced water quality due to salmonid aquaculture considered a significant threat[4]; and the Southern right whale (a species seasonally present along the Australian coast), where a known threat considered to be high risk for the south-east Australian sub-population is entanglement in commercial fishery or aquaculture equipment (noting much of the gear involved in entanglements was related to crustacean fishing).[5]

Since undertaking this review, in addition to focusing on our sourcing practices (see discussion below in relation to farmed salmon), we have also progressed our understanding more broadly of Coles' nature-related impacts and dependencies. As discussed on page 21, areas of nature-related risk for Coles are largely associated with products that are farmed or fished, and in the coming year we will seek to enhance our understanding of these risks and consider potential mitigants.

Our approach to sourcing decisions will continue to include consideration of a range of factors, including current scientific understanding of our environmental impacts. Significant changes and/or newly identified significant threats may trigger a review of our sourcing decisions.

Enhancing our due diligence practices

In FY25, we commenced a review of our due diligence processes in relation to sourcing, establishing cross-functional workstreams on certifications and due diligence, as well as animal welfare.

Our initial focus has been on assessing our approach to product certifications for Coles Own Brand products. This includes the Coles Certification Framework Assessment and Responsible Sourcing Product Certifications and Internal Standards Policy. Additionally, a benchmarking and landscape analysis was undertaken across several comparable domestic and global companies to inform our approach.

As part of this work, we will consider a range of appropriate guidelines and frameworks to build on our due diligence approach such as the Conservation Alliance for Seafood Solutions Guidance for Companies (Guidance), noting that elements of Coles' existing Own Brand Responsibly Sourced Seafood Program already align with a number of the principles and recommendations in the Guidance (more information available at **Nature | Coles Group** and **Human Rights | Coles Group**).

We see these activities as part of our continual improvement process, with progress overseen at the highest levels of the organisation through our established sustainability governance pathways (see page 9 for our approach to sustainability governance).

1. Under the Coles Responsibly Sourced Seafood Program, Australian- and New Zealand-farmed bivalves are deemed responsibly sourced due to the low environmental impact of mollusc aquaculture and are not required to be certified to a third-party standard. — 2. Customers may continue to see some Coles Own Brand canned tuna without MSC certification on shelf, as the updated product flows through the store network. — 3. This limited review was based on publicly available information from the Federal Government's EPBC threatened fauna list (available at www.dcceew.gov.au) as at October 2024. — 4. See Conservation Advice for the Maugean Skate. — 5. See Conservation Management Plan for the Southern Right Whale.

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SPOTLIGHT

Our approach to sourcing farmed salmon in Macquarie Harbour

Coles takes seriously the concerns of stakeholders in relation to the impact of aquaculture on the endangered Maugean skate (the skate).

We acknowledge that salmon farming, combined with other issues including climate change, historical logging impacts, hydroelectric activities and the nature of tidal flows in Macquarie Harbour (the Harbour), are key factors contributing to lower dissolved oxygen levels, with low levels of dissolved oxygen considered the major threat to the skate.

We also recognise the importance of the aquaculture industry to the Tasmanian economy, and local communities more broadly, and are cognisant of the need to balance stakeholder concerns.

Coles sources salmon for its Own Brand products from each of the major salmon suppliers in Tasmania, alongside other supermarkets, food service companies and exporters. A portion of this salmon is sourced from the Harbour.

Salmon produced in the Harbour complies with Coles' Responsible Sourced Seafood Policy/Requirements and remains third party certified by the globally recognised Best Aquaculture Practices (BAP) and GLOBALG.A.P. schemes.

Coles has reduced the volume of salmon taken from the Harbour.

To ensure access to an ongoing supply of fresh salmon to meet our customer needs, our sourcing strategy means that throughout the year the percentage of salmon sourced from the Harbour may vary.

This year we trialled thawed back frozen salmon as an alternative product to fresh salmon. Whilst this trial is still underway, initial indications are that customers prefer fresh Australian salmon over frozen salmon.

Signs of improving conditions in the Harbour

Salmon farms in the Harbour operate under license from the Tasmanian Environment Protection Authority (EPA), and license renewals were granted in November 2023. These licenses have been subject to changes over time and have evolved to include biomass and catch volume limitations and, more recently, proactive oxygenation conditions.

Since 1993 the EPA has managed the Macquarie Harbour Monitoring Program, with a consolidated monitoring program for the entire Harbour implemented in September 2023. The purpose of this program is to provide water quality information and includes a range of key information points including monitoring for dissolved oxygen at key locations across the Harbour.[1]

In September 2024 the EPA published a report showing that dissolved oxygen levels in the Harbour had reached their highest levels in a decade.

Further, in February 2025, the Institute for Marine and Antarctic Studies (IMAS) released a report showing skate numbers have increased for a second consecutive year, and in 2024 was similar to the baseline measurement in 2014.

While these signs are encouraging, Coles acknowledges the need for continued monitoring and research. As such, Coles is keeping abreast of the captive breeding and Harbour Monitoring programs as part of our commitment to understanding the latest science to guide our procurement and sourcing approach.

Coles' engagement with stakeholders

Coles has been monitoring, and engaging with a range of stakeholders, on this issue since 2019, when the skate population experienced a serious decline due to oxygen depletion in the deeper waters of the Harbour. Since that time, we have continued to meet and engage with multiple stakeholders on this issue.

In FY25 this included:

- certification bodies (Best Aquaculture Practices and GLOBALG.A.P.) to understand how the evolving science and regulatory landscape may influence adjustments to and/or application of their standards in the Harbour context
- industry peak body, Salmon Tasmania, to understand industry positions more deeply, independent of our individual supplier relationships
- academia (including IMAS) to discuss new research and interrogate commentaries of the data from external stakeholders
- NGOs and investors (including Australian Marine Conservation Society, Living Oceans Society and Sustainable Investment Exchange) to discuss their views and expectations of Coles as a retailer of salmon sourced from the Harbour
- government to better understand the political context and drivers, including social and economic impacts

We also are in regular contact with our three main salmon suppliers who operate in the Harbour.

Additionally, we note a changing policy and regulatory context, including an amendment to the EPBC Act earlier this year effectively ending a ministerial reassessment of a 2012 decision that allowed the expansion of salmon farming in the Harbour. We also acknowledge the delayed decision of the Threatened Species Scientific Committee as to whether the skate's conservation status should be 'uplisted' from 'endangered' to 'critically endangered' (delayed until at least October 2025).

1. Macquarie Harbour Monitoring Program | EPA Tasmania – 29/05/25 8:02am.

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Our actions to support no deforestation

Deforestation contributes to climate change and biodiversity loss and is a driver of embedded emissions within our supply chain. In FY25, Coles set a SBTi-validated FLAG sector emissions reductions target which also includes a no-deforestation commitment. The SBTi FLAG Guidance recommends a no deforestation commitment aligned with the Accountability Framework (AF) developed by the Accountability Framework initiative (AFi). Coles has developed its no deforestation objectives to be aligned with AFi definitions of what constitutes a forest and deforestation.

How we assess deforestation for in-scope products

For in-scope cocoa, palm oil, soy, and timber, pulp and paper products, Coles assesses the deforestation controls of third-party certifications and independent supply chain verification systems for alignment to AFi's definition of deforestation. For further details of the programs accepted by Coles see our 'Protecting Forests Statement' available at **Nature | Coles Group**.

In relation to beef, given the unique features of the Australian market, and following consultation with AFi, Coles has adopted the Australian National Forest Inventory (ANFI) definition of 'forest', as permitted under the AF which recognises that appropriate domestic categorisation of forests may be applied. For further detail see **Australia's forests and forestry glossary**.

Given the differences across various products and supply chains, there is significant complexity in understanding practices and implementing objectives in this area. For this reason, Coles is aiming to achieve no deforestation outcomes in an incremental approach. Our initial deforestation ambition is to achieve no deforestation across Coles Own Brand[1] primary deforestation-linked commodities no later than 31 December 2025[2] for the following products or supply chains[3]:

- **Beef: directly sourced beef used for Coles Own Brand products[4]**
- **Cocoa: Coles Own Brand confectionary chocolate blocks[5]**
- **Palm Oil: identified high risk and high volume Coles Own Brand food and drink products containing palm oil[6]**
- **Soy: soy used in feed for Coles Own Brand fresh chicken, turkey, farmed salmon and trout products[7]**
- **Timber: Coles Own Brand timber, pulp and paper products[8]**

Our efforts and progress to date towards our no deforestation ambition, as well as further information on the products within the scope of our initial ambition, are detailed in our 'Protecting Forests Statement', available at **Nature | Coles Group**.

With respect to cocoa, palm oil, soy and timber, pulp and paper, we are now in the implementation phase of our no deforestation ambition. This includes the launch of updated sourcing requirements and commencing conversion of target supply chains to certifications and programs that support no deforestation.

With respect to our directly sourced beef – noting more than 85% of Coles Own Brand beef is directly sourced - we recognise there are a number of industry-wide challenges relevant to the assessment of deforestation in the Australian beef supply chain.

These include:

- *definitional issues*: in relation to the meaning of 'forest' Coles will be aligning with the ANFI definition; and
- *traceability of cattle in the Australian beef supply chain*: as a retailer, Coles is currently unable to access the National Livestock Identification System database to enable tracing of cattle between place of birth and place of last consignment. This restricts our ability to trace cattle between properties and verify movements.

For this reason, Coles will initially trace no deforestation back to place of last consignment, acknowledging over time we intend to seek traceability from place of birth to processing. The place of last consignment is the last location of the animal (generally a farm or feedlot) prior to it being taken to an abattoir.[9]

Given the challenges outlined, we have focused our activities this year on seeking broader industry alignment on definitional issues, and on sector-wide collaboration on the development of a robust national verification and traceability system for beef. This has included direct engagement with industry organisations and NGOs.

We do not underestimate the significance of this issue for our beef producers, and we are committed to continuing to engage with them as we operationalise our no deforestation ambition.

In accordance with SBTi FLAG guidance, Coles will disclose further information on its progress with respect to all commodities in scope of our no deforestation ambition within six months of 31 December 2025.

1. Excludes Coles Own Brand products not sold in supermarkets, Goods Not for Resale (GNFR); Coles Own Brand pet food; and Exclusive Proprietary and Proprietary branded products. — 2. Some in scope products may result in a delayed transition time due to supply chain and operational challenges. — 3. SBTi FLAG Guidance states the most critical deforestation-linked commodities are beef, palm oil, soy, cocoa and timber & wood fibre. — 4. In-scope beef is all Coles Own Brand beef products produced solely from live cattle directly supplied to Coles from farm/feedlot. It excludes cattle purchased from saleyards and beef as an ingredient in all other Coles Own Brand products e.g. ready/convenience meals. We note more than 85% of Coles Own Brand beef is directly sourced. — 5. In-scope cocoa product are chocolate products containing high concentrations of cocoa, being Coles Brand confectionery chocolate blocks (excluding no added sugar chocolate, compound (cooking) chocolate, and boxed chocolates). Excludes all other cocoa products and ingredients due to supplier and sourcing constraints driven by global cocoa shortages. — 6. In scope products are Coles Own Brand food and drink products containing palm oil. 'High risk and high volume' has been determined as products that meet the following criteria i) were identified in the Rainforest Alliance deforestation risk assessment as high risk of deforestation ('high risk'); and ii) contribute to the top 33% of the total annual palm oil volume sold by Coles in CY24, where such volume is calculated as 'weight of palm in a product' multiplied by 'units sold in CY24' ('high volume'). Excludes Coles Own Brand non-food products, processing aids and releasing agents. — 7. In-scope products are Coles Brand fresh chicken, turkey, salmon and trout products, which are high volume users of soy used in livestock and aquaculture feed. Excludes soy in human food and drink, and all other animal species diets including layer hens (chickens). — 8. Excludes Coles Own Brand packaging, Timber, Pulp and Paper used as a component in food and drink products and Coles Own Brand products made from viscose, bamboo, rice, hemp, cellulose, rattan, bark, cork, osier, vegetable parchment or other plant-based fibre other than timber. — 9. The Property Identification Code declared on the cattle owner's Livestock Production Assurance National Vendor Declaration when supplying cattle to Coles for processing will be used to determine place of last consignment.

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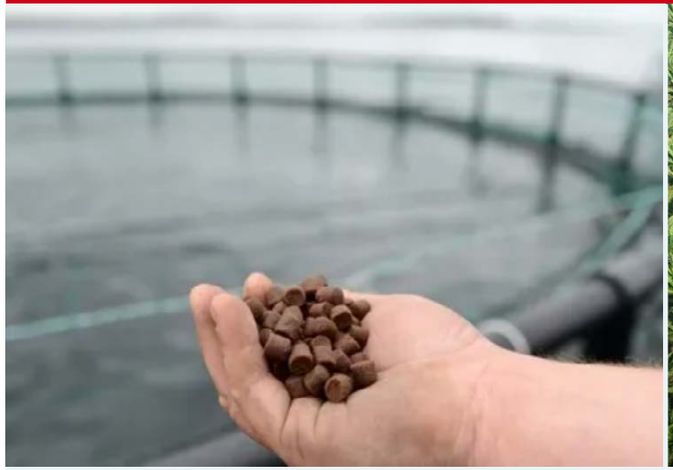
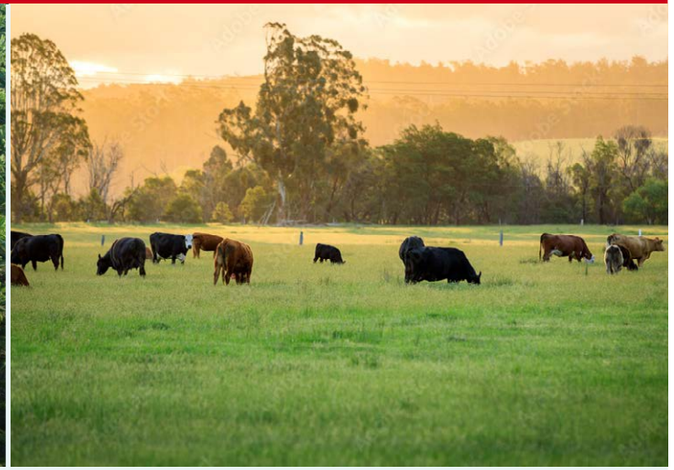
Insights into key activities undertaken in FY25 to progress our no deforestation ambition.





Collaborating with suppliers to trial new requirements

Coles collaborated with suppliers and industry partners to run trials of the new requirements for no deforestation sourcing of soy for livestock and aquaculture feed. This involved salmon suppliers Tassal and Sealord/Petuna, as well as feed suppliers Skretting and Biomar.

These collaborations enabled us to test the technological platform Coles will use to validate no deforestation data and claims for the soy that goes into our salmon supply chains (Authenticate IS).

Based on the insights gained through this work and industry consultation, we updated our Coles Own Brand requirements for sourcing no deforestation soy in May 2025.

Mapping our palm oil supply chain

We commenced a project with the Rainforest Alliance to map our palm oil supply chain in Own Brand, to inform a deforestation risk assessment within the supply chain including at plantation and mill level.

As part of this collaboration, we mapped the upstream palm supply chains from Own Brand product on shelf, back to palm mill, where possible.

We sought to identify key environmental, social and economic risks by performing several activities including a deforestation risk assessment via geospatial analysis as well as an on-plantation assessment of conditions.

The deforestation risk assessment enabled Coles to categorise supply chains into low, medium and high risk of deforestation. This is being used to drive deforestation risk action plans for the high risk and high-volume supply chains.

Industry insights from beef producers

Representatives from Coles' Livestock and Sustainability teams met with several Australian beef producers to discuss the topic of Coles' no deforestation ambition.

The aim of the informal session was to better understand the practical implications of Coles' ambition.

Discussions were focused on testing proposed deforestation-related definitions, working through the complexities with how to determine natural forest areas (as currently defined by the Accountability Framework) for the purpose of assessing whether deforestation has occurred, as well as learning first-hand about how our producers manage their land and view different forest types.

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Five Freedoms of animal welfare

1. Freedom from hunger and thirst
2. Freedom from discomfort
3. Freedom from pain, injury and disease
4. Freedom to express normal behaviour
5. Freedom from fear and distress.

1. For further information visit – What are the Five Freedoms of animal welfare? – RSPCA Knowledgebase.
2. For further information visit – What are the Five Domains of Animal Welfare? – RSPCA Knowledgebase.
3. Sourced from farms assessed against the Coles Duck Farming Standard.
4. The 5 R's and Antimicrobial Stewardship (AMS) Framework refers to responsibility, reduction, refinement, replacement and review of using antibiotics in animal production systems.

Animal welfare

Coles is committed to working with suppliers who adhere to animal welfare standards that meet the high expectations of both Coles, and our customers.

Coles' Animal Welfare Policy sets out our expectations regarding the treatment of animals in our global supply chains for Coles Own Brand products. This Policy is based on the Five Freedoms Framework to address the welfare of farmed animals by minimising negative experiences.[1]

Coles recognises animals are sentient beings. We acknowledge the Five Domains[2] as a model to assist in informing our Policy, with the objective of enabling animals to lead a 'life worth living' within productive livestock systems.

Coles delivers several Own Brand products with higher animal welfare standards, including:

- All Coles Own Brand fresh beef with no added hormones
- All Coles Own Brand shell eggs cage-free
- All Coles Own Brand fresh pork, ham and bacon sow stall free and produced without artificial growth promotants
- Coles Own Brand fresh whole duck farmed responsibly[3]

RSPCA Approved

Coles offers customers the broadest range of RSPCA Approved products of any national retailer.

Coles Own Brand products source barn raised and free-range chicken; barn raised and free-range turkey; and free-range pork, all sourced from farms that are assessed and certified to the RSPCA Approved Standards.

At the end of FY25 we had 316 products with RSPCA Approved ingredients.

- Coles Own Brand fresh RSPCA Approved turkey and fresh free-range RSPCA Approved turkey
- Coles Own Brand fresh free range RSPCA Approved pork
- Coles Own Brand fresh RSPCA Approved chicken and fresh free-range RSPCA Approved chicken

During FY25, we completed 47 audits at Coles' supplier sites which included validation of animal welfare within the supply chain and at slaughter. This included confirmation of sourcing animals raised to higher-welfare programs such as the RSPCA Approved standards as well as assessments of animal handling and welfare at abattoirs. Where concerns are raised, we engage directly with these sites to identify the issues and improve animal welfare outcomes.

Antibiotics

We believe in the responsible use of antibiotics in agriculture, taking into consideration both animal and human health.

We follow the guidance of the 5 Rs and Antimicrobial Stewardship (AMS) Framework,[4] as detailed by the Animal Health Australia report on Antimicrobial Stewardship in Australian Livestock Industries.

Since 2014, Coles has worked on supplier programs that incorporate herd health plans, biosecurity measures and alternatives such as probiotics and vaccinations to reduce the need for antibiotic treatment. Our program does not allow the use of antibiotics for growth promotion outcomes.

Coles Farm Program

The Coles Farm Program applies to suppliers of Coles Own Brand cage-free shell eggs, GRAZE® Grass Fed beef and GRAZE® Grass Fed lamb, and our dairy direct sourcing model.

Under the program, farmers are required to meet strict requirements in animal husbandry and adhere to relevant standards, such as the Grass fed Production Requirements, GRAZE® Lamb Production and Claims Requirements, the Egg Standards Australia Level 3 standard or Milk Purchase Agreements.

We have 602 suppliers on the program which consists of our 51 Coles Own Brand cage-free shell egg producers, 442 GRAZE® grass fed beef and lamb producers, and 109 dairy direct sourcing model producers.

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GRAZE® Grass Fed Beef and Lamb

Our GRAZE® Grass Fed Beef and Lamb products are sourced from livestock that are selected to high standards set by Coles covering feed, water, traceability, animal welfare and handling aspects.

GRAZE® Grass Fed Beef cattle are free to roam on pastures and have no added hormones. GRAZE® Grass Fed Lamb is sourced from across Australia, and lambs are free to roam on pasture and raised without the use of antibiotics.

Coles GRAZE® Beef and Lamb producers self-reported the following in FY25:

276
producers have a conservation plan for their property

221
have a tree planting program & planted 482,841 trees

204
are monitoring and/or managing on-farm biodiversity

334
soil test their paddocks

212
have a renewable energy system.

Cage-free eggs

Coles was the first major Australian supermarket to transition all Coles Own Brand shell eggs to cage-free in 2013, a commitment that remains unchanged today.

Due to the significant impact of recent Avian influenza outbreaks in Victoria, we have made the decision to pause the transition to cage-free for branded (proprietary) shell eggs. This step is necessary to help stabilise national egg supply for our customers who consistently tell us egg availability is important to them.

We take the welfare of animals very seriously and are committed to maintaining more than 85%[1] cage-free branded shell eggs and achieving our exit of caged eggs in the long-term. We have decided to extend the cage-free target deadline for branded shell eggs to 2030, which will still be ahead of the industry deadline of 2036. Coles Own Brand shell eggs will continue to remain 100% cage-free.

While we have made changes to the branded shell egg component of this commitment, we are very close to achieving the further goal of 100% cage-free eggs in Coles Own Brand ingredients, and we remain committed to achieving this target. Global and domestic production have been heavily impacted by Avian influenza outbreaks over the past several years and to ensure supply of product for customers, we may need to vary our sources of egg ingredients if there are further biosecurity and production impacts.

We also note there has been considerable growth of cage-free (barn) production in Australia with many caged facilities being refurbished to become cage-free systems. The availability of cage-free eggs will continue to grow and Coles aims to achieve 100% cage-free shell eggs earlier than the updated target date if production growth remains unimpeded.

Avian influenza

In mid-2024 and again in February 2025, avian influenza outbreaks occurred in poultry farms in parts of Australia, which impacted our supply of eggs (shell and ingredients).

In August 2024, Coles participated in the National Avian Influenza Summit, organised by the Australian Chicken Meat Federation (ACMF) and Australian Eggs. This brought together different participants of the poultry supply chain to engage in dialogue and discuss Avian influenza in Australia, including mitigation and biosecurity practices that can be implemented in the supply chain.

Following this, we updated our biosecurity requirements for Coles Own Brand egg farms and began exploring options to further support our egg suppliers with their farm biosecurity to mitigate the risk of avian influenza in the event of an outbreak.

We have continued to support impacted suppliers in Victoria, the ACT and NSW as egg supplies continue to improve.

1. Based on volume sold of eggs in supermarkets for last 4 weeks as at 30 June 2025.

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Supporting Australian producers

We are committed to building and maintaining strong, multi-generational, collaborative relationships with the farmers and producers supplying Coles.

Coles Supermarkets has an Australian-first Sourcing Policy to provide our customers with quality Australian-grown fresh produce whenever possible. There are limited situations where fresh produce cannot always be sourced from Australia, and we will continue to work closely with our growers to try and find solutions to supply challenges.[1]

In FY25, more than 97.5% of our fresh produce, by volume, was sourced from suppliers all over Australia.

Coles Nurture Fund

Since 2015, the Coles Nurture Fund has awarded more than $40 million in financial support to 119 small- and medium-sized Australian businesses to drive innovation and sustainability. Eligible businesses can apply for grants of up to $500,000 to help them develop innovative or sustainable processes, technologies and products.

This financial year, Coles awarded $3.5 million in grants to support 11 new projects, including Fowles Wine, K&M Farming and Topsoil Organics.

More information on the Coles Nurture Fund and recipients can be found at **coles.com.au/nurturefund**

1. Coles may import fresh produce when produce is not available in Australia or supply is limited during parts of the year.

CASE STUDIES

Coles Nurture Fund

Pictured: Kent and Michelle Rochester with their sons at their farm in Manypeaks, WA.

Pictured: Dan and Lana Nicholson from Top Soil Organics in Forbes, NSW.

K&M Farming

Beef producers, Kent and Michelle Rochester were awarded a $245,000 grant to expand their eShepherd virtual fencing program.

The solar-powered, GPS-enabled livestock neckbands enable precise strip grazing to protect sensitive areas, boosts efficiency by reducing labour, muster costs, and improves safety. Notably, they allow Kent to manage the farm remotely.

K&M Farming Director Kent Rochester said the technology has been a game-changer on the farm. "As a wheelchair farmer myself, being able to manage cattle from an iPad without needing to build fences or be out in the field is huge. We can move the herd, control grazing and protect sensitive areas all while growing more beef with what we've got," he said.

Topsoil Organics

Topsoil Organics, in Forbes, NSW, was awarded a $500,000 grant to help transform organic waste into nutrient-rich compost, improving soil health and reducing landfill.

Their project will develop a compost bagging plant to process organic waste into soil enhancers for sale.

Topsoil Organics Director Dan Nicholson said the project would make high-quality compost more accessible to a broader customer base.

"It's a full-circle process — some farmers could grow food using compost made from that very waste, helping nourish the next crop. As a family-owned business, being able to make this level of impact thanks to the Coles Nurture Fund is such an honour."

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Supporting the Australian agricultural industry

Livestock

Coles' regionally based Livestock team works with over 2,500 beef and lamb suppliers nationwide to fulfill our livestock sourcing needs.

We recognise many farmers across Australia are currently facing serious seasonal challenges, with many affected by recent natural disasters such as floods and drought.

Our dedicated team invests time to understand each supplier's unique circumstances. Where possible, we offer support tailored to their situation, not only through direct engagement but also by providing insights regarding supply challenges, pricing and market confidence. This support reflects the realities of their business and the broader industry conditions, helping to strengthen their position in a challenging environment.

Dairy

We value the long-term relationships we have with over 100 dairy farms across Western Australia, South Australia, Victoria, Tasmania and NSW. They directly supply Coles with more than 500 million litres of milk annually so we can provide our customers Coles Own Brand fresh milk, as well as a range of Coles Own Brand cheeses.

One way we support our dairy farmers is through our direct sourcing model, offering farmers multi-year direct milk supply contracts with Coles. Through these direct relationships, dairy farmers are provided with price certainty via transparent farm-gate pricing, giving businesses the ability to plan ahead with greater confidence. This has been particularly important to our dairy farmers in South Eastern Australia, with the persisting drought creating challenging farming conditions in FY25.

Coles Sustainable Dairy Development Group

Coles' direct sourcing model provides dairy farmers with access to the Coles Sustainable Dairy Development Group (CSDDG), which was established to support dairy farmers with sustainability projects. All 109 dairy farms in Coles' direct sourcing model are part of the CSDDG.

In FY25, the CSDDG invested $2.5 million towards a range of initiatives supporting sustainable dairy farming projects, including $1.5 million via the Coles Dairy Farm Sustainability Accelerator Fund. The fund provided investment for projects including calf housing, solar energy infrastructure, improvements to waste and water management, and milking machine upgrades.

"The CSDDG is a vital part of our approach to driving sustainability. By bringing farmers together and fostering new ways of thinking, we're not just supporting individual farms – we're helping to build a more resilient dairy industry for the future," Coles General Manager Bakery, Dairy and Frozen, Brad Gorman said.

Coles Dairy Farmer Conference

In March 2025, Coles brought together more than 100 dairy farmers for the biennial Coles Dairy Farmers Conference in Melbourne. The conference theme was 'Great Lengths for Quality' and included two days of sharing industry insights and expertise in upcoming focus areas including biosecurity, animal welfare, farmer health and wellbeing, emissions baselining and greenhouse gas emission reductions.

CASE STUDY

Direct relationships building long-term security

Pictured: Adrian and Vickie Bond with their family at their property in Cooriemungle, VIC.

In FY25, we featured fourth-generation Victorian dairy farmer, Adrian Bond and his family, in our 'Great Lengths for Quality' campaign highlighting the efforts Coles and its suppliers go to, to deliver high-quality food.

Adrian has worked directly with Coles for three seasons and says, "Our budgets can vary due to seasonal conditions, so having prices set in stone is a game changer".

"We can set goals and balance our books as I already know what I'm getting now and next year. It takes a lot of stress out of the job – an outcome which I think many people in the industry were looking for. It's easier to plan for the future now we have the support from Coles."

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Great Barrier Reef Foundation partnership

We are three years into our 10-year, $10 million, partnership with the Great Barrier Reef Foundation (GBRF).

Great Barrier Reef Foundation

Protecting and restoring seagrass meadows

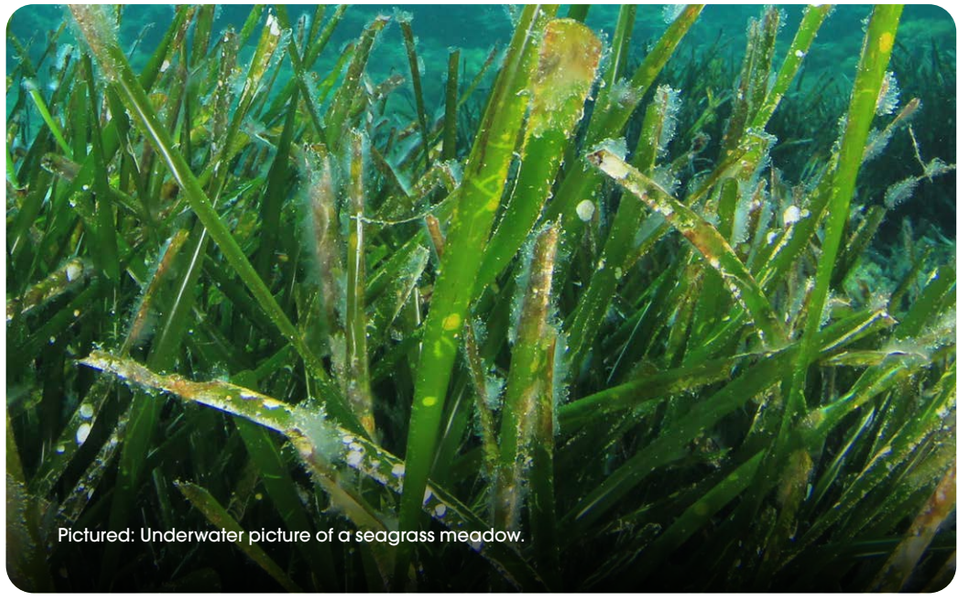
In November 2024, CQUniversity opened the world's largest purpose-built seagrass restoration nursery, SeaGrow, in Gladstone, Queensland, funded in part through Coles' partnership with GBRF. The seagrass grown in the nursery is replanted back on the Reef, providing both food and habitat for marine species, and helping to repair critical ecosystems while unlocking the Reef's potential to help mitigate the impacts of climate change. CQUniversity is working with Traditional Owners to deliver restoration activities and build capacity, integrating traditional ecological knowledge with scientific practices.

Restoring coastal wetlands

One of the first projects funded as part our partnership with GBRF aimed to reinstate a coastal wetland in a Great Barrier Reef catchment (by removing parts of a bund wall restricting tidal flow to the site) to capture carbon[1] (generating Australian carbon credit units) and deliver multiple ecosystem benefits. An assessment was undertaken to determine the full blue carbon potential of the site (currently used for grazing cattle in the freshwater wetland on the property), with the result being that it was not financially feasible for the landholder to progress to implementation. The lessons learned from the project have the potential to advance blue carbon projects on privately held land on the Great Barrier Reef.

Team engagement

We ran an internal competition for our Queensland supermarket team members to name an animal (green sea turtle, red tropic bird or manta ray) to be tagged and released back into its natural habitat on the Great Barrier Reef. The six winners had the chance to spend the day on Lady Elliot Island and visit the GBRF offices in Brisbane to learn more about our partnership. The tagged animals are gradually being released and are tracked by scientists using satellite data to examine behaviour and movement patterns to aid their understanding of how to support these animals' habitats.



Pictured: Underwater picture of a seagrass meadow.

Pictured: In December 2024, Coles Liquor partnered with supplier, Lion, to develop and launch an exclusive, limited-edition 'XXXX Tropical' beer – with Lion donating $100,000 from sales of 'XXXX Tropical' in Coles Liquor stores and online to the GBRF, to help restore seagrass meadows that fish, turtles and dugongs call home.

1. Blue carbon is the carbon stored in the plants and soils of marine and coastal ecosystems, such as kelp forests, mangroves, tidal marshes and seagrasses. The Clean Energy Regulator's Tidal Restoration of Blue Carbon Ecosystems method allows for the generation of Australian carbon credit units (ACCUs) by reintroducing tidal flows to an area of land through removing or modifying a tidal barrier such as a sea wall, bund or tidal gate. Projects can claim ACCUs for: the carbon stored in the soil and the above and below-ground vegetation; and for the reduction in emissions due to the saltwater, rather than freshwater, conditions.

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Circularity

Our impact

88.0%
of total solid waste diverted from landfill

Removed
>600 million
pieces of conventional plastic from our Coles Own Brand packaging since 2021

19,655 tonnes
unsold, edible food donated to SecondBite and Foodbank

Pictured: Coles and Cleanaway team members at the Edinburgh Parks Distribution Centre in South Australia.

CASE STUDY
Edinburgh Parks Distribution Centre leading the charge on waste diversion

The Edinburgh Parks Distribution Centre in South Australia achieved improvements in diversion of waste (more than 1,550 tonnes) from landfill.

The site focused on diverting waste through a dry waste stream, eliminating landfill bins, and separating materials for optimal recovery and recycling. Critical to this success is Coles' partnership with Cleanaway and ResourceCo, who collected and processed waste into process engineered fuel (PEF), an alternative fuel source.

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Circularity

We are focused on reducing waste across our value chain, in collaboration with our industry partners, suppliers, producers and customers, to help support the transition to a more circular economy.

Waste

In FY21, we set ourselves a target to increase the amount of total solid waste[1] diverted from landfill to 85% by FY25. **We have achieved our target**, reaching 88.0%. Looking ahead to FY26–FY30, we will seek to maintain greater than 85% diversion of solid waste from landfill.

Reducing waste to landfill

We have established resource recovery programs in place across our stores, distribution centres and manufacturing facilities to maximise recycling and divert waste from landfill, including cardboard, clear pallet wrap and commingle.

Once collected by our recycling partners these materials are turned into new products, such as new cardboard and recycled plastics. Our resource recovery options differ in each state and suburb, according to what recycling infrastructure is available in that area.

We are also focused on expanding and increasing resource recovery options, and during the year we delivered several additional reduction initiatives. These included a national e-waste recycling service for Coles' operational waste across all stores, and expansion of food waste recycling to provide a packaged organics service[2] to six stores covering the Mackay region in Queensland.

Waste contributes to Coles' total emissions footprint, and we view our waste reduction activities in the context of our overall efforts to decarbonise and reduce our impact on the environment.

1. Excludes liquid waste except high-strength sludges (which contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers).
2. Food unable to be sold or donated, still within its primary packaging.

Pictured: A Cleanaway truck at Coles Botanic Ridge in Victoria.

Australia's Circular Economy Framework

In December 2024, the Australian Government's Department of Climate Change, Energy, the Environment and Water released Australia's Circular Economy Framework – which defines a circular economy for Australia and its benefits. Coles' circular economy approach aligns with the Framework's priorities for industry, food and agriculture, with linkages to what we do in packaging and food waste. We will continue to assess the Framework's other priority areas as they develop and look for further opportunities to explore how Coles aligns with the built environment and resources.

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Circularity continued

Reducing food waste

Together with our customers we are concerned about food waste – not only because of its impact on the environment, but also because food insecurity is prevalent in communities across Australia.

We are actively working to reduce food waste across our stores, distribution centres and manufacturing sites.

We have implemented a range of initiatives, such as food donation programs and waste diversion practices, to help us redirect surplus food to those who need it most. Our efforts help reduce emissions associated with food waste[1] and contribute to strengthening food security in Australia.

Coles' food waste hierarchy outlines a clear approach to managing surplus food and food waste. Since 2019, every Coles supermarket and distribution centre has had at least one food waste diversion solutions available.

Working with industry to reduce food waste

Coles is a signatory to the Australian Food Pact, and we are helping support Australia's National Food Waste strategy to halve the country's food loss and waste by 2030. We work closely with End Food Waste Australia to collate data providing insights on where food waste arises within our operations and to identify opportunities for reduction or diversion.

The cross-functional working group we created in FY24, continued to assist with the implementation of food waste reduction activities, including activities to reduce the creation of waste.

Coles attended the CIRCO Netherlands circular business design workshop organised by Planet Ark's Australian Circular Economy Hub. The workshop provided us an opportunity to explore the application of circular economy thinking to enhance food waste reduction strategies within Coles.

I'm Perfect fruit and vegetables

Our range of I'm Perfect fruit and vegetables celebrates produce that may be flawed in appearance but provides tasty quality at good value. It also helps ensure that a greater portion of crops grown is picked and used, helping to reduce food waste.

In FY25, approximately 21,000 tonnes of I'm Perfect fruit and vegetables were sold.

Coles food waste hierarchy

HIGHEST

PRIORITY

Food relief

The priority is to donate unsold, edible food to our partners SecondBite and Foodbank to help provide healthy and nutritious meals to people in need.

18,960 tonnes (equivalent to more than 37.9 million meals)[2] donated to SecondBite

695 tonnes (equivalent to more than 1.2 million meals)[3] donated to Foodbank

Farmer program

We donate to farmers, animal sanctuaries and zoos to support them with feed stock for their animals.

48,586 tonnes

Goodman Fielder bread return

Some of our surplus bread is used as a component in stock feed and pet food.

5,796 tonnes

Organic waste services

We aim to ensure any remaining inedible food is processed back into nutrient-rich compost.

29,205 tonnes

1. https://www.dcceew.gov.au/environment/protection/waste/food-waste, https://endfoodwaste.com.au/wp-content/uploads/2024/07/EFWA-Strategic-Business-2024-2030.pdf and Food loss and waste account for 8–10% of annual global greenhouse gas emissions; cost USD 1 trillion annually | UNFCCC.
2. SecondBite uses the conversion of total kilograms donated multiplied by two to determine equivalent meals.
3. Foodbank uses the conversion of total kilograms donated divided by 0.555 to determine equivalent meals.

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Product stewardship

Coles is committed to finding pathways for materials to be recycled and recirculated back into the economy for further use, supporting a shift towards a more circular economy.

Coles actively supports and participates in product stewardship initiatives that help reduce the end-of-life impacts of products sold in our stores.

Battery bins

Coles is an accredited participant of the Battery Stewardship Council Scheme, B-Cycle, launched in Australia in 2022.

We currently have 850 household battery recycling bins across our supermarket network to provide customers with a safe, convenient, and effective way to recycle batteries, reduce household waste and prevent potentially hazardous materials from entering landfills.

During FY25, 369 tonnes of used batteries were returned to Coles stores by customers. This is the equivalent of more than 15 million AA batteries.

In FY25, Coles was involved in consultations with B-Cycle to improve outcomes for battery collection and processing. Implementation of an updated scheme is scheduled for FY26.

1. Reverse Vending Machine sites, linked to Coles stores, are only available in Victoria, Tasmania, WA, NSW and Queensland.

Pictured: Reverse Vending Machine at Coles Glebe Hill Village in Tasmania.

Container Deposit Schemes

With Container Deposit Schemes (CDS) now available in all states and territories there are now 279 container return sites linked to Coles stores nationally. Consumers depositing containers at these locations can receive vouchers redeemable in Coles supermarkets.[1]

Since 2018, when Coles first started supporting the CDS

>2.1 billion

containers have been diverted from landfill through Coles-linked sites.

In FY25, at the Coles-linked sites nationally

>560 million

containers deposited.

$340,000

in refund donations for registered charity and community organisations.

Packaging

Packaging plays a vital role in safeguarding products during transportation, preserving freshness, preventing contamination, and minimising food waste. However, when not managed responsibly, packaging can become an environmental pollutant, posing risks to ecosystems and wildlife.

Product packaging must therefore strike a balance between functionality, quality and safety, while also minimising negative environmental impacts.

Expanding and investing in Australia's recycling infrastructure is essential. Coles is committed to working collaboratively with industry partners and other stakeholders to support this growth and to explore innovative packaging solutions.

As a signatory to the Australian Packaging Covenant ('the Covenant') and a member of the Australian Packaging Covenant Organisation (APCO), Coles remains committed to supporting industry towards the National Packaging Targets.

Coles' 'R³ Packaging Framework' provides a systematic approach across our business to help drive continuous progress against the Coles Own Brand and Coles Liquor Own Brand packaging targets as outlined on page 59.

Currently the Framework is based on:

- **Redesign:** Reducing unnecessary packaging and removing non-recyclable components where possible.
- **Recycle:** Helping ensure our packaging is recycled as much as possible.
- **Reimagine:** Finding new ways to reuse materials.

SPOTLIGHT

Coles Liquor Own Brand packaging

Pictured: Coles Liquor Own Brand sparkling label 'Whispers' became the first sparkling product in the Own Brand portfolio to remove the aluminium polylaminate 'hood' from the bottle. This change results in a saving of 3,945 kg of aluminium removed from our packaging (based on FY24 sales).

In FY25, Coles Liquor continued to progress its packaging improvement program, completing a review of all Coles Liquor Own Brand products and identifying opportunities for reducing packaging weight, removing non-recyclable components, improving recyclability and increasing recycled content.

At end of FY25, 98.7% of Coles Liquor Own Brand primary packaging is recyclable, reusable or compostable.

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Circularity continued

In FY25, **key packaging achievements** included initiatives to:

Introduce recycled content

Through our targeted supplier engagement approach, we continue to explore opportunities to include recycled content across our packaging portfolio, build understanding around the nuances of including recycled content within packaging and drive improvements in packaging specification information.

+ We are working closely with suppliers to transition select Coles Own Brand oil bottles to include a minimum of 97% post-consumer recycled plastic, resulting in a **273 tonne reduction of virgin plastics annually**[1].

+ We have transitioned select Coles Own Brand pre-packed mushroom punnets to incorporate post-consumer recycled plastic, resulting in a **175 tonne reduction of virgin plastics annually.**[2]

1. Based on sales over a 52-week period until March 2025.
2. Based on unit sales over a 52-week period until October 2024.
3. Based on unit sales over a 52-week period until December 2024.
4. Based on sales over a 52-week period until July 2024.

Make it easier to recycle

We continue to focus on redesigning packaging, making it easier for our customers to recycle at home.

+ We have redesigned the donut bags used in our in-store bakery to be kerbside recyclable. By reducing the size of the plastic window to meet kerbside recyclability thresholds, we are avoiding approximately **147 tonnes of non-recyclable packaging annually**.[3]

+ We completed the national launch of Coles Own Brand loose grapes in kerbside-recyclable bags avoiding **more than 22 million single-use plastic bags annually**.[4]

+ We have transitioned Coles Own Brand Cherries Gift Pack from a non-recyclable box to a kerbside recyclable box. By changing the material of the plastic window to meet kerbside recyclability requirements, we avoid **5 tonnes of non-recyclable packaging annually**.[3]

More than 600 million pieces of conventional plastic removed since 2021

There are several factors driving these plastic removal initiatives at Coles, including the continuous progression of our R³ Packaging Framework, the development of new innovations and technologies, and meeting legislative requirements. Examples include:

36m
plastic induction seals from Coles Own Brand 2 L and 3 L milk bottles in SA, WA, TAS and QLD[5]

4m
plastic soaker pads across select Coles Own Brand Pork Scotch Fillet and Sizzle Steaks[6]

7.8m
plastic clips across select Coles Own Brand bakery products[7]

2m
plastic lidding films from select Coles Own Brand soups and sauces[3]

5. Based on unit sales over a 52-week period until November 2023.
6. Based on unit sales over a 52-week period until November 2024.
7. Based on unit sales over a 52-week period until June 2023.

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SPOTLIGHT

Fresh produce supply chain collaboration recognised for reuse packaging system

Together with our supply chain partner CHEP, Coles received the Reuse Award at the 2024 APCO Awards. The initiative, which saw the transition from non-recyclable waxed cardboard cartons used in the Fresh Lettuce category to CHEP Reusable Plastic Containers, recognises not only Coles and CHEP but our suppliers, Rugby Farm and Fresh Select (Aust) Pty Ltd.

Pictured: Students from Holland Park State School in Queensland with their Science and Sustainability teacher Cassie Walker are recipients of the Coles and Planet Ark Sustainable Schools Competition.

Coles and Planet Ark partnership

Coles has partnered with Planet Ark since 2023, working together on a range of waste reduction and recycling initiatives.

During FY25, we collaborated on several initiatives, including:

- The inaugural Coles and Planet Ark Sustainable Schools Competition where 20 schools from across Australia were recognised for their commitment to protecting the environment. Each school received $5,000 to drive sustainability initiatives at their school – from constructing a wheelchair-accessible edible garden, to a sewing club that combats fast fashion. Winners were announced during National Recycling Week of which Coles has been a major sponsor since 2022.
- A new pilot program 'Planet Ark and Coles School Tours', which commenced in April 2025 across three regions in Victoria, taking students for a 'behind the scenes' look through a supermarket and discussing in-store sustainability initiatives.
- Coles donated five cents from the sale of Coles Own Brand FSC® certified So Soft and Strong Tissues to help Planet Ark deliver programs such as National Tree Day, which supports nature restoration and community engagement across Australia.
- In-store and online messaging to encourage behaviour change and make sustainable choices simpler for our customers.

Soft plastics recycling

We recognise many customers want the ability to recycle their soft plastics. However, the lack of processing capacity, recycling infrastructure, and viable end markets has made this challenging.

In FY25, a new not-for-profit organisation, Soft Plastics Stewardship Australia (SPSA), was established. SPSA is leading the development of a voluntary, industry-led product stewardship scheme aimed at addressing the challenges of soft plastic recycling. The organisation is expected to introduce levies on brand owners and retailers to fund the collection and processing of soft plastics. The program is anticipated to include both in-store and kerbside collection initiatives.

The soft plastic collection trial continued during FY25 and provided a way to validate costs and processes for the new SPSA scheme.

Coles will continue to work collaboratively with, and through, SPSA on the delivery of a national soft plastics product stewardship program. In the interim, we remain committed to progressing the work of the Soft Plastics Taskforce to process the legacy issues of the REDcycle soft plastics stockpiles. Progress continues to be made to recycle the remaining stockpile, however, there are still challenges due to the limited availability of processing capacity. Stockpiles in NSW have now been processed, with the focus on completing those in Victoria and South Australia.

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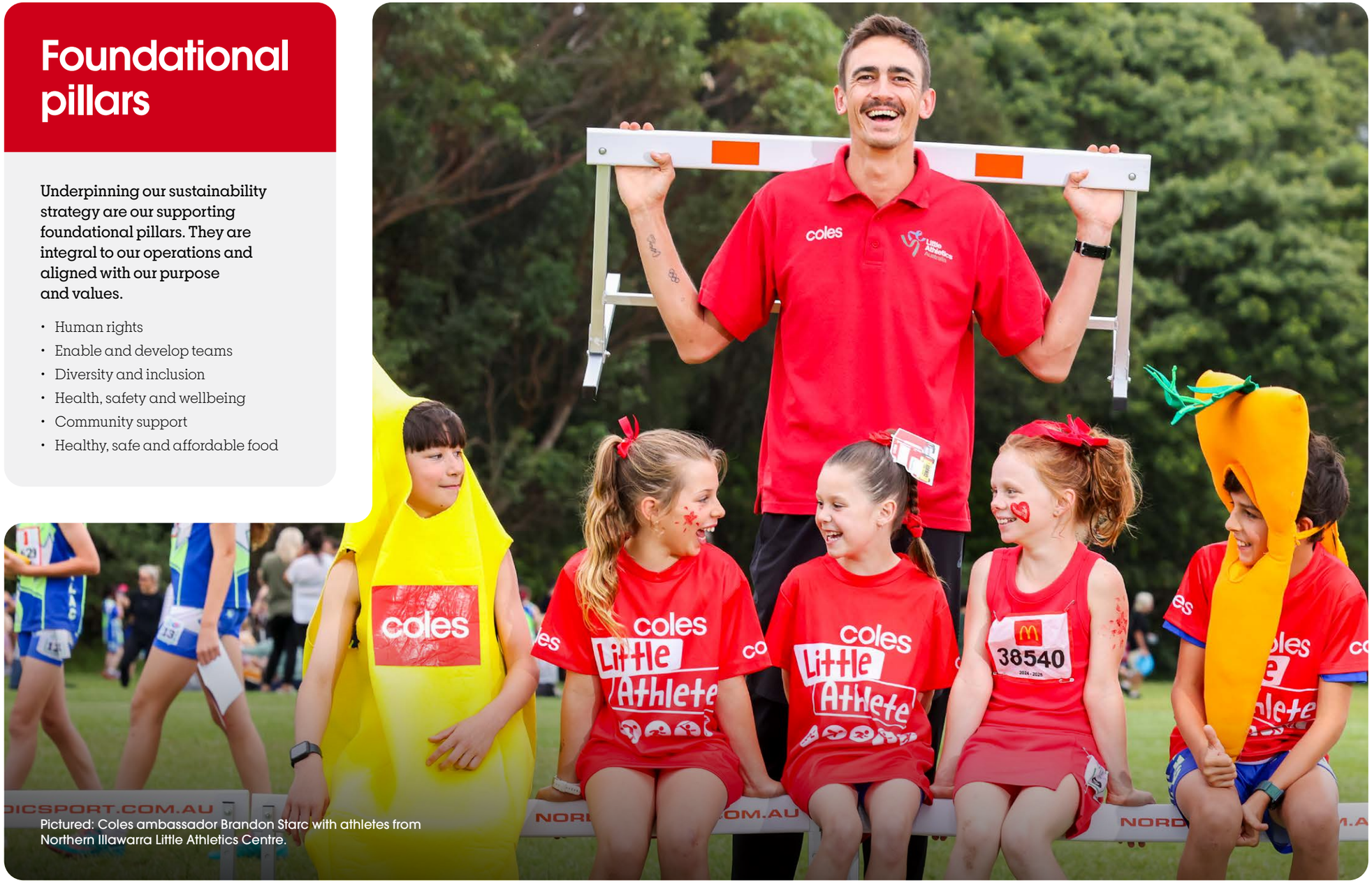
Foundational pillars

Underpinning our sustainability strategy are our supporting foundational pillars. They are integral to our operations and aligned with our purpose and values.

- Human rights
- Enable and develop teams
- Diversity and inclusion
- Health, safety and wellbeing
- Community support
- Healthy, safe and affordable food



Pictured: Coles ambassador Brandon Starc with athletes from Northern Illawarra Little Athletics Centre.

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Human rights

As a national retailer with a large store footprint and omnichannel presence, we recognise our operations can impact the daily lives of our team members, customers, suppliers, workers in our supply chain, and local communities. People are central to our business, and we are committed to transparency, accountability and continuous improvement in our human rights practices.

Our approach to human rights is guided by our values and our commitment to international standards including the United Nations Guiding Principles on Business and Human Rights (UNGPs).

We recognise human rights issues are complex and creating meaningful change requires a multi-stakeholder approach. We seek to engage with our team members, suppliers, government and non-government organisations to understand diverse perspectives, work to address our salient issues and adapt to a rapidly changing context.

More information on our Human Rights Strategy and our human rights salient issues can be found on our website **colesgroup.com.au**

Our salient human rights issues

During the refresh of our Human Rights Strategy in FY24, we identified our salient human rights issues, focusing on the areas where the most severe impacts on people may occur across our operations and value chain. This process, conducted in partnership with an external consultant, entailed research, detailed assessment, and stakeholder engagement, including consultation with affected stakeholders or their representatives. As a result, four strategic ambition areas were established in our Human Rights Strategy, focusing on our team members, our supply chain, our community and our customers, and strengthening core business processes.

Pictured: Coles team member Emily inspects products with Rheno Reinantha, New Product Development Manager at Coles supplier site Australian Pharmaceutical Manufacturers in Victoria.

Salient Issue	What it means to Coles
Appropriate work	Creating an environment where people are paid appropriately, have a secure form of employment and safe working conditions.
Equity and inclusion	Fostering a safe, inclusive and respectful environment, free from discrimination, to promote fundamental human rights and social equity.
Living wage	Understanding international living wage gaps to address disadvantage and exploitation, to enable workers to afford a decent standard of living to cover their basic needs.
Severe exploitation	Reducing the risk of severe labour exploitation in our supply chains and aiming to create an environment where our supply chain workers have appropriate pay, good working conditions and their rights are respected.
Consumer and community health	Promoting healthy living and community wellbeing through access to healthy and affordable food and through community support.
Climate social impact	Climate change can amplify impacts on human rights. We understand the interconnectedness of social, climate and environmental issues and the need for a transition that respects human rights and dignity.
Elevating First Nations	Providing platforms to elevate the voices of Aboriginal and Torres Strait Islander peoples on issues that disproportionately impact them and aligning our reconciliation efforts to closing the gap.
Grievance and remediation	Fostering safe and respectful workplaces, by providing access to trusted and accessible grievance mechanisms for our team members as well as workers in our supply chains to safely raise concerns and enable remediation.

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Progress against our Human Rights Strategy

Our Human Rights Strategy sets out eight targets across our four strategic ambition areas, each underpinned by action plans to support us to meet our targets by the end of FY27.

In FY25, we focused on progressing key activities to achieve our targets and demonstrate our ongoing commitment to embedding human rights across our operations and value chain. Key highlights are detailed in the following text and table.

Human rights training

To support our team members to understand the key principles of our Human Rights Strategy and how their roles are connected to it, we developed an online human rights training module, 'Human Rights Essentials'.

In FY25, the training was completed by the Board and Executive Leadership Team. In FY26, we will integrate the training into our Enterprise-Wide Learning system as a mandatory requirement for store support centre team members and distribution centres managers.

Living wage[1]

In FY25, we partnered with an external sustainability advisory group to commence developing our living wage framework for international high-risk sourcing countries.

Two supplier sites in Thailand were engaged for a pilot assessment – a canned seafood producer and a snack food manufacturer – to better understand the gap between the legal minimum wage and a living wage. A living wage calculation tool was shared with these suppliers to collect data on wages, compensation, benefits and workforce trends.

We recognise that our purchasing practices may have a potential impact on the conditions for workers in our supply chain including their wages. Alongside the living wage project, we also assessed our internal purchasing practices for selected merchandising categories against the Ethical Trade Initiative Common Framework for Responsible Purchasing Practices in Food.

This included consultation with internal buying teams and selected suppliers. Outcomes of the above assessments will guide our next steps and inform the development of our living wage framework and Coles' Responsible Purchasing Policy.

1. According to the International Labour Organisation (ILO), a living wage is the minimum income required for a worker to afford a decent standard of living for themselves and their families. See www.ilo.org/what-living-wage for more information.

Our targets due by the end of FY27	FY25 progress
Develop a living wage framework including an income adequacy assessment for high-risk countries	Commenced the development of our multi-year living wage framework, through piloting a living wage gap analysis for selected suppliers in Thailand.
Validate (ethical sourcing) program effectiveness by achieving 10% of audits in high-risk countries scheduled on an unannounced basis	Unannounced audits were conducted at four supplier sites in India and Pakistan covering grocery, pharmaceuticals and textiles. These sites represent 10% of in-scope suppliers that are providing goods to us from these two high-risk sourcing countries. Further audits in other high-risk countries are planned over the next two years.
Have 95% of role relevant team members and leadership complete privacy awareness training	98% of role-relevant team members and leadership completed the training.
Have 95% of role relevant team members and leadership (including Coles Board) complete human rights training	In FY25, Coles developed a new human rights training module, which was completed by the Board and Executive Leadership Team. This will be progressively rolled out to role-relevant team members throughout FY26 and FY27.

Progress on the four remaining targets of our Human Rights Strategy (outlined below) are detailed in the *Diversity and Inclusion* section on pages 46–47 and the *Climate* section on pages 14–15.

- Maintain pay parity and reduce the gender pay gap.
- Achieve Platinum Status in the Australian Workplace Equality Index (AWEI).
- Increase the number of First Nations team members in management and leadership roles to 3%.
- Reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% by the end of FY30 (from a FY20 baseline year).

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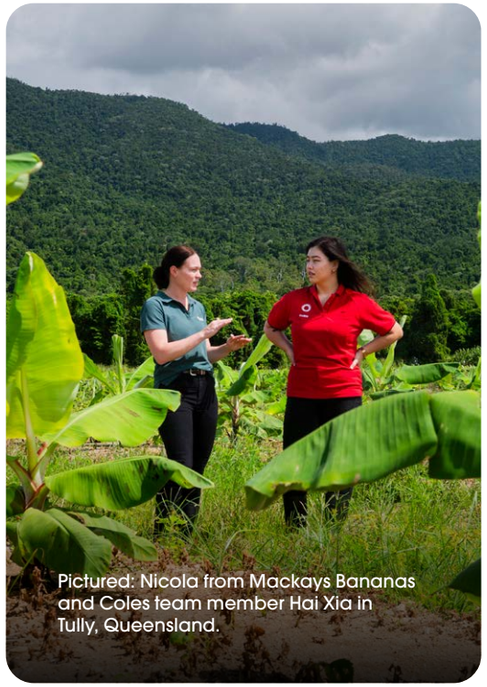
Ethical sourcing

Our Ethical Sourcing Program is designed to set, and guide suppliers to meet our expectations relating to human rights, encompassing labour standards, health and safety, bribery, corruption, and the environment.

For more information on our Ethical Sourcing Program and how we work with suppliers and stakeholders, visit **colesgroup.com.au** and our Modern Slavery Statement - to be released in September 2025.



Pictured: Nicola from Mackays Bananas and Coles team member Hai Xia in Tully, Queensland.

Our partnership with the Ethical Retail Supply Chain Accord (Accord)

Building on our partnership since 2019, we re-signed the Accord in 2025, with the Australian Workers' Union, the Transport Workers' Union and the Shop, Distributive and Allied Employees' Association.

The Accord aims to improve and protect the rights of workers in our Australian horticulture supply chain, regardless of workers' visa or employment status.

Together with our Accord partners, this year we:

- Published a minimum standard for accommodation provided to workers across our Australian supply chain, focusing on the horticulture and meat processing sectors. We will use the standard to understand the status of worker accommodation in our wider supply chain.
- Continued to facilitate education events for workers in South Australia (Renmark), NSW (Grafton) and Western Australia (Preston Beach), covering topics including labour rights, wages and deductions and grievance channels.

Grievance and remediation

In line with the United Nations Guiding Principles (UNGP), we are committed to providing an effective, accessible and confidential grievance mechanism to receive and manage human rights concerns within our operations and supply chain.

This year we investigated 17 human rights related grievances raised through our grievance mechanism channels. Types of complaints included those relating to underpayment, poor accommodation standards and recruitment (see our Modern Slavery Statement). This is in addition to the major and critical non-conformances closed through supplier ethical audits relating to health and safety, wages, working hours and other categories.

We also implemented updates to our grievance mechanisms including:

- Consolidating access to a single third-party grievance mechanism (STOPline) for all workers in our supply chain.
- Developed a poster with minimal text and more pictures to promote the grievance mechanism for workers with limited English proficiency.
- Developed a specific QR code for workers in our supply chain to raise grievances, offering multiple languages in a simplified form.

Assessing the effectiveness of our audit program

Our ethical audit program consists primarily of announced audits, where suppliers are notified in advance and have time to prepare for the assessment. To support with evaluating the effectiveness of our audit program (see table on page 41) unannounced audits were conducted in four sites in two high-risk sourcing countries.
The unannounced audits detected more non-conformances compared to the previous announced audits including an instance of unauthorised subcontracting.

We will continue conducting targeted, unannounced audits in high-risk countries over the next two years to help enhance our understanding of compliance trends, strengthen collaboration with suppliers and internal teams and drive continuous improvements.

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Enable and develop teams

Our goal is to make Coles a great place to work where team members can thrive and advance their careers.

We are committed to developing and enabling our team members, by equipping them with the tools and skills to perform in their roles, meet business priorities, and foster an inclusive culture. This approach drives great experiences for our customers, suppliers and team members.

Our culture and values

Our values drive how our team of more than 115,000 team members work together and show up, and they shape the culture we aspire to. They guide our decisions, and how we serve our customers and the communities we work in every day.

Our values, known as the 4Cs, represent the best of us today and inspire us to be better tomorrow. Our 4Cs are what makes us proudly Coles.

Since our 4C values were launched in 2023, we have continued to embed them across our four culture levers of leadership, behaviours, symbols and systems, including through:

- talent attraction, recruitment and onboarding
- team member engagement survey (*mysay*)
- recognition platform (*mythanks*)
- leadership programs
- communications and events
- Performance Framework.

We measured a baseline of team member alignment to our 4Cs values and behaviours by incorporating new questions into our November 2024 *mysay* pulse engagement survey; this was re-measured in the May 2025 *mysay* survey. Insights from these surveys enable us to identify further opportunities to embed our values across the business, showcase our values in action through team member stories and celebrate our culture.

Our values

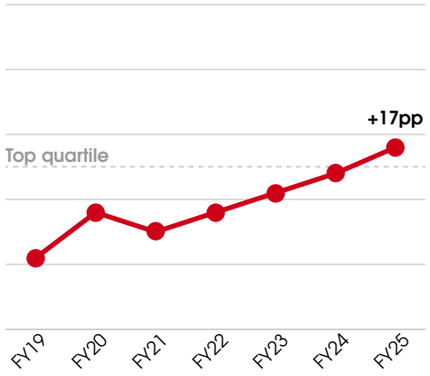
Engagement

Our *mysay* internal engagement survey is an important opportunity for our team members to share specific feedback on their experiences and challenges, which helps paint an overall picture of what it is like to work at Coles Group.

In our FY25 *mysay* (69% participation), we achieved our highest ever Coles Group team member engagement score (+4pp compared to FY24 and +17pp since FY19). Our engagement result places us at the top quartile relative to the Australian benchmark.[1]

Improvements were seen across our operations teams, including Supermarkets (+4pp), Liquor (+2pp) and Distribution Centres (+3pp).

Coles Group *mysay* engagement score vs benchmark[1]



Sustaining our high team member engagement is a priority for us. In FY25, we worked across the organisation to act on feedback and continue improving our team member experience, by delivering the following:

- Enhancing health and wellbeing support through our Employee Assistance Program, plus ongoing mental health training for Supermarket Department Managers and Liquor Store Managers.
- Working towards ensuring our store teams and customer fulfilment centres team members receive their desired hours.
- Celebrating team member career development through Careers Week that delivered events, masterclasses, and a refreshed suite of tools and resources.
- Investing in leadership capability through our Leading Teams program, a key leadership and commercial skills development program for frontline leaders.
- Improving the 'Successful Starts Induction' program across all business areas to support new team members from Day One.
- Improving the onboarding experience for new Supermarkets Department Managers via the introduction of the new Foundation Skills Program.
- Delivering quarterly 'Strategy Bites' and hybrid 'Retail Roundup' sessions hosted by the CEO and the ELT to share progress on the delivery of our strategy, insights from our customers, and new initiatives across the organisation.

1. Benchmarked by Culture Amp against Australian companies with more than 5,000 team members. The top quartile benchmarks cover the period January – December 2024.

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Enable and develop teams continued

Recognition

Coles has a strong culture of recognition that supports our team members to feel seen and valued. Recognition strengthens our team member connections and positively impacts their overall belonging and engagement.

Our *mythanks* digital recognition platform is a place where team members can send messages – linked to our 4C values – of appreciation to each other. During key campaigns such as safety week and wellbeing week, the *mythanks* platform spotlights the importance of these initiatives through meaningful recognition and competitions.

>3 million

Recognitions have been received by team members since the *mythanks* platform was launched three years ago

94%

of our team members have activated a profile on the platform

>$7 million

worth of points were awarded to team members to redeem in the *mythanks* online shop in FY25

Leadership

At Coles, we have made a strategic investment in the upskilling of our leaders to equip them with the skills, mindsets and behaviours to inspire, coach and develop their teams. As part of our three-year FY25–FY27 Leadership Capability Delivery Roadmap, we are committed to rolling out learning programs against our prioritised career levels such as Store Manager and Department Manager populations.

In FY25, we prioritised the Store Manager population with the release of the Leading Teams program, which focuses on building capability in team performance, engagement, and inclusive leadership. With 78% of the targeted audience in progress or completed, we are on our way to achieving our goal of 90% of store managers being trained by June 2026.

In FY25, we piloted our Leading Work program, which is designed to build authentic connection, commercial acumen, and operational effectiveness for Department Managers. To date, 70% of a targeted population of 1,350 department managers are in progress or complete, with the remaining to be completed by the end of FY28. These leadership programs feature competency assessments which, over time, will allow us to track upskilling across core leadership competencies for the enterprise.

Development

All Coles salaried team members and store leaders participate in a structured performance review process. Performance is assessed against clear, strategically aligned objectives and demonstration of values-based behaviours on an annual basis. We also encourage continuous conversations throughout the year to discuss progress against goals and receive feedback on performance. Our performance management process is captured in real time using an online system.

In FY25, we strengthened our end-to-end development pathways from onboarding through to leadership with programs designed to help team members thrive within their first 18 months. This includes more than 20,700 team members' participation in on-the-job training to support their onboarding into the role.

To enable more targeted learning, in FY25 we conducted skill assessments for more than 580 Store Support Centre function roles. Insights have informed tailored development solutions in areas such as technology, where 7,300 hours of learning were completed in FY25.

Respect@Work

In line with our obligations under the *Sex Discrimination Act 1984* (Cth), Coles is committed to taking steps to proactively prevent sexual harassment, sex discrimination, and other harmful conduct across all parts of our business by team members, contractors, suppliers and customers.

Our Respect@Work program reflects our commitment to sustained cultural changes through strong governance, visible leadership and trusted systems for speaking up.

In FY25, we enhanced our Respect@Work framework by implementing quarterly reporting through a dedicated dashboard, audited our Respect@Work compliance, and embedded trauma-informed content into our safety training. We also established a specialised sexual harassment support service for complainants, respondents and witnesses and teams who regularly manage or respond to allegations of sexual misconduct. These measures help strengthen both our prevention efforts and our response capability.

We remain focused on embedding leadership accountability by integrating behavioural expectations into performance and capability frameworks, conducting annual maturity assessments, and building psychologically safe environments through leadership training and scenario-based learning.

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Diversity and inclusion

We want to be an organisation that is representative of the diversity of our customers and communities – a place where all our team members feel included, can grow their careers and thrive.

We continue to focus on creating an inclusive culture where all team members feel respected and valued, and we work hard to ensure Coles is a place where everyone feels they belong.

Our FY24–FY27 Diversity and Inclusion Strategy focuses on five areas including accessibility, cultural diversity, gender equity, pride and Indigenous engagement; and lays out 10 commitments. These commitments are designed to increase the diversity of our workforce and leadership; continue to build inclusive workplaces and stores; and amplify our impact through best practice external benchmarking, partnerships, community and supplier engagement.

Our diversity and inclusion commitments are periodically reviewed to ensure they reflect our current aspirations and remain aligned with our strategy. For FY26, we have modified two commitments. We will report next year against a refreshed commitment to allyship; an elevated inclusion focus to reflect our broader focus on showing support for the equity and inclusion of all.

Next year, we will also report against revised commitments in relation to Aboriginal and Torres Strait Islander peoples. The commitment will retain an absolute target of maintaining our Indigenous workforce population above 3.2% combined with a commitment to an authentic and culturally informed strategy to create meaningful leadership pathways for Indigenous team members.

Pictured: Coles team members Clem and Deniz at the Coles Customer Fulfilment Centre in Truganina, Victoria.

Accessibility

We continue to invest in supporting people with a disability as it is critical to building a diverse and inclusive workplace for our team members and ensuring a positive customer experience.

Our commitments	FY25 progress
Increase the engagement and workforce participation of team members with a disability	**71%** engagement score of team members[1] identifying as having a disability (+5pp from FY24). **7.7%** of our team members[1] identify as having a disability (+0.2pp from FY24).
Provide an improved accessible customer experience across online and in-store	**66/100** achieved in the FY24 Australian Disability Network's Index, which we use to measure customer experience. This is a biennial measurement cadence, with the next submission pending result in March 2026.

In February 2025, Coles completed the Career Pathways pilot, which included developing a mentorship program for 10 participating team members with disability, matching them with mentors from different parts and levels of leadership. This was supported with disability confidence training for mentors and peer-to-peer career development learning.

The insights and lessons from the pilot will be incorporated into how we support team members with disability more broadly in Coles.

In June 2025, we launched a Disability and Neurodivergence toolkit that provides information and guidance for understanding and supporting individuals with disabilities and neurodivergence. The toolkit was co-created with guidance from Australian Disability Network, Specialisterne, and internal consultation with leaders and also with team members with lived experience.

We have also conducted an independent review of our current workplace adjustments process and will use the insights to help improve our approach to create more consistent experiences for line managers and team members.

We continue to upskill team members through our disability learning module that builds confidence to serve our customers in an inclusive and respectful way. We provide training to our online customer care team to be more confident assisting customers with disability.

To build our digital accessibility capability, we developed an in-house eLearning course focused on building digital accessibility awareness and education for team members who create and distribute digital assets.

1. Based on results of our May 2025 *mysay* team member engagement survey (69% participation).

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Diversity and inclusion continued

Cultural diversity

Our priority continues to be raising awareness of different cultural groups, dates of significance and remove bias and barriers to career development.

More than a quarter of our team, and one in five leaders, identify as culturally diverse.[1] Engagement and inclusion scores of this self-identified 'culturally diverse' cohort track higher than the overall Group number.

Our commitments	FY25 progress
Increase the participation of under-represented culturally diverse team members in leadership roles	**20.7%** of our leaders[2] identify as culturally diverse (+0.5pp from FY24)

In FY25, we launched 'Count Me In', a team member self-identification campaign that helps us understand and capture in our human resources information system (*myhub*), the cultural background of our workforce. This data allows us to tailor our workplace strategies and initiatives and helps create a safer and more inclusive workplace for everyone.

1. Based on results of our May 2025 *mysay* team member engagement survey (69% participation).
2. 40/40/20 is 40% men, 40% women and 20% of any gender.
3. Leadership positions are comprised of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles.

Gender equity

We are working to build a diverse and inclusive working environment, and continue to take action to improve gender equity, representation as well as support of women across Coles.

For women in leadership roles, we provide targeted development through our 'Change Up' Program; for women in our talent pipeline, they can benefit from the Store Manager Accelerator Program which focuses on developing leaders in Operations; and for women in Technology, we offer 'Re-launcher', a dedicated program to support women re-enter the workforce after a period of extended leave.

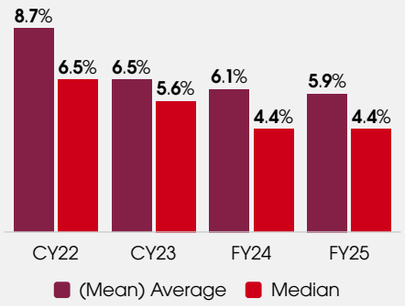
Our commitments	FY25 progress
Sustain 40/40/20[2] in our leadership population	**42.7%** of our leadership population[3] are women (+0.2pp from FY24)
Sustain 40/40/20[2] on the Board	**44.4%** of our Board are women (unchanged from FY24)
Maintain pay parity and reduce the gender pay gap	**<1%** Coles pay parity gap is maintained. As at the end of FY25, Coles had a mean gender pay gap of 5.9% and a median gender pay gap of 4.4% (0.2pp mean gender pay gap improvement from FY24).

Gender pay gap and pay parity

We report quarterly to our Executive Leadership Team on our pay parity gap and have governance processes in place to regularly review our gender pay gap. Where appropriate, we set targets (for example pay parity and representation of women in leadership roles) that support reducing our gender pay gap.

Our women in leadership targets are set at a functional level to ensure we maintain 40/40/20 gender representation in our leadership and at Board.

Gender pay gap



Our company-wide gender pay parity gap is less than 1%. That means the average earnings gap between men and women for doing the same or similar roles compared to other team members, expressed as a percentage of men's average earnings, is less than 1%.

We continue to take action to improve gender equity and support women across Coles through:

- **Introducing guaranteed minimum hours:** The implementation of the 2024 Retail Enterprise Agreement (EA) supports part-time team members who are now guaranteed minimum hours that provides a form of economic security to over 29,000 women who work part-time in our workforce.
- **Improving workplace flexibility:** Workplace flexibility for our EA-covered team members improves with the addition of new roster choices. These additional roster choices provide new work patterns for team members to select from, including the ability to work across multiple sites.
- **Supporting working families and carers:** We have expanded our 'immediate family' definition to be more inclusive. Where needed, this enables team members to provide additional care and support through their leave provisions. In July 2024, we commenced paying superannuation on unpaid parental leave.

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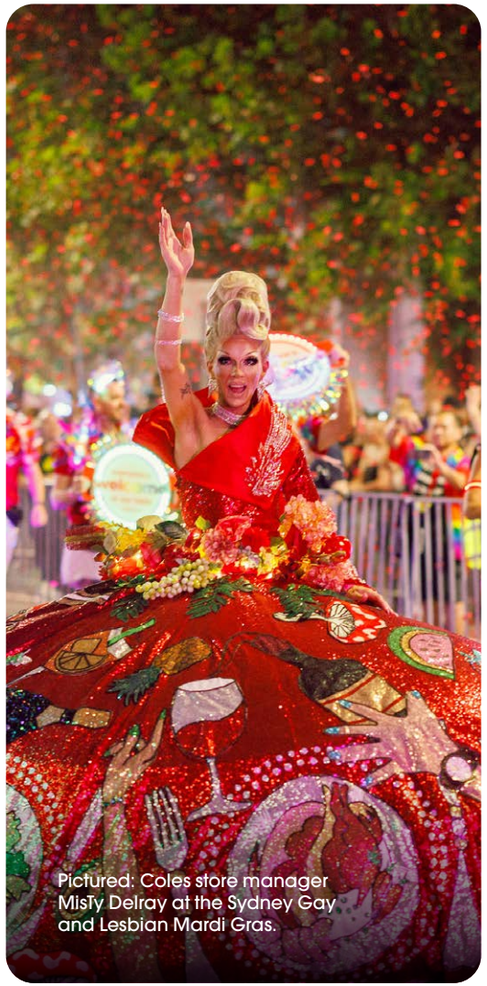

Pictured: Coles store manager MisTy Delray at the Sydney Gay and Lesbian Mardi Gras.

Pride

For the third year in a row, Coles was a Presenting Partner of the Sydney Gay and Lesbian Mardi Gras, demonstrating our commitment to create a safe and welcoming environment that supports positive mental health outcomes for LGBTQI+ people.

We have achieved an increase in inclusion (+5pp)[1] and engagement (+6pp)[1] for our LGBTQI+ team members.

9.6% (+1.1pp)[1], of our team members identify as being part of the LGBTQI+ community and are supported by our Pride Network.

In FY25, we focused on:

- continuing to grow our Pride@Coles Team Member Network and supporting regional LGBTQI+ communities through partnerships and activations including Newcastle Pride, Daylesford Chillout, and PrideFEST WA
- continuing our support and advocacy for LGBTQI+ participation in sport through our partnership with Pride Cup
- recognising days of significance such as Wear It Purple and Transgender Awareness Week
- expanding our allyship approach to be inclusive of all our diversity pillars, including embedding into training programs and creating a dedicated intranet support page
- creating a better experience for trans and gender diverse team members through system upgrades to allow for preferred name use and pronouns on name badges.

Our commitments	FY25 progress
Achieve Platinum Status in the AWEI (Australian Workplace Equality Index)	Coles Group was awarded Platinum employer status at the AWEI LGBTQ+ Inclusion awards.
Engage and educate our leaders so that they show increased active allyship[2] to our LGBTQI+ team members	47.4%[1] of our leaders[3] self-identify as allies to the LGBTQI+ community (-4.8pp from FY24).

Aboriginal and Torres Strait Islander peoples

We focus on providing opportunities for Aboriginal and Torres Strait Islander peoples, businesses, organisations, communities and customers to engage with Coles. A key part of this is our commitment to creating long-term and sustainable careers for Indigenous team members and providing career opportunities for aspiring Indigenous leaders.

Through hires and promotions, we appointed an additional 29 Indigenous team members into management and leadership positions and have 11 emerging Indigenous leaders currently enrolled in a Certificate IV in Retail Management with the Australian Retailers Association Retail Institute.

We work across each state and territory to provide pathways for Indigenous candidates, and our team works closely to identify opportunities for Indigenous employment and deliver dedicated recruitment programs to create culturally safe and inclusive recruitment and onboarding processes.

1. Based on results of our May 2025 *mysay* team member engagement survey (69% participation). — 2. We define an ally as 'a person who supports equality and inclusion'. — 3. Leadership positions are composed of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers, as well as liquor store managers, supermarket department managers (including duty managers, trading managers and store support managers), Coles Services team leaders and team managers and shift managers in our distribution centres.

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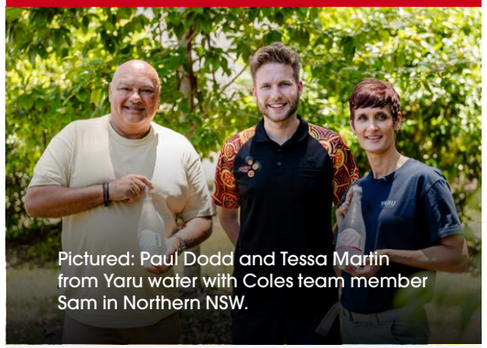
CASE STUDY
Yaru Water



Pictured: Paul Dodd and Tessa Martin from Yaru water with Coles team member Sam in Northern NSW.

Coles has worked with Yaru Water, Australia's first Indigenous majority-owned bottled water company, since 2012.

Yaru is sustainably sourced and bottled on Bundjalung Country, Australia's most easterly point in Northern NSW, an ancient volcanic valley with high subtropical rainfall from the untouched Pacific Ocean.

Building on the success of our 13-year partnership, as well as growing demand for the product, Yaru Water expanded its bottled water range to now include sparkling natural mineral water and flavoured sparkling waters into Coles supermarkets nationally.

As a social enterprise, Yaru Water supports projects that improve health outcomes in First Nations communities through its Yaru Foundation.

We also work to better understand and recognise Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights. In FY25, we progressed a range of initiatives, including delivering 40 virtual cultural awareness sessions and 18 classroom-based sessions to over 1,000 team members, as well as delivering online cultural learning bites to more than 24,000 team members.

Our commitments	FY25 progress
Build our Indigenous workforce population year on year beyond 3.2% and increase the number of Indigenous team members in management and leadership roles[1] to 3%.	**3.5%** of our team members[2] identify as Aboriginal or Torres Strait Islander (-0.1pp from FY24). **2.3%** of our team members in management and leadership roles are Indigenous (+0.2pp from FY24)

Reconciliation Action Plan

We are now in the second year of our Stretch Reconciliation Action Plan (RAP), which sets out our continuing reconciliation journey and vision to reflect the communities we serve by providing more opportunities for Aboriginal and Torres Strait Islander peoples, businesses, organisations, communities and customers to engage with our business. During the year, we continued to make progress in our three priority areas detailed in the table to the right.

RAP priority area	FY25 progress
Mutually beneficial and trusted relationships	We have continued to support the Indigenous communities in which we operate through financial and in-kind donations to Indigenous community partners across Australia including the National Centre of Indigenous Excellence, The Korin Gamadji Institute and The Arthur Beetson Foundation. Through our partnership with Deadly Choices (a preventative health program of the Institute for Urban Indigenous Health), we have supported community events across Queensland, empowering Aboriginal and Torres Strait Islander peoples to make healthy food choices.
Building our cultural knowledge and understanding	We delivered virtual and face-to-face cultural awareness training, across our business delivering 58 training sessions to more than 1,000 team members. We launched our first online cultural learning module in October 2024, included in our Enterprise-wide Required Learning for store support centre teams and new starters across our stores and sites, which has been completed by over 24,000 team members. We are proud Gold Sponsors of the National NAIDOC awards and support team members to attend NAIDOC Week events in their local area. During NAIDOC Week, Coles held events across our business to celebrate and share Aboriginal and Torres Strait Islander culture. 'One Mob' – Coles' First Nations Ally Network continued to grow, with more than 600 team members coming together to create a culturally safe space for both First Nations peoples and allies to work towards positive Indigenous outcomes at Coles.
Self-determination and economic advancement	We engaged with 80 Indigenous businesses, which is above our published RAP target of maintaining commercial relationships with over 60 Indigenous businesses each year. Through our membership with Supply Nation, we continue to connect with Indigenous businesses and create more pathways for them to work with Coles as well as build capability of internal teams to work with Aboriginal and Torres Strait Islander businesses.

Our Stretch 2024-2027 RAP is available on our website at **colesgroup.com.au**.

1. Leadership positions are composed of the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles. Management positions are all leadership roles as well as liquor store managers, supermarket department managers (including duty managers, trading managers and store support managers), Coles Services team leaders, customer fulfilment centre shift managers and department managers and team managers and shift managers in distribution centres. — 2. Based on results of our May 2025 *mysay* team member engagement survey (69% participation).

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Health, safety and wellbeing

At Coles, we are committed to providing a safe and healthy environment for our team, customers, suppliers, contractors, visitors and supply chain partners. Our organisational value of caring for each other is demonstrated by fostering a culture that supports physical and mental wellbeing.

Coles' safety strategy 'Safer Choices Together' has four key pillars that drive delivery of our Health, Safety and Wellbeing Plan. The Plan is focused on:

Safe sustainable leadership	All Coles team members have the capability to make safe decisions to contribute to a positive safety culture.
Smarter safety	Through data, technology, innovation and agile ways of working.
Healthy teams	An environment where injured team members are supported to return to work.
Mind your health	To create communities where 'we are seen, we are heard, and we matter'.

Our safety management system, SafetyCARE, supports the Plan and is integrated into Coles' group-wide operations. SafetyCARE provides a framework for identifying and managing risks and hazards to our team members and contractors.

Our progress

Safety Index

Coles' measurement of safety performance is through the Coles Group Safety Index, which comprises key lead and lag safety indicators applicable to all business units including Total Recordable Injury Frequency Rate (TRIFR).

In FY25, the Index achieved a 24% improvement on target, with strong results across Supermarkets which covers 85% of our team members. On a Group basis, the Index outcomes for hazard observations, mental health outcomes, safety training and serious incidents were all positive. In relation to the TRIFR component of the Index, the FY25 outcome was 14.7 (13.0 on an underlying basis excluding the two new CFCs which were not operational in FY24). This was an 8.9% increase on FY24 TRIFR (3.7% improvement on an underlying basis).

When FY25 safety targets were set, the baseline expectation for a Group TRIFR improvement was not changed in recognition of the commencement of operation of the two new CFCs. By not adjusting the TRIFR baseline, the new operations were held to the high safety expectations we have for our mature operations. A higher number of injuries were reported than anticipated across the first year of operations, largely as a result of minor muscular skeletal injuries occurring through manual handling tasks.

There has been a detailed response to the challenges experienced across the first year of operations aligned to our safety culture including a comprehensive plan in place to reduce injuries in the CFCs.

Safe sustainable leadership

Leadership is an essential part of how we create and maintain an effective safety and wellbeing culture throughout Coles. Our leaders are provided with regular safety performance updates and take part in management reviews to identify areas for action and improvement of our safety performance and culture. Monthly safety reporting is provided to the Board, the Audit and Risk Committee, the ELT and operational leadership teams.

Smarter safety

Coles' risk profile is reviewed quarterly. In FY25, 49 risk assessments and 202 safety system documents were updated to mitigate identified hazards and align controls with current operational requirements and legislation.

During the year, more than 715 project manager site safety audits and 250 independent construction audits were completed.

Our construction partners also attended bi-annual contractor safety forums, across each state, where Coles' safety expectations were reiterated and lessons from incidents were shared.

To target a reduction in critical risks, several safety initiatives were launched including:

- Handles were designed and installed onto 4,000 roll cages across 50 stores to reduce hand crush injuries.
- site-specific on-foot traffic management plans were delivered to all stores to assist in the identification of known car park hazards.
- Quarterly safety engagement sessions were conducted with 30 Supply Chain transport carriers to share learnings about critical risk controls and raise awareness of industry activities that promote safer outcomes for all road users.
- Automated Distribution Centres launched several critical risk campaigns to focus on enhanced machine guarding, secure and simplified machine lockout isolation processes and behavioural safety campaigns.

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Health, safety and wellbeing continued

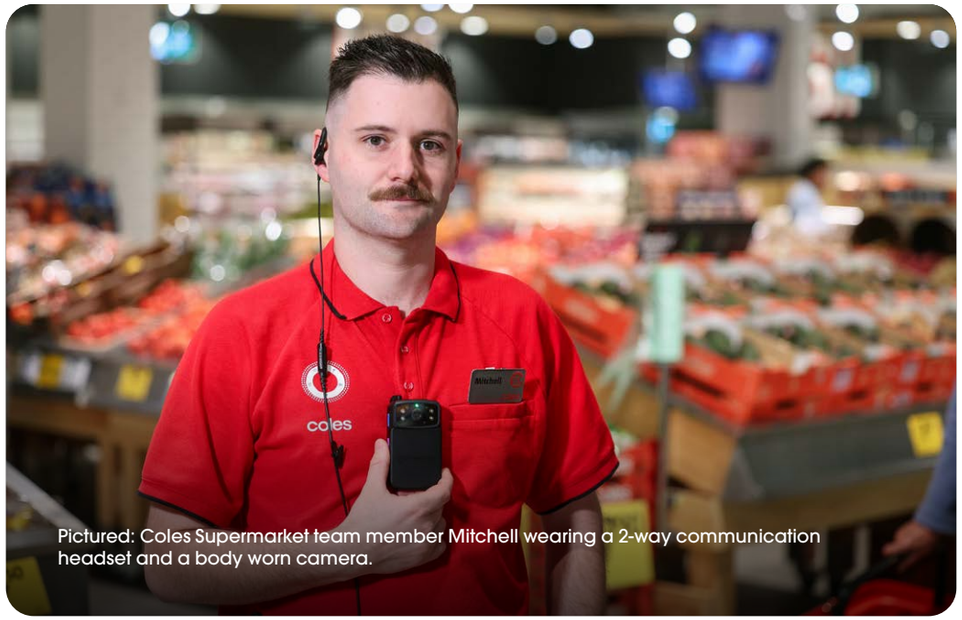
Managing threatening situations

In FY25, we continued to focus on threatening situations where team members are faced with customer aggression and violence. This included a program across retail sites to implement controls designed to mitigate risk, including enhancements to on-site security, body worn cameras, the rollout of duress devices and the delivery of face-to-face de-escalation training with 1,281 team members in stores that had been rated as high risk, and more than 61,500 team members completed online de-escalation training.

Within our stores and supply chain network, onsite counselling is made available to our team members to provide additional support with responding to high-risk situations and events affecting the community.

The framework for addressing and minimising the risks associated with threatening situations is based on three key pillars:

1. Prevention – Actions we take to assist in the prevention of threatening situations.
2. Protection – Assist the team to protect themselves and provide support when there is a threatening situation.
3. Care – Provide care for team members after they have been involved in a threatening situation.



Pictured: Coles Supermarket team member Mitchell wearing a 2-way communication headset and a body worn camera.

Healthy teams

All team members have early and prioritised access to a network of doctors and physiotherapists across Australia, as part of Coles' early intervention program.

Given the manual nature of work, onsite physiotherapists are also made available across our supply chain network and more than 200 retail sites to provide coaching, advice and treatment for musculoskeletal injuries.

Team members in 69 of our most remote stores, where prompt access to primary health care can be difficult, were also provided an opportunity to participate in a free and confidential onsite health check.

Mind your health

Coles is committed to supporting team members to lead healthier, happier lives. We recognise that it is important we continue to promote resources available to our team and their families to support their health and wellbeing.

The Mind Your Health program consists of three pillars that are focused on building awareness of the importance of mental wellbeing, reducing mental health stigma and equipping team members with skills to identify and respond to mental health concerns.

- I am Seen: I will seek help when I need it.
- I am Heard: I know how to have supportive conversations with my team.
- I Matter: I value looking after myself and my family.

During the year Coles launched a framework for creating a psychologically safe and healthy workplace that has three strategic goals:

1. Protect: Prevent psychological harm.
2. Promote: Promote positive mental health.
3. Respond: Support recovery.

Psychosocial risk training was also provided to leaders through our Enterprise-wide Learning programs with 95,000 team members and leaders completing this training.

In FY25, Coles' Health, Safety and Wellbeing Plan focused on building our mental wellbeing culture, with more than 1,200 department managers completing mental health training to create a mentally healthy workplace.

Coles' Mind Your Health portal is a centralised hub, offering team members numerous tools, information, and support services to enhance their wellbeing.

The portal also includes direct access to our free and confidential Employee Assistance Program (EAP). The EAP is accessible 24/7 for all our team members and their families and is also available to our suppliers.

88%
of our team members[1] indicated that their line manager genuinely cares about their mental wellbeing.

1. Based on results of our May 2025 *mysay* team member engagement survey (69% participation).

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Community support

Our impact

With the help of our team members, customers, and suppliers, in FY25, Coles contributed:

$40.2m
total community support[1]

$17.2m
value of direct contributions

$16.7m
fundraising via customer, team member and supplier contributions

$259k
value of team member volunteering time

$5.9m
management costs including team member time[2]

39.1m
equivalent meals donated to SecondBite and Foodbank (19.6m kgs)[3]

FY25 community highlights:

$8.4m	FIGHT MND. IT TAKES PEOPLE
$9.7m	SecondBite
$1.8m	Redkite
$2.1m	HOSPITALS UNITED FOR SICK KIDS

Pictured: SecondBite CEO Daniel Moorfield with Coles Ambassador chef Curtis Stone, ahead of the SecondBite Winter Appeal.

Aligned with our purpose of 'helping Australians eat and live better every day', we are committed to serving and supporting the Australian community.

Together with our team members, suppliers and customers, we seek to positively impact the communities in which we operate by promoting positive health outcomes and building resilience.

Each year we invest significantly via partnerships, fundraising, food donations, disaster relief, as well as financial assistance and in-kind donations to community partners.

For the fifth consecutive year, Coles placed #1 for our contribution to the community as a percentage of profit on a three-year rolling basis in the 2024 GivingLarge report from Strive Philanthropy.

Our position as one of Australia's top corporate givers is recognition of our team members, customers and our suppliers nationwide, who regularly support a range of local and national community organisations and initiatives.

1. Includes Coles' direct contributions (cash and products), time and management costs as well as fundraising from customers, suppliers and team members (leverage). In-kind donations to SecondBite and Foodbank, valued at $109.2m, are not included in this number. Coles' community support is aligned to the Business for Societal Impact (B4SI) Framework.
2. Management costs including team member time are hours spent across the business to execute community campaigns.
3. In addition to unsold edible food, these figures also include bulk food and grocery donations to SecondBite and Foodbank.

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Community support continued

CASE STUDY

Working together with suppliers to support sick children

Pictured: James and Ella enjoy Coles Mum's Jam, which helps raise funds for Australian charity Hospitals United for Sick Kids.

In February 2025, Coles kicked off a fundraising campaign for **Hospitals United for Sick Kids**, a national alliance of eight children's hospitals, foundations and paediatric services that funds vital equipment, positions and projects to support sick children and their families. With a 50-cent donation to Hospitals United for Sick Kids on more than 150 products (from brands such as Kellogg's, Arnott's, Swisse Wellness and Grinders® Coffee Roasters) sold at Coles over the campaign period, $1.3m was raised, an increase of $100,000 from the FY24 campaign. This, coupled with our year-round donations from the sale of our Mum's Sause and Mum's Jam products, delivered a $2.1m contribution to Hospitals United for Sick Kids in FY25.

The Common Good's (*an initiative of The Prince Charles Hospital Foundation*) CEO Steve Francia said: "Coles' fundraising efforts for Hospitals United for Sick Kids over the past five years has already made a huge impact in hospitals across Queensland, and with funds raised this year, we hope to assist an additional 2,000 children annually through the new Child Life Therapy program at the Caboolture Hospital."

Since 2019, Coles has raised and donated more than $10 million for Hospitals United for Sick Kids which has supported 77 paediatric projects across Australia, helping more than 437,000 children.

Our community engagement strategic pillars:

- Encourage healthier communities through partnerships and programs that strengthen local community initiatives.
- Help feed Australians in need through our food rescue partners.
- Support farmers, suppliers and sustainability initiatives through the Coles Nurture Fund – (see page 30 for further information) and environmental alliances.
- Impact through national disaster relief efforts.

A core part of our community engagement strategy is the work we do with our suppliers and customers on joint fundraising campaigns that collectively drive impact.

Over the last five years, charity donations from Coles and our suppliers, where a portion of the sale price on selected products is donated during a campaign, has more than doubled. In FY25, product related donations reached a combined total of $9.9 million. This would not be possible without our customers who buy these products to support our fundraising initiatives and our participating suppliers.

Pictured: Jan Daniher and Coles team member Deesh with FightMND's 'Big Freeze 11' beanies and socks. In FY25, $8.4m was raised for FightMND from the sale of beanies, socks and caps, as well as proceeds from the sale of select Coles brand pork, Aussie Pork farmers, Mondelez, Peters Ice Cream and Asahi Beverages products.

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Help feed Australians in need

Partnerships with SecondBite and Foodbank allow us to donate unsold, edible food – collected from our supermarkets and distribution centres, as well as from bulk donations – which is then used to create meals for people in need.

In FY25, we provided the equivalent of 37.9 million meals to SecondBite and 1.2 million meals to Foodbank. We also raised more than $3.1 million through our 2024 Christmas and Winter appeals to help SecondBite provide the equivalent of up to 15.6 million meals.

Coles has partnered with SecondBite since 2011, and over that time has donated the equivalent of 296 million meals, as well as the equivalent of 47 million meals to Foodbank since 2003.

2025 marked the 20th anniversary of SecondBite, a milestone Coles helped to celebrate by acknowledging its ongoing commitment to fighting food insecurity in Australia.

SecondBite co-founder Simone Carson said: "As we celebrate 20 years of impact, we are incredibly proud of the difference we've made together with our community partners, volunteers, and supporters. While there is still work to be done, this milestone is about expressing our gratitude and celebrating how far we've come and the lives we've been able to touch along the way."

In July 2024, Coles confirmed a new five-year funding agreement with SecondBite to extend the work we do to help feed people in need. To support with the delivery of the new agreement, a Food Board was established comprising of Coles and SecondBite representatives who meet on a quarterly basis to discuss and develop opportunities. The objective is to enhance the purpose of each organisation.

Supporting farmers, suppliers and sustainability initiatives

Recognising farmers at the Farmer of the Year awards

In February 2025, Australian agriculture was honoured and celebrated at The *Weekly Times* Coles 2024 Farmer of the Year Awards.

Recognised for their contribution to Australia's farming sector across horticulture, cropping, sheep, cattle, dairy and innovation, seven of the 18 finalists were Coles suppliers.

Through our partnership with The *Weekly Times*, Coles supports the Farmer of the Year Awards. Dairy farmers from South Australia, the Altmann family, were named The *Weekly Times* Coles 2024 Farmer of the Year.

In addition, two Coles suppliers, the Said family of Fresh Select and the Musolino family of T. Muso & Co also topped categories, winning Innovative Farmer of the Year and Horticulture Farmer of the Year, respectively.

Pictured: Horticulture Farmer of the year, Chris Musolino.

Celebrating our Horticulture Farmer of the Year

T. Muso & Co, a multi-generational horticulture (lettuce and brassica growers) business in South Australia, operates across 608 ha and grows more than 15.7 million vegetable seedlings annually, producing 150,000 lettuces, 100,000 broccoli, 50,000 cauliflowers, and 15,000 cabbages weekly.

Most produce is field-packed or packed on-site for rapid cooling and delivery. The Musolino's introduced their own nursery to ensure full control over seedling production and integrated hi-tech cooling systems to enhance shelf life.

They have also introduced value-added products like cauliflower rice to maximise crop utilisation.

The operation uses crop rotation, cover crops, solar pumps, biodegradable cartons, and integrated pest management to enhance environmental sustainability. Strategic irrigation from recycled, bore, and Murray water assists crop quality despite dry seasonal conditions.

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Care and courage through natural disasters

Throughout the year, parts of Australia were feeling the impact of multiple natural disasters including extreme weather in Far North Queensland in February, ex-tropical cyclone Alfred in parts of NSW and Queensland in March and severe floods in Mid North Coast NSW in May.

Pictured: Coles team member Marcia with supplies donated to a local community centre in Ingham, QLD after cyclone Alfred.

Far North Queensland

In February, mass flooding in Far North Queensland resulted in communities being cut off from essential supplies.

In Cairns, where major highways and rail connections were cut, many shelves at our stores were stripped bare. Our team worked hard to get stock onto emergency flights and even organised a barge from Townsville to Cairns to deliver food.

In Ingham, our supermarket was closed due to flooding, which also prevented one of our refrigerated trucks being able to deliver its load to the store. The Coles team was able to access the stranded truck and donate $100,000 (at cost-value to Coles) worth of refrigerated and freezer food, including deli goods, eggs, milk, drinks and desserts to local families.

Ex-tropical cyclone Alfred

In Southeast Queensland and Northern NSW, our team worked above and beyond to increase our order volumes to keep up with the demand from the community as they prepared for Cyclone Alfred.

We kept our stores open where it was safe to do so and worked closely with state and federal governments to determine the role we could continue to play in providing essential food and grocery products to affected communities.

The safety of our team and customers was our top priority in the reopening of our stores.

As the worst of the weather passed, our focus moved into the recovery for our stores – with our teams working to get our shelves restocked for the community. Coles donated $100,000 to Foodbank Australia during the cyclone to assist many people in impacted areas with access to essential food and grocery supplies. SecondBite also distributed hundreds of emergency hampers, containing food donated and packed by Coles team members.

Mid North Coast NSW

Across the Mid North Coast area of NSW, our team members and stores faced severe floods with many communities impacted.

Despite the circumstances, our team members once again showed incredible care and courage, coming together to go above and beyond to support their communities in this time of need.

Coles through our SecondBite partnership supported eight local SecondBite agencies directly donating $40,000 via gift cards or Coles Online credit to assist many people with access to essential food and groceries in these communities.

Through our Local Community Support Program, Coles stores in the area also donated items such as cleaning products, sanitary products, water, nappies and tinned food to local community groups and set up donation boxes where customers could also make contributions.

Volunteering

During FY25, Coles team members contributed more than 4,000 hours to community services through volunteering opportunities.

This year 183 Coles team members volunteered at the Magpie Nest, contributing over 1,000 hours to help prepare and serve meals to vulnerable Victorians.

"The Coles and Magpie Nest partnership is more than just corporate volunteering. It is about supporting a community organisation doing such vital work and helping to be a part of positively impacting the lives of people who need it most." Scott Nicholson, Coles Community Partnerships and Program Manager.

Pictured: Coles team member Lynette volunteering at the Magpie Nest.

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With less than five per cent of Australians consuming the recommended serves of vegetables as advised by the Australian Dietary Guidelines[1], we recognise the importance of making it easy and affordable for our customers to make healthy food and drink choices while shopping at Coles.

Our Nutrition, Health and Lifestyle Charter outlines our nutrition commitment to wellbeing. Read more about our Charter on our website at **colesgroup.com.au**.

As we look ahead, Coles continues to review recent advancements in health and nutrition in international markets, and we will continue to prioritise engagement with key stakeholders, suppliers and customers to evolve strategies to promote healthier lifestyles.

Healthier Own Brands

During the year we continued our efforts under the Australian Government's Health Star Rating (HSR) front-of pack labelling system, with 2,980 Coles Own Brand products displaying a HSR, making it easier for customers to identify healthier choices at point of sale. At the end of FY25, healthier products (HSR ≥ 3.5) contributed to 70% of Coles Own Brand sales (down 1% vs FY24).

1. Australian and New Zealand Journal of Public Health Volume 49 April 2025.
2. More information here: https://www.eatforhealth.gov.au/guidelines.
3. Source: WHO calls on countries to reduce sugars intake among adults and children.

We also continued our work towards meeting the Australian Government's Healthy Food Partnership[2] reformulation targets for salt (sodium), sugar and saturated fat for Coles Own Brand foods and beverages.

At the end of FY25, 84% of eligible Coles Own Brand products met their respective Healthy Food Partnership Wave 2 targets (for sodium and/or sugar), up 5% from FY24.

During the year we signed on with industry partner Be treatwise® and began rolling its logo onto our Own Brand confectionery range to promote the importance of balanced eating habits and responsible serving sizes of discretionary foods that provides important consumer information.

In FY25, we also introduced guidelines for our product development teams to encourage smaller serving sizes for discretionary Coles Own Brand products which are aligned to the Healthy Food Partnership Industry Guide to Voluntary Serving Size Reduction.

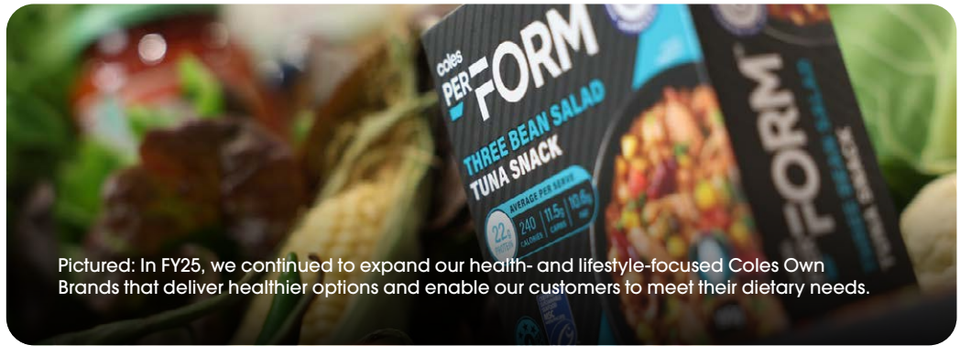
Improved nutritional reformulation of Coles Own Brand products

17 tonnes
less salt

206 tonnes
less sugar

412m
serves of fruits and vegetables

370m
serves of whole grains



Pictured: In FY25, we continued to expand our health- and lifestyle-focused Coles Own Brands that deliver healthier options and enable our customers to meet their dietary needs.

SPOTLIGHT
Reducing sugar in our Own Brand products

The World Health Organisation recommends that sugar makes up no more than 10% of a person's total dietary energy intake[3].

Therefore, to help improve the health of our customers, and support a lower sugar intake, we undertook a range of initiatives in FY25, including:

- removing 206 tonnes of sugar overall in our Own Brand range, including in soft drinks, juices and yoghurts. This equates to an average of:

15 g
removed from each soft drink

6 g
removed from each yoghurt

24 g
removed from each juice product

- launching new 'low sugar' products including Joyful baked and protein fudge bars, clusters and toasted muesli
- meeting seven out of the eight eligible sugar sub-categories at the conclusion of Wave 2 of the Healthy Food Partnership's Reformulation Program (2021–2025) that focused on reducing sodium and sugar
- providing our sugar policy to Coles Own Brand suppliers, outlining Coles' goal to minimising added and free sugars in formulated products, while still delivering high product quality and taste.

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Making healthy food more affordable

We want to make healthier options in our supermarkets more affordable for our customers.

In FY25, we focused our efforts in this area on increasing the value propositions available to our customers, including:

- personalised Flybuys offers on fresh specials were received by approximately 2.2 million members. These Flybuys members collectively earnt $14.6m in bonus value
- continuing to expand Coles' I'm Perfect range of fresh produce including spinach and potatoes to make eating fruit and vegetables more affordable
- offering Coles Plus members with 5x Flybuys bonus points for online purchases of fresh fruit and vegetables as part of Coles Plus Week. The promotion drove engagement with 71% of Coles Plus member orders.

1. https://pmc.ncbi.nlm.nih.gov/articles/PMC10935407/#B12-nutrients-16-00659.
2. Source: Australia: boost children's health with food and drink – Mintel.

Encouraging healthy lifestyles, and healthier choices for children

We want to encourage the next generation of Australians to eat and live better every day. Currently, around 40%[1] of children's energy intake is from discretionary food and only 4.3%[2] of Australian children consume the recommended daily serves of fruits and vegetables.

Free pieces of fruit are available for children when shopping with their families in 85% of Coles supermarkets, with 594,183kg of fruit (or $1.6m) provided in FY25.

Our national partnership with Little Athletics Australia, together with the Coles AFL Healthy Kicks and Football Australia's Coles MiniRoos program, seeks to help the youngest members of the community to stay fit, be active and make healthy choices.

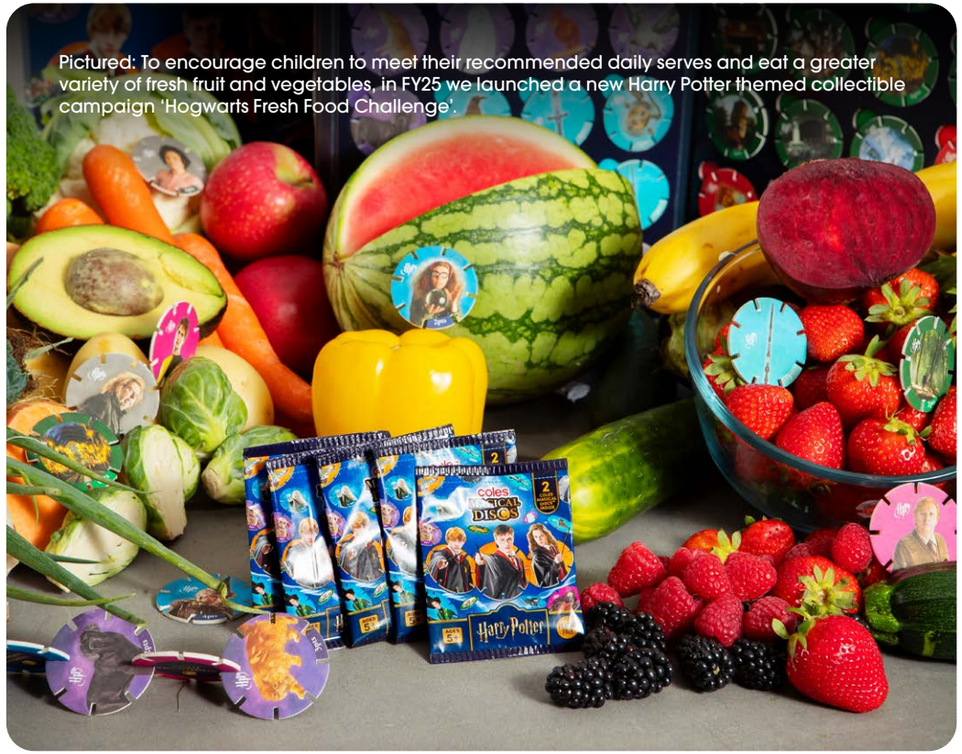
The Coles Little Athletics Community Fund continues to boost grassroots Little Athletics centres. In FY25, $150,000 in equipment grants was provided to fund a range of gear to support aspiring athletes and volunteers. Throughout the year, Coles also donated more than one million bananas to promote healthy eating among young athletes, while raising a further $150,000 through its 'Banana A-Peel' initiative.

The Coles Healthy Kicks program seeks to motivate children aged between 5 and 12 years to become more physically active, eat nutritious food and develop a healthy mind and body while having fun with others. In FY25, the program was delivered to 65,000 children across Australia.

Another way Coles seeks to promote nutritious options for children is through appropriate product packaging and responsible serving sizes of our Own Brand food and drinks.

Building on our work in FY24, we continued to bring Coles Own Brand products in line with our On-Pack Responsible Marking to Children Policy, removing cartoon characters on discretionary foods, decreasing their appeal to children.

Coles is a member of AANA (Australian Association of National Advertisers) and complies to codes including the AANA Food and Beverages Code and the Children's Advertising Code, which means our advertising (including sponsorships) of occasional food or beverages does not target children.



Pictured: To encourage children to meet their recommended daily serves and eat a greater variety of fresh fruit and vegetables, in FY25 we launched a new Harry Potter themed collectible campaign 'Hogwarts Fresh Food Challenge'.

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Supporting healthier choices through online channels

Customers are increasingly using digital channels for shopping and food inspiration. The Coles Magazine is Australia's most read print magazine[1], which presents an opportunity to link customers to our online platforms where we promote healthier food options. For example, our dietitian encourages healthier choices in the Healthier Living recipes, such as swapping sour cream for Greek yoghurt alongside other recommendations on seasonal healthy topics.

To support our online customers and make it easier for them to make healthier choices online, this year we:

- offered more than 380 Coles Healthier Living recipes on our website and online shopping app
- presented more than 4,200 recipes with at least one dietary or lifestyle attribute such as 'no added sugar' or 'vegan'
- regularly featured health content within Coles Magazine and in our Health & Beauty Magazine on topics such as healthy lunchbox ideas, probiotics and prebiotics, and healthy Own Brand product recommendations
- conducted a trial to showcase heathier (HSR ≥ 3.5) Coles Own Brand products on the Coles shopping website through amplification of the HSR logo
- made browsing for specific dietary needs easier, by creating a centralised shopping aisle including categories such as 'free from', vegan/vegetarian and sports nutrition.

1. https://www.roymorgan.com/readerships/australian-magazine-readership.

Plant-based innovation

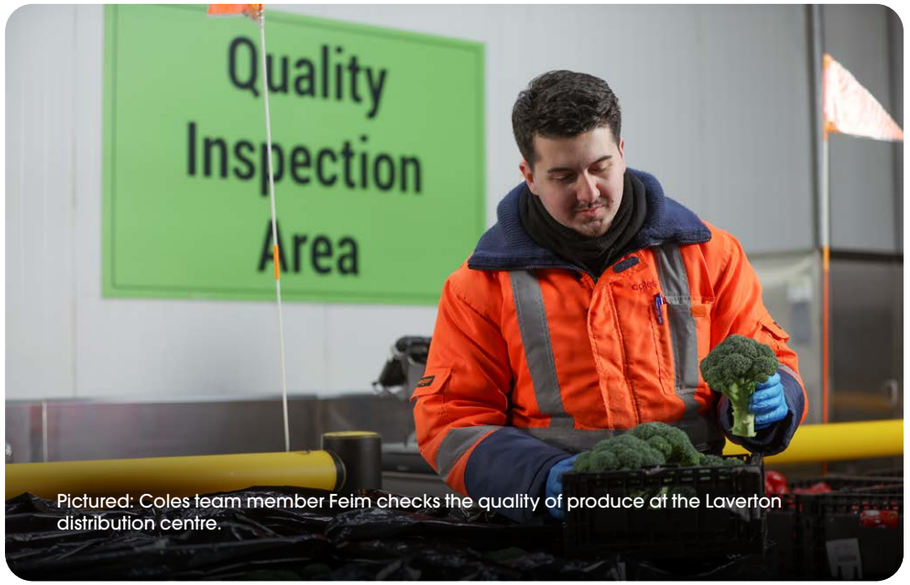
As our customers continue to seek vegan, vegetarian and flexitarian options, we have focused on expanding our Coles Nature's Kitchen plant-based range over the last four years to now include 43 products in multiple categories across the supermarket. This includes Nature's Kitchen chicken-style schnitzel and vegetable wellington.

This year we also featured 150 vegan or vegetarian recipes (excluding desserts and drinks) in the Coles Magazine, out of 544 recipes in FY25, which equates to almost a third meat-free recipe content promoted to our customers.

Responsible retailing of alcohol

In FY25, Coles Liquor ranged more than 150 low and zero-alcohol products in our stores, as part of our commitment to promoting healthier and safer consumption, and in recognition of changing customer preferences.

Additionally, we supported the 'Always respect, always DrinkWise' campaign in stores during the AFL Gather Round, NRL State of Origin, and AFL and NRL Finals.



Pictured: Coles team member Feim checks the quality of produce at the Laverton distribution centre.

Access to safe food and products

We promote a strong culture of food safety, where safety is prioritised at every stage in the supply chain and our operations.

This means we maintain rigorous supplier requirements, conduct an audit and inspection program across our supply chain, have robust in-store standards, and require compliance with recall and withdrawal conditions.

We also have a well-established supplier training and support program to help ensure the food we sell to our customers is safe and of high quality. In FY25, more than 19,590 hours of training were provided through classrooms, virtual webinars and online learning portals across Coles Quality Academy and in-store operations.

During FY25, two recalls occurred for Coles Own Brand products – chicken and salad sandwiches due to undeclared milk allergen, and bagged spinach lines due to potential microbial contamination. In response, we issued public communications and worked with regulators and suppliers to promptly mitigate any associated issues. There was one recall for a Coles Liquor Own Brand product in FY25, which was due to third-party contamination on the outer packaging.

More information on our product safety and quality is available on our website at **colesgroup.com.au**.

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"Our strategy isn't just about installing solar panels; it's about integrating flexibility into every aspect of our energy use."
Jane Mansfield, Coles' Head of Energy.

Pictured: Coles Head of Energy Jane Mansfield and Coles team member Nabin with the solar panels at the Coles Williamstown store in Victoria, installed as part of the partnership between Coles and Origin Zero.

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Summary of FY25 sustainability performance

Focus area	Targets and commitments	Performance	Progress as at end-FY25
Climate	Source 100% renewable electricity by the end of FY25.	100% renewable electricity[1] sourced for our operations.	Achieved and/or sustaining
	Reduce combined Scope 1 and 2 greenhouse gas emissions by more than 75% (FY20 baseline year) by the end of FY30.[2]	71.4%[3] emissions reduction from FY24 (81.3% emissions reduction from FY20 baseline year).	Achieved and/or sustaining
	Deliver net zero Scope 1 and 2 greenhouse gas emissions by 2050.	Our FY30 Scope 1 and 2 emissions reduction target has been validated by the Science Based Targets initiative (SBTi).	Progressing or partially achieved
	Scope 3 supplier engagement target: 75%[4] of suppliers, by spend, covering purchased goods and services, and upstream transportation and distribution, will have science-based emissions reduction targets by the end of FY27.	42.3% of suppliers have set Scope 1 and 2 science-based emissions reduction targets (up from 35.5% in FY24).	Progressing or partially achieved
Circularity	Divert 85% of the Group's solid waste[5] from landfill by the end of FY25.	88.0% of the Group's solid waste diverted from landfill (increase from 87.6% in FY24).	Achieved and/or sustaining
	Support industry to achieve 100% reusable, recyclable or compostable packaging[6] by 2025.	87.6% of Coles Own Brand and Coles Liquor Own Brand packaging[7] was recyclable (increase from 87.4% in FY24).	Off track/not achieved
	Support industry to achieve 70% of plastic packaging being recycled or composted in Australia by 2025, by applying the Australasian Recycling Label (ARL).	To help customers recycle, Coles added the ARL to packaging artwork across all Coles Own Brand products sold in Coles' supermarkets and Coles online. Customers may keep seeing some Coles Own Brand products without the ARL, as updated artwork flows through the store network.	Achieved and/or sustaining
	Support industry to achieve an average of 50% recycled content across all packaging, including an average of 25% recycled content in plastic packaging by 2025.	We continue to engage with our suppliers through our targeted supplier engagement approach to explore opportunities to incorporate recycled content across our Coles Own Brand packaging portfolio, with changes in key products such as Coles Own Brand oil bottles and prepacked mushroom punnets[8].	Off track/not achieved
	Support industry with the phase out of problematic and unnecessary single-use plastics packaging by 2025.	In FY25, we phased out 191 tonnes of problematic and unnecessary single-use plastics packaging from Coles Own Brand and Coles Liquor Own Brand packaging.[7]	Off track/not achieved

1. Renewable electricity percentage includes voluntary large-scale generation certificate (LGC) surrendered by us, renewable power percentage (RPP), jurisdictional renewable power percentage (JRPP) and onsite solar within Coles' operational control. The JRPP is only applicable in the Australian Capital Territory, where the electricity supply is legislated to be 100% renewable. For all other Australian jurisdictions, the RPP is used to represent the renewable content of grid electricity unless specific renewable procurement (e.g. LGC surrender) is demonstrated. FY25 electricity consumption includes one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data. — 2. This target is also one of the eight targets within our Human Rights Strategy set out in the table below. — 3. FY25 Scope 1 emissions and Scope 2 emissions include one month of estimated data (based on meter data or weighted averages of actuals) and 11 months of actual data and is calculated on a Scope market-based methodology using LGCs. Coles has not relied on the use of carbon offsets for the achievement of our Scope 1 and 2 emissions reduction. — 4. As part of our refreshed FY26–FY30 Sustainability Strategy, this target has been modified from 75% to 80%, and the target date extended from the end of FY27 to the end of FY29. Reporting against the updated target boundary will commence in FY26. For more information see page 17. — 5. Excludes liquid waste except high-strength sludges (which contain a high proportion of solids) and liquids diverted for use as food (such as donations to SecondBite and farmers). — 6. Coles Own Brand and Coles Liquor Own Brand packaging commitments support Australia's 2025 National Packaging Targets. — 7. Based on packaging data overlaid with unit sales over a 52-week period until June 2025. — 8. For more information refer to the *Packaging* section on page 37 of this report.

Achieved and/or sustaining
Progressing or partially achieved
Off track/not achieved

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Focus area	Targets and commitments	Performance	Progress as at end-FY25
Safety	Year-on-year improvement in the Group Safety Index.	24% improvement from FY24 (noting this includes an 8.9% increase in TRIFR from FY24).	Progressing or partially achieved
Cultural diversity[1]	Increase the participation of under-represented culturally diverse team members in leadership roles.	20.7% of our leaders[2] identify as culturally diverse (+0.5 pp from FY24).	Achieved and/or sustaining
Gender equity	Sustain 40/40/20[3] in our leadership population.	42.7% of our leadership population[4] are women (+0.2pp from FY24).	Achieved and/or sustaining
	Sustain 40/40/20 on the Board.	44.4% of our Board are women (unchanged from FY24).	Achieved and/or sustaining
	Maintain pay parity and reduce the gender pay gap.[5]	Coles pay parity gap is maintained at less than 1%. As at the end of FY25, Coles had a mean gender pay gap of 5.9% and a median gender pay gap of 4.4% (0.2pp mean gender pay gap improvement from FY24).	Achieved and/or sustaining
Indigenous engagement	Build our Indigenous workforce population year on year beyond 3.2%.	3.5% of team members identify as Aboriginal or Torres Strait Islander (-0.1 pp from FY24).	Achieved and/or sustaining
	Increase the number of Indigenous team members in management[6] and leadership roles[4] to 3%.[5]	2.3% of our Indigenous team members in management and leadership roles (+0.2pp from FY24).	Progressing or partially achieved
	Achieve endorsement of a Reconciliation Action Plan (RAP) from Reconciliation Australia.	This target was achieved in FY24.	Achieved and/or sustaining
Accessibility	Increase the engagement and workforce participation of team members with a disability.	7.7% of our team members identify as having a disability (+0.2 pp from FY24). Engagement score of team members identifying as having a disability was 71% (+5 pp from FY24).	Achieved and/or sustaining
	Provide an improved accessible customer experience across online and in-store.	We measure customer experience through the Australian Disability Network's Access and Inclusion Index. Our score in FY24 was 66/100. This will next be measured in February 2026.	Not applicable for FY25

1. Targets due to be achieved by 30 June 2027. — 2. Based on results of our May 2025 *mysay* team member engagement survey (69% participation). — 3. 40/40/20 is 40% men, 40% women and 20% of any gender. — 4. Leadership positions comprises the Executive Leadership Team, general managers, team members pay grade eight and above and supermarket store managers. Pay grade eight and above includes middle managers and specialist roles. — 5. This target is also one of the eight targets within our Human Rights Strategy, the remaining four of which are disclosed in the Human Rights Strategy set out in the table below. — 6. Management positions are all leadership roles as well as liquor store managers, supermarket department managers (including duty managers, trading managers and store support managers), Coles Services team leaders, customer fulfilment centre shift managers and department managers, and distribution centre team managers and shift managers.

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Focus area	Targets and commitments	Performance	Progress as at end-FY25
Pride	Achieve Platinum status in Australian Workplace Equality Index (AWEI).[1]	Coles was awarded Platinum employer status in the AWEI in May 2025.	Achieved and/or sustaining
	Engage and educate our leaders so that they show increased active allyship to our LGBTQI+ team members.	47.4% of our leaders[2] self-identify as allies to the LGBTQI+ community (-4.8 % from FY24)[3].	Progressing or partially achieved
Targets[4] within the Human Rights Strategy	Develop a living wage framework including an income adequacy assessment for high-risk countries.	Commenced the development of our multi-year living wage framework, through piloting a living wage gap analysis for selected suppliers in Thailand (for more information see page 41).	Progressing or partially achieved
	Validate (ethical sourcing) program effectiveness by achieving 10% of audits in high-risk countries scheduled on an unannounced basis.	Unannounced audits were conducted at four supplier sites in India and Pakistan covering grocery, pharmaceuticals, and textiles. These sites represent 10% of in scope suppliers that are providing goods to us from these two high-risk sourcing countries. Further audits in other high-risk countries are planned over the next two years.	Progressing or partially achieved
	Have 95% of role relevant team members and leadership complete privacy awareness training[5].	98% of role relevant team members and leadership completed the training in FY25.	Achieved and/or sustaining
	Have 95% of role relevant team members and leadership (including Coles Board) complete human rights training.	In FY25, Coles developed a new human rights training module, which was completed by the Board and Executive Leadership Team. This will be progressively rolled out to role relevant team members throughout FY26 and FY27.	Progressing or partially achieved

1. This target is also one of the eight targets within our Human Rights Strategy, the remaining four of which are disclosed in the Human Rights Strategy set out in the table below. — 2. Based on results of our May 2025 *mysay* team member engagement survey (69% participation). — 3. We define ally as: 'someone who supports the workplace inclusion of LGBTQI+ people'. — 4. Targets due to be achieved by 30 June 2027. — 5. The privacy target is annual. Privacy training is assigned to all roles above store roles, which includes, but is not limited to the Executive Leadership Team, General Managers, Heads of and other management/specialist roles.

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Issue and what it means for Coles	Relevant UNSDG	Location of disclosures
Climate change Decarbonising our operations and value chain to achieve net zero greenhouse gas emissions by 2050, including collaboration with our suppliers and customers. Managing risks and opportunities associated with climate change, building resilience across our operations and supply chain.	7 Affordable and clean energy; 13 Climate action	Climate pages 13–19
Sustainable sourcing Supporting and monitoring our suppliers to meet Coles' and our stakeholders' expectations for a responsible supply chain, including business integrity, labour and human rights, health and safety, and the environment.	5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities	Human Rights pages 40–42
Healthy, safe and affordable food Promoting healthy and affordable food. Improving health and nutrition through product development and innovation. Meeting customer preferences and needs. Maintaining food and product safety and quality standards.	2 Zero hunger; 10 Reduced inequalities; 12 Responsible consumption and production	Healthy, safe and affordable food pages 55–57
Plastics and packaging Working with our supplier partners, government and industry to reduce unnecessary plastic packaging and increase recyclability and recycled content in packaging. At the same time, acknowledging the important role packaging plays in protecting products and reducing food waste.	12 Responsible consumption and production; 13 Climate action; 14 Life below water	Packaging pages 36–38
Health, safety and wellbeing of our teams Providing our teams with safe working conditions and access to health and well-being resources. Seeking to protect our team from security risks.	3 Good health and well-being; 8 Decent work and economic growth	Health, safety and wellbeing pages 49–50
Food waste Minimising food waste, both upstream and downstream in our value chain and reducing hunger in the community.	2 Zero hunger; 12 Responsible consumption and production	Food waste page 35

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Issue and what it means for Coles	Relevant UNSDG	Location of disclosures
Circular economy (including preventing waste to landfill) Identifying and supporting initiatives to reduce waste to landfill and create end-markets for recovered materials, through product stewardship schemes.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Circularity pages 33–38
Stakeholder engagement Maintaining strong stakeholder relationships throughout our value chain. Positive impact on our customers and the community.		Stakeholder engagement pages 11–12 and 64–66
Biodiversity and nature Understanding the impacts of our operations and supply chain on nature and biodiversity, and minimising negative impacts (including, but not limited to, deforestation from high-risk commodities and consideration of marine ecosystems). Supporting efficient use of water throughout our operations.	14 LIFE BELOW WATER 15 LIFE ON LAND	Nature pages 20–32
Human rights and ethical sourcing Safeguarding and preventing harm to people in or affected by our operations and value chain, especially the most vulnerable. Delivering a positive impact for our team members, customers, the communities we serve, and workers throughout our supply chain.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Human rights pages 40–42

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Stakeholder engagement

Coles values stakeholder feedback and insights and engages in proactive and constructive engagement with a wide range of stakeholders.

Our stakeholders include certification bodies, customers, farmers and producers, capital providers, government, industry associations, investors, local communities, non-government organisations, regulators, team members and suppliers.

Our stakeholders have the capacity to impact, and be impacted by, our operations, and it is important we understand and respond to the issues they care about.

The following table details our key stakeholder groups, the key areas of interest raised – identified through our sustainability materiality assessment process – and examples of how we engage.

It is not intended to be an exhaustive list of the stakeholder engagement we have undertaken throughout the year – rather it is representative of the breadth of issues we discuss and the variety of stakeholders with whom we engage.

Stakeholder group	Key areas of interest	Examples of how we engage
Team members	• Health, safety and wellbeing • Career advancement • Learning and development • Equal employment opportunities • Flexible working	• *mysay* (our six-monthly team member engagement survey) • Learning and development conversations and programs • Performance reviews • Health and Safety Committees in-store • Daily updates and emails • Internal social media/collaboration tools to facilitate dialogue between team members (e.g. Yammer) • Sustainability Circle and Team Member Circle for team members to pose questions, share achievements and provide input on our sustainability program • Regular leader-led 'Retail Roundup' meetings to engage with team members on a range of issues, from new products to major change programs and strategic initiatives
Customers	• Sustainability of our products, including packaging and sourcing • Food and product quality and safety • Product range • Waste management • Cost of living and grocery prices • Food waste • Customer service	• In-store service counters • Online 'Tell Coles' post-shop surveys • Coles monthly magazine, free instore and online • Social media through Coles' Facebook, Twitter, LinkedIn and Instagram pages • Focused market research • Responding to direct calls and emails to the Coles Customer Care team • Customer Insights team gather consumer research to inform our innovation and marketing activities

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Stakeholder group	Key areas of interest	Examples of how we engage
Communities	• Community support for vulnerable people • Partnerships and sponsorships beneficial to communities • Support during natural disasters • Access to healthy and affordable food	• Corporate and community support activities • Food donations • Team member volunteering • Partnerships and sponsorships • Community outreach activities by our store team members • Disaster response and support
Investors, analysts and capital providers	• Company strategy (financial and non-financial performance) • Business outlook • Governance • Management of climate-related risks and opportunities • Human rights and modern slavery • Biodiversity • Cyber security • Cost-of-living pressures	• Direct investor engagement with our Board, CEO, CFO and senior management in our Investor Relations, Finance, Technology, Sustainability and Business Units' teams • Quarterly results announcements • Annual General Meeting • Annual reporting • Investor roadshows • ASX releases
Non-government organisations	• Human rights • Animal welfare • Climate change • Electric vehicles • Circular economy • Deforestation and biodiversity impacts • Environmental impacts associated with salmon farming in Tasmania • Alternative proteins/plant-based diets	• Direct discussions with NGOs including Greenpeace, Australian Conservation Foundation, WWF, Planet Ark, Australian Marine Conservation Society • Partnerships to build on-the-ground sustainability programs • External surveys and benchmarks/assessments
Government and regulators	• Engagement with state and federal governments including at a number of inquiries such as the ACCC's supermarket inquiry, the Senate Select Committee on Supermarket Prices, the Senate Select Committee on Cost of Living, and the Australian Government's Food and Grocery Code of Conduct Review	• Policy discussions • Responding to government inquiries and consultations • Working groups

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Stakeholder group	Key areas of interest	Examples of how we engage
Supply partners	• Collaboration on shared sustainability • Ethical sourcing (including modern slavery risks) in the supply chain • Traceability of products	• Supplier surveys • Coles' Supplier Portal • Regular meetings • Site visits and audits • Supplier training and capacity building • Coles Supplier of the Year Awards • Supplier forums • Coles Nurture Fund
Trade and industry associations	• Issues of mutual interest (e.g. sustainable agriculture) • Public policy debate	• Through peak national bodies representing retailers, manufacturers and businesses across Australia • Membership of industry associations (See *Industry Associations* section on page 12)
Unions	• Fair wages • Promotion of a safe, sustainable, ethical and fair retail supply chain for all workers • Freedom of association	• Through the Ethical Retail Supply Chain Accord made up of the Shop, Distributive and Allied Employees' Association (SDA), the Transport Workers' Union (TWU) and the Australian Workers' Union (AWU) • Participation with SDA in national retail safety programs

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Accountability Framework:

The Accountability Framework[1] developed by the Accountability Framework initiative, is a guide for addressing deforestation, conversion, and human rights in the agriculture and forest sectors.

ARL:

The Australasian Recycling Label (ARL) Program is an on-pack labelling scheme that helps consumers to recycle correctly and supports brand owners and packaging manufacturers to design packaging that is recyclable at end-of-life.

Biodiversity:

Biological diversity (biodiversity) means the variability among living organisms from all sources including terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species and ecosystems.

Cage-free:

The industry term used to describe production systems where laying hens are not confined to cages, includes cage-free (barn) and free-range systems.

Circularity/Circular economy:

A circular economy is a system which seeks to maintain the value of products, materials and resources in the economy for as long as practicable and minimise the generation of waste. In a circular economy, products and materials are kept in circulation through processes like maintenance, reuse, refurbishment, remanufacture, recycling, and composting. The circular economy aims to tackle climate change and other global challenges, like biodiversity loss, waste, and pollution, by decoupling economic activity from the consumption of finite resources.

Coles Liquor Own Brand:

The portfolio of product brands owned by Coles and available in Coles Liquor stores and/or online. It includes liquor products that are available under Coles Liquor brands (e.g., Vintage Cellars Collaborations) and private label brands (e.g. Pensilva, James Busby, Mr Finch).

Coles Own Brand:

The portfolio of product brands owned by Coles and available in Coles supermarkets and/or online. It includes grocery, fresh produce, meat and non-food products that are available under Coles brands (e.g. Coles Finest, Coles Nature's Kitchen, Coles Simply) and other exclusive own brands (e.g. Woofin' Good, Daley St).

Compostable:

Ability for a product or packaging to decompose into usable, soil-enriching compost in home or commercial composting facilities within a timeframe that is comparable to plant material decomposition.

Conventional plastic:

Plastic typically derived from fossil-based feedstock sources that is not considered to be biodegradable or compostable in any reasonable timeframe. This includes the common recyclable plastics of polyethylene terephthalate (PET), high-density polyethylene (HDPE) and polypropylene (PP)[2].

Decarbonisation:

Decarbonisation is the term used for implementing measures to mitigate operational and value chain greenhouse gas emissions (Scope 1, Scope 2 and Scope 3). At Coles, we use the term to describe activities or pathways that have the effect of moving towards a state that is lower in emissions as compared to the current state.

Emissions:

Release of anthropogenic greenhouse gases into the atmosphere.

Food waste hierarchy:

An order for preference for the management of waste, with donating to Coles' food recovery partners being the most preferred option, and disposal being the least.

Global Warming Potential (GWP):

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

Greenhouse gas emissions:

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

1. Source: About the Framework | Accountability Framework initiative – Accountability Framework.
2. Source, Page 19 APCO – Considerations for Compostable Packaging.

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Higher welfare:

Higher welfare refers to animals raised to standards which go beyond minimum industry requirements.

Kilowatt hour (kWh):

A measure of electricity equal to 1,000-watt hours. It is the unit measure used on your electricity bill.

Kilowatt (kW):

A measure of electricity equal to 1,000 watts.

Large-scale generation certificate (LGC):

An LGC is a tradeable certificate created for every megawatt hour (MWh) of eligible renewable electricity generated by accredited large-scale renewable energy power stations, such as wind farms and solar farms, under the Renewable Energy Target (RET).

Voluntarily surrendering LGCs allows an organisation to claim the associated renewable electricity in its market-based Scope 2 emissions reporting. Without surrender, the renewable generation is not attributed to the purchaser and cannot be used to claim renewable electricity use.

Lower-carbon economy:

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

Megawatt hour (MWh):

A measure of electricity equal to one-million-watt hours.

Megawatt (MW):

A measure of electricity equal to one-million-watts.

Natural refrigerants:

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

Nature positive:

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

Net zero:

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

Operational emissions:

Scope 1 and Scope 2 emissions from Coles' operations.

Paris Agreement:

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

Post-consumer recycled content:

Post consumer recycled content is material made from products that consumers have used and are at end of life. These include everyday items such as aluminium cans, cardboard boxes, paper and plastic bottles.

Primary packaging:

The packaging used to contain and protect a product (e.g. bag, bottle, jar, box etc. and any associated components) which goes home with the consumer.

Problematic packaging:

Problematic packaging has been identified as such because the packaging industry has identified items as a concern due to contributions to litter and unnecessary waste, and because there are available alternatives or initiatives already underway. Characteristics that define an item of packaging as problematic include, it is: difficult to collect for effective reuse, recycling or composting, or a material that hinders, disrupts or obstructs opportunities to recover other materials or resources including via existing recycling streams, or a significant contributor to the litter problem, or manufactured with hazardous chemicals or materials (e.g., intentionally added PFAS or BPA) that pose a significant risk to human health or the environment.

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

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Recyclable packaging:

A package can be considered recyclable if its main packaging components are recyclable, and if the remaining minor components are compatible with the recycling process and do not hinder the recyclability of the main components.

Recyclability is determined utilising the Packaging Recyclability Evaluation Portal (PREP) which assesses the recyclability of packaging in Australia and New Zealand and it provides a way to assess whether an item of packaging is recyclable through household kerbside collection.
PREP considers how widespread the collection services are for the item and generates an ARL (Australasian Recycling Label) for use on pack that provides clear and accurate instructions for consumers to dispose of their packaging correctly. Due to the limited ability for customers to recycle soft plastics currently, we consider soft plastics as non-recyclable in our reporting.

Recycled materials/recycled content:

Materials that would otherwise have been sent to the waste stream but are instead used in the production of a new product.

Made from recycled materials/recycled content:

Materials that are made from recycled materials/ recycled content but may or may not be in themselves recyclable.

Renewable electricity:

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

Resilient:

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

Also:

- **Climate resilient:** The capacity of an entity to adjust to climate-related changes, developments or uncertainties. Climate resilience involves the capacity to manage climate-related risks and benefit from climate-related opportunities, including the ability to respond and adapt to climate-related transition risks and climate-related physical risks. An entity's climate resilience includes both its strategic resilience and its operational resilience to climate-related changes, developments and uncertainties.
- **Nature resilient:** The capacity of an entity to adjust to nature-related changes, developments or uncertainties. Nature resilience involves the capacity to manage nature-related risks and benefit from nature-related opportunities. An entity's nature resilience includes both its strategic resilience and its operational resilience to nature-related changes, developments and uncertainties.

Responsible sourcing:

Responsible sourcing refers to the standards, programs and initiatives in place that aim to reduce environmental impacts and enhance animal welfare, with respect to the Coles Own Brand products we sell in our stores.

Science-based:

Targets are considered science-based if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement, based on Science Based Targets initiative (SBTi) guidance. Coles uses the SBTi guidance on what constitutes a science-based emissions reduction target. This guidance defines the key criteria that includes, but is not limited to: a) target boundary (coverage of scopes, emission types and subsidiaries), b) target coverage (≥95% of scope 1 and 2 emissions, ≥67% near-term Scope 3 and ≥90% long-term Scope 3), c) target type (absolute, intensity, or engagement), d) base year (≥2015), e) target year (near-term maximum 10 years and long-term maximum 2050), f) target reduction/ambition (Scope 1 and 2 1.5°C, Scope 3 near-term well below 2°C and long-term 1.5°C).

Scope 1 emissions:

Scope 1 greenhouse gas emissions are emissions released from the activities from operations owned or controlled by Coles Group. For example:

- emissions from the use of refrigerants in air conditioning units
- emissions from fuels used in transport.

Scope 1 emissions are also referred to as direct emissions.

Scope 1 and 2 emissions reduction target:

Reduce combined Scope 1 & 2 emissions by more than 75% by end of FY30. Coles' main sources of Scope 1 emissions include emissions from refrigerant gases, natural gas and transport fuels, with a small contribution from stationary LPG and diesel for onsite back-up generators. Scope 2 emissions are those associated with our electricity use and make up most of our combined Scope 1 and 2 emissions. Coles has not relied on the use of carbon offsets for the achievement of our Scope 1 and 2 emissions reduction.

Scope 2 emissions:

Scope 2 emissions represent the emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by Coles Group but occur at sources owned or controlled by another company. Scope 2 emissions are also referred to as indirect emissions.

Scope 3 emissions:

Scope 3 emissions are indirect emissions (not included in Scope 2 emissions) that occur in Coles Group's value chain including business travel, procurement, waste and water. Scope 3 emissions may occur:

- upstream, which are related to purchased or acquired goods and services (e.g. waste disposal services)
- downstream, which are related to sold goods and services (e.g. end-of-life treatment of sold products).

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Single-use plastic packaging:

Single-use packaging is routinely disposed of after its contents have been unpacked or exhausted or is not part of an accessible reuse system where packaging can be used again in the same application for which it was originally designed.

Sustainability:

Sustainability, also sustainable and sustainably are used in relation to Coles' policies and governance practices concerning sustainability. These references also reflect Coles' broader objective of maintaining a long-term, resilient business that accounts for multiple factors including economic, environmental, social, and regulatory compliance. However, the use of these terms does not imply that Coles will have no negative impact on the economy, environment, or society, nor does it guarantee the achievement of specific economic, environmental, or social outcomes.

At Coles, our approach to sustainability includes (but is not limited to):

- progressing the decarbonisation of our operations and supply chain and building climate resilience.
- reducing unnecessary packaging and redesigning, recycling, and reusing.
- delivering nature positive outcomes.
- protecting and promoting animal welfare.
- reducing waste from our operations and products and identifying opportunities to transition to a circular economy.
- protecting and promoting human rights.
- creating a diverse and inclusive workplaces and shopping places.
- fostering a safe and healthy environment for our team, customers, suppliers, contractors, visitors and supply chain partner.
- supporting communities across Australia.

Sustainable packaging:

The primary function of packaging is to contain and protect products from the point of manufacture, through the supply chain to the retail store or end user, to attract people to buy a product to achieve more sales, and to provide product information. 'Sustainable packaging' is packaging where the design considers environmental outcomes while maintaining its functional purpose. This includes prioritising materials that are reusable or recyclable, reducing problematic and unnecessary plastics, and increasing the use of recycled content.

Target:

Coles uses this term to describe an intended outcome, where Coles considers that it has developed a suitably defined plan or pathway to achieve that outcome.

Team member:

Employees of Coles Group.

TRIFR:

Total Recordable Injury Frequency Rate (TRIFR). Measures the number of fatalities, lost-time injuries, medically treated injuries and restricted duties injuries per million hours worked, calculated on a rolling 12-month basis. TRIFR includes all injury types including musculoskeletal injuries.

Unnecessary packaging:

Unnecessary packaging can be reduced or redesigned with a fit-for-purpose alternative without diminishing product integrity, compromising product accessibility, hindering ability to meet health or safety regulations, or causing undesirable environmental outcomes.

Value chain:

The range of interactions, resources and relationships related to Coles Group's business model and the external environment in which the Group operates.

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Shape the future with confidence

Independent Assurance Report to the Management and Directors of Coles Group Limited (Coles)

Our Conclusions:

- **Limited assurance**: Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe the Limited Assurance Subject Matter for the year ended 29 June 2025 has not been prepared, in all material respects, in accordance with the Criteria defined below.
- **Reasonable assurance**: In our opinion, the Reasonable Assurance Subject Matter for the year ended 29 June 2025 is prepared, in all material respects, in accordance with the Criteria defined below.

What we assured

Ernst & Young ('EY', 'we') were engaged by Coles Group Limited ('Coles') to provide limited assurance over certain sustainability data and disclosures in Coles' Sustainability Report and Sustainability Data Pack (the 'Report') for the year ended 29 June 2025 in accordance with the noted Criteria, as defined in the following table:

What we assured (Limited Assurance Subject Matter)	What we assured it against (Criteria)
Qualitative sustainability disclosures: selected qualitative disclosures reported in Coles FY25 Sustainability Report.	▪ Management's own publicly disclosed criteria
Coles reported performance of the following selected quantitative performance disclosures and metrics in the Report. **People:** ▪ Indigenous employment (%) ▪ Total workforce (headcount, new hires and turnover) - by gender, region, age, and employment type ▪ Women in leadership positions (headcount and %) ▪ Women in leadership positions (%) (as reported in the FY25 Corporate Governance Statement) ▪ Pay parity gap (%) ▪ Gender pay gap (%) **Health and Safety:** ▪ Safety index (% change against FY25 target) ▪ Total recordable injury frequency rate (TRIFR) **Greenhouse gas emissions and energy:** ▪ Scope 3 greenhouse gas emissions (t CO2-e) ▪ Supplier by spend with science-based targets (%) ▪ Total Forest, Land and Agriculture (FLAG) emissions (t CO2-e) **Waste:** ▪ Combined data for solid waste recycled and disposed (tonnes) ▪ Cardboard recycled (tonnes) ▪ Organics recycled (tonnes) **Own Brand Packaging recyclability:** ▪ Sum of % recyclability of Coles Own Brand packaging (%) **Water:** ▪ Water usage (kL) **Community Investment:** ▪ Total community support ($) by direct contributions (cash and products) ▪ Total community support ($) by time	▪ Management methods publicly disclosed ▪ GRI Standards performance indicators ▪ GRI definition of materiality ▪ World Business Council for Sustainable Development's Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

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What we assured (Limited Assurance Subject Matter)	What we assured it against (Criteria)
Community Investment (continued): ▪ Total community support ($) by leverage ▪ Total community support ($) by management costs ▪ In-kind donations (equivalent meals) of unsold edible food plus direct food donations **Global Reporting Index:** ▪ GRI Index presented disclosures in Sustainability Data Pack	▪ Management methods publicly disclosed ▪ GRI Standards performance indicators ▪ GRI definition of materiality ▪ World Business Council for Sustainable Development's Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

In addition, we were engaged by Coles to provide reasonable assurance over the following information in accordance with the noted Criteria, as defined in the following table:

What we assured (Reasonable Assurance Subject Matter)	What we assured it against (Criteria)

▪ Energy consumption (GJ)
▪ Scope 1 greenhouse gas emissions (t CO2-e)
▪ Scope 2 greenhouse gas emissions location-based (t CO2-e)
▪ Scope 2 greenhouse gas emissions market-based (t CO2-e)
  ▪ Energy production (GJ) – specifically total solar electricity generated
  ▪ Large-scale generation certificate (LGC) surrenders
▪ Renewable electricity (%)
	▪ National Greenhouse and Energy Reporting Act 2007
	▪ National Greenhouse and Energy Reporting Regulations 2008
	▪ National Greenhouse and Energy (Measurement) Determination 2008 (2024 update)
	▪ The National Greenhouse Accounts (NGA) Factors: 2024

Other than as described in the preceding paragraphs, which set out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express an opinion or conclusion on this information.

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Key responsibilities

Coles responsibility

Coles management is responsible for selecting the Criteria, and ensuring the Subject Matter is prepared, in all material respects, in accordance with that Criteria. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibility and independence

For the limited assurance engagement, our responsibility is to express a conclusion on the Limited Assurance Subject Matter based on the evidence we have obtained. For the reasonable assurance engagement, our responsibility is to express an opinion on the Reasonable Assurance Subject Matter based on the evidence we have obtained.

We have complied with the independence and relevant ethical requirements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

EY applies Auditing Standard ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our approach to conducting the assurance procedures

We conducted our assurance procedures in accordance with the Australian Auditing and Assurance Standards Board's *Australian Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ASAE3000') and the terms of reference for this engagement as agreed with Coles on 6 March 2025 and in addendum on 6 June 2025.

For the limited assurance engagement, these standards require that we plan and perform our engagement to express a conclusion on whether anything has come to our attention that causes us to believe that the Limited Assurance Subject Matter is not prepared, in all material respects, in accordance with the Criteria, and to issue a report.

For the reasonable assurance engagement, these standards require that we plan and perform our engagement to obtain reasonable assurance about whether, in all material respects, the Reasonable Assurance Subject Matter is presented in accordance with the Criteria, and to issue a report.

The nature, timing and extent of the assurance procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

Description of assurance procedures performed

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Limited Assurance Subject Matter and related information, and applying analytical and other appropriate procedures.

The Limited Assurance procedures we performed were based on our professional judgement and included, but were not limited to:

- Conducted interviews with personnel to understand the business and reporting process;
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period;
- Assessed that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- Undertook analytical review procedures to support the reasonableness of the data;
- Identified and assessed assumptions supporting statements and calculations; and
- Tested, on a sample basis, underlying source information to assess the accuracy of statements and data.

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Additional reasonable assurance procedures we performed were based on professional judgement and included, but were not limited to:

- For our reasonable assurance of Scope 1 and Scope 2 greenhouse gas emissions, on a sample basis, agreed underlying data to source information to assess completeness of performance data, which included invoices, system extracts and other records.

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

Inherent limitations

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.

The greenhouse gas emissions quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of greenhouse gases. Additionally, greenhouse gas procedures are subject to estimation and measurement uncertainty resulting from the measurement and calculation processes used to quantify greenhouse gas emissions within the bounds of existing scientific knowledge.

Additional inherent limitations – limited assurance scope

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. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

Additional inherent limitations – reasonable assurance scope

While our procedures performed for our reasonable assurance engagement are of a higher level of assurance, due to the use of sampling techniques, it is not a guarantee that it will always detect material misstatements.

Use of our Assurance Report

We disclaim any assumption of responsibility for any reliance on this assurance report to any persons other than management and the directors of Coles, or for any purpose other than that for which it was prepared. Our assurance procedures were performed over certain web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance report.

Ernst & Young

Ernst & Young

Mathew Nelson
Partner
Melbourne, Australia
26 August 2025

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colesgroup

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